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New Narratives of Innovation: What If

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**Course at DG RTD, N. 464819
New Narratives of Innovation
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European Commission
Joint Research Centre
Econometrics and Applied Statistics Unit



TECHNOLOGY GOVERNANCE

[...] doubts about the presently prevailing European Institutions' narrative, [...] 'the received wisdom'. [...] more thinking on the allegedly positive relation between innovation, employment and growth in the face of opposing evidence [...] business as usual is not an option to deal with the present inequality and unemployment challenges. [...] opening up the reflection to different economic paradigms, and to other sources of legitimate knowledge and scholarship, from bio-economics, to social inquiry and to non-neoclassical economics.

MIS- MEASURING OUR LIVES



WHY GDP DOESN'T ADD UP

Joseph E. Stiglitz

Amartya Sen

and Jean-Paul Fitoussi

THE REPORT BY THE COMMISSION ON THE MEASUREMENT
OF ECONOMIC PERFORMANCE AND SOCIAL PROGRESS

WITH A FOREWORD BY PRESIDENT NICOLÁS SARAGÓZY





Report by the Commission on the Measurement of Economic Performance and Social Progress

Professor Joseph E. Stiglitz, Chair, Columbia University

Professor Amartya Sen, Chair Adviser, Harvard University

Professor Jean-Paul Fitoussi, Coordinator of the Commission, IEP

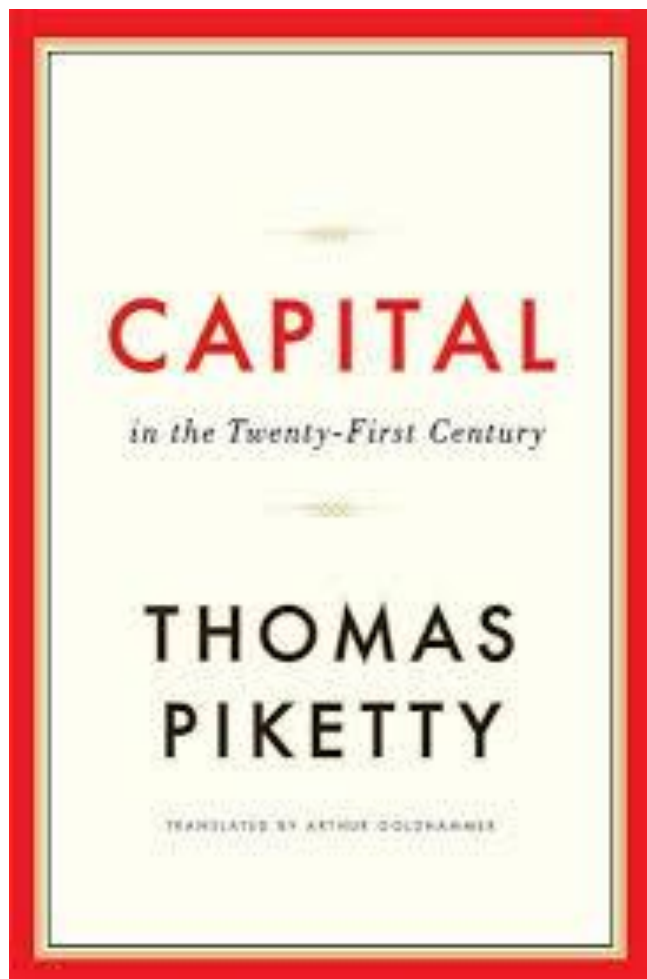
→ 2013

→ 2011

Recommendation 4: Don't use the
mean; use the median.

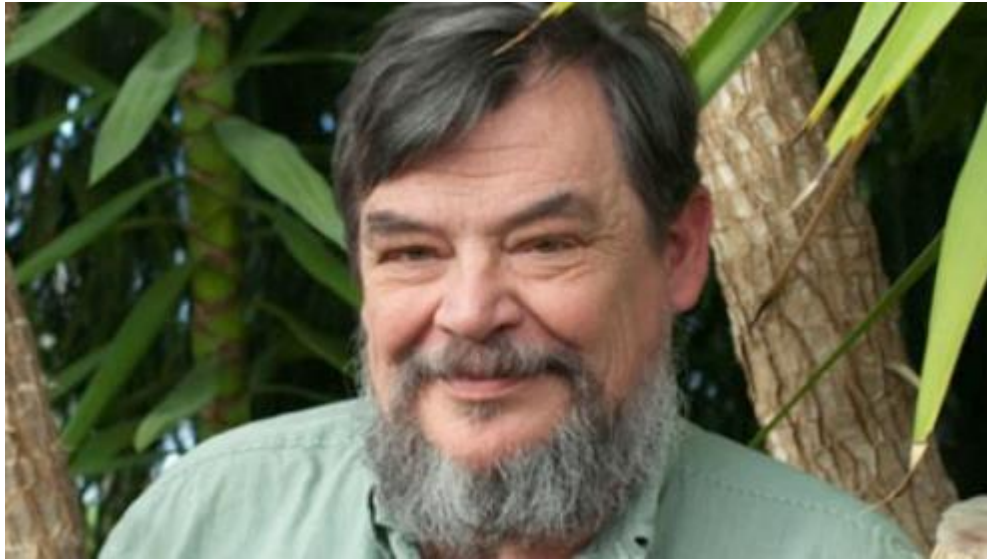
The same point is made by the OECD
(2011) *Divided we stand*





➔ 2014

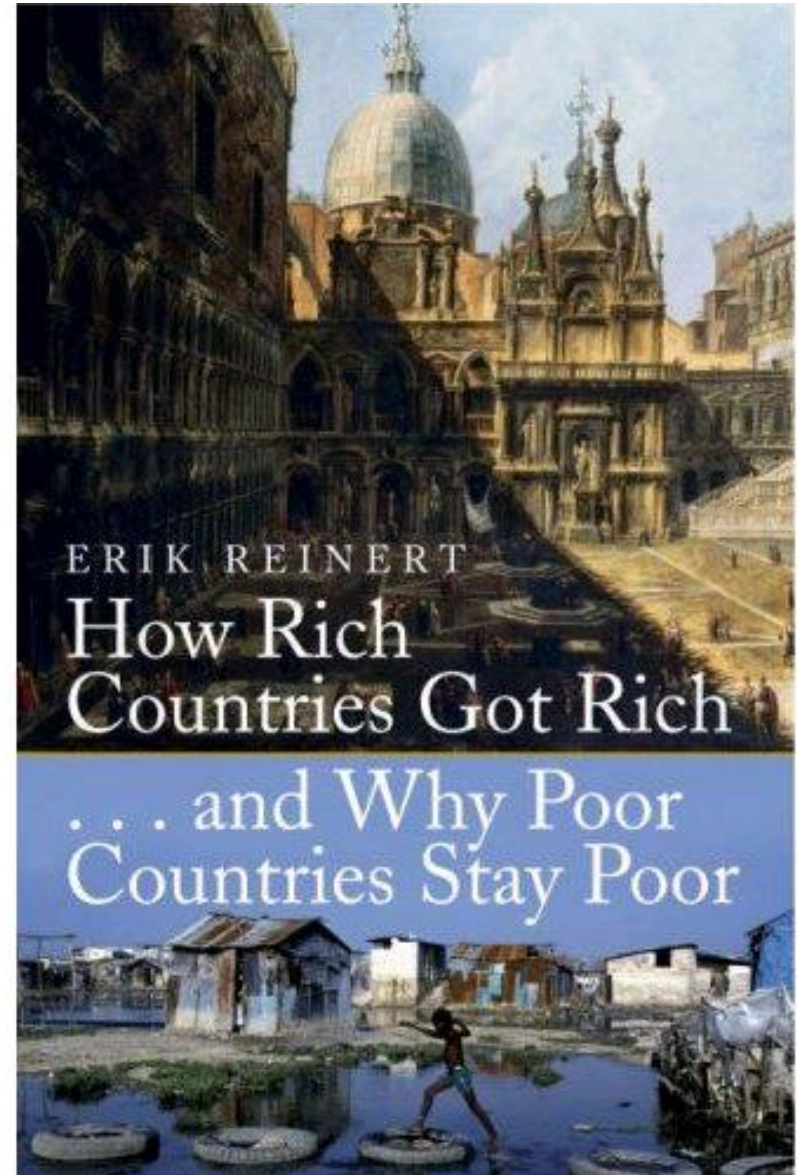




Erik Reinert

How Rich Countries Got Rich . . . and
Why Poor Countries Stay Poor
Public Affairs (October 7, 2008)

A critique of Ricardian
Economics



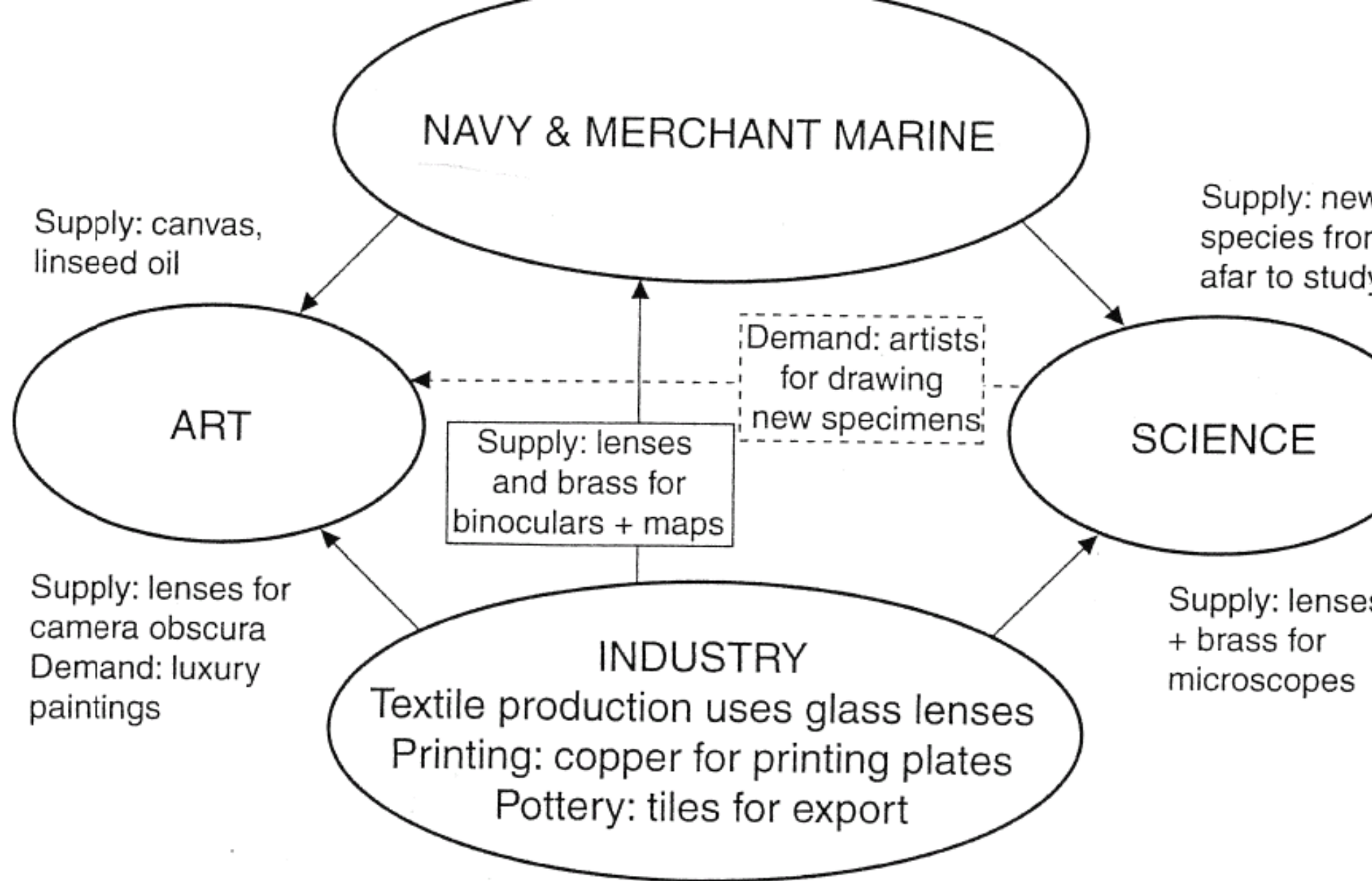


Figure 5 Delft, Holland, 1650s: an innovation system based on diversity



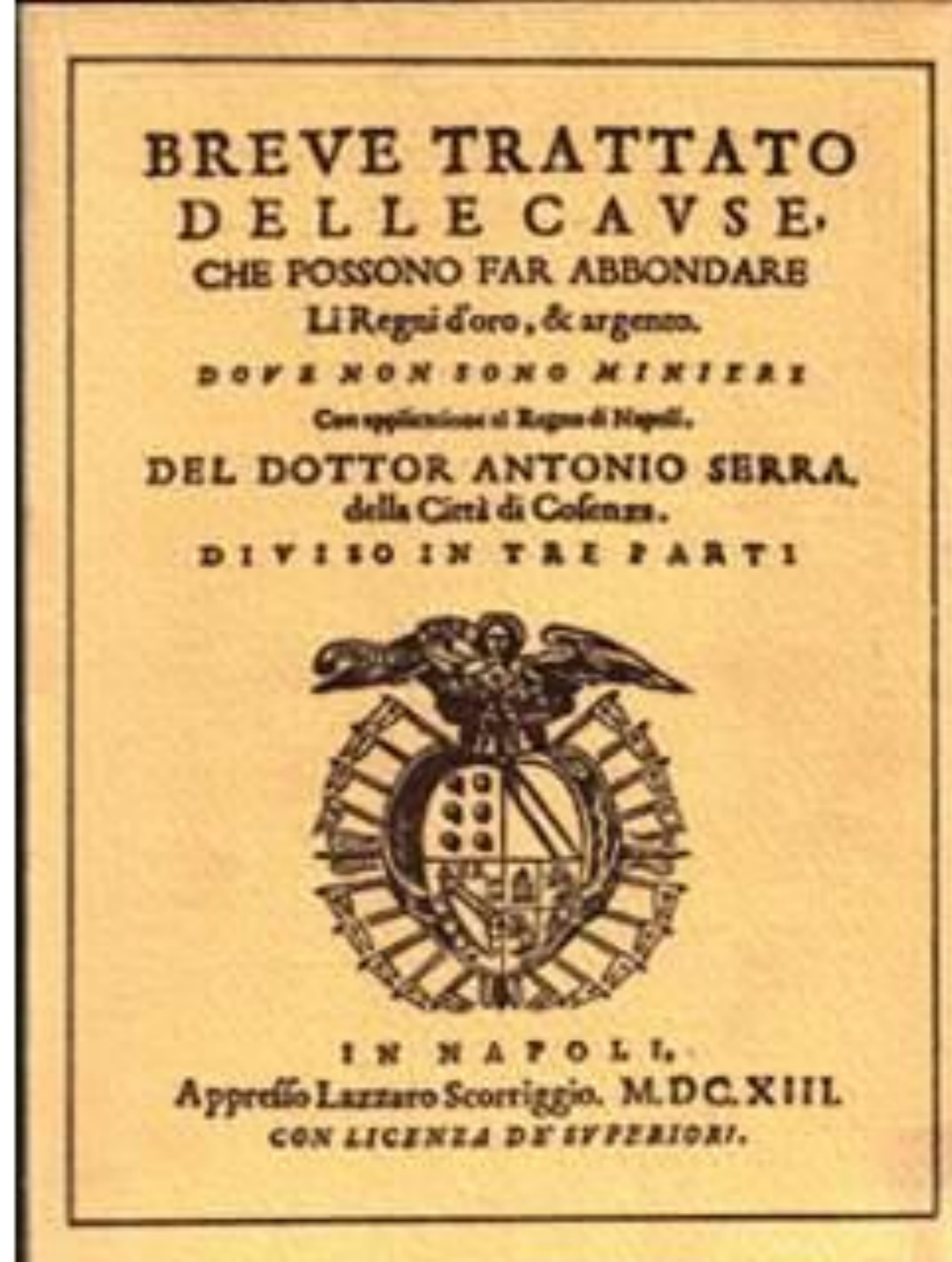
According to Reinert this is what Delft's 'National Innovation System' looked like at the end of the 30 y war.

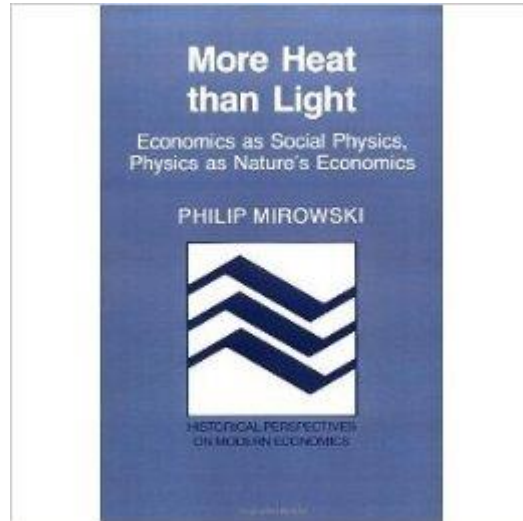
Knowledge developed in one sector would jump to apparently unconnected sectors

'If you wish to estimate the wealth of a city count the number of professions found within its walls', A. Serra

- *Antonio Serra, late 16th century, Breve trattato of 1613*

→ Serra's idea: maximize number of professions so that synergies can emerge



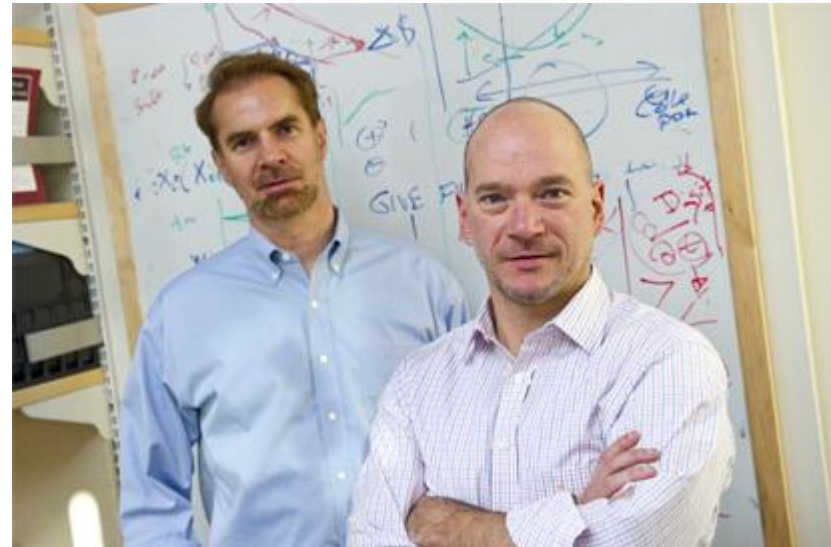
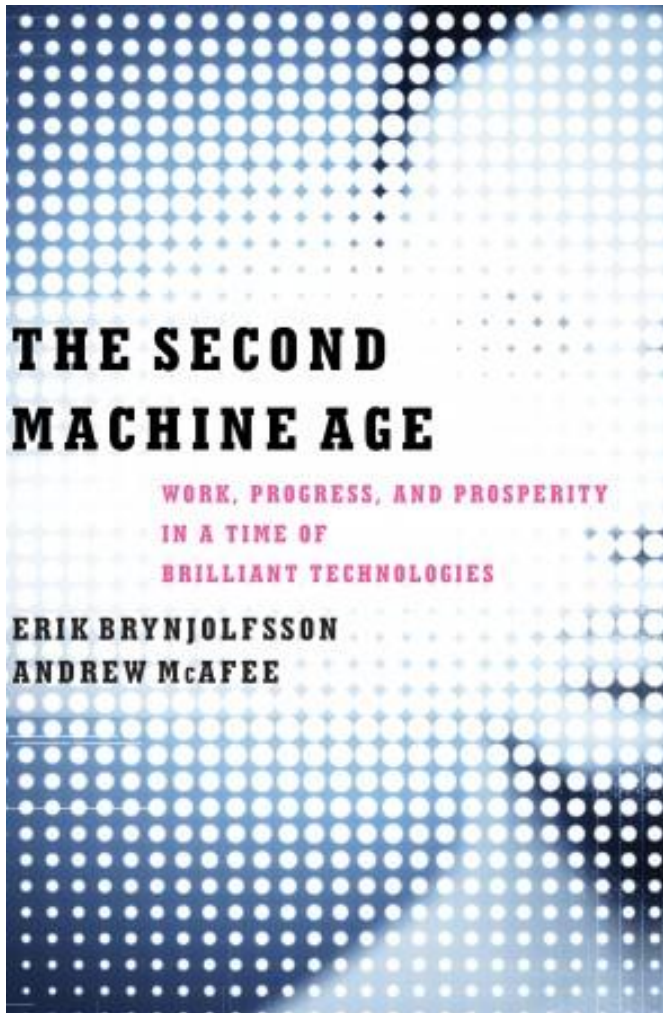


→ 1991



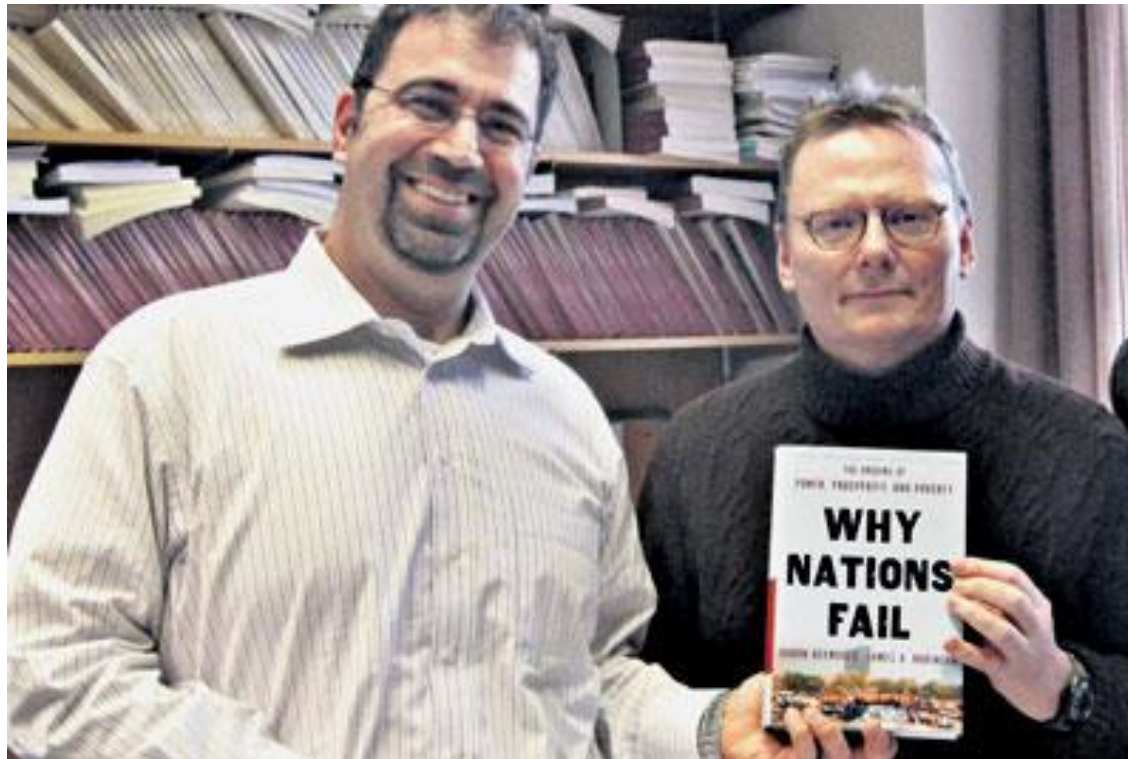
→ 2013



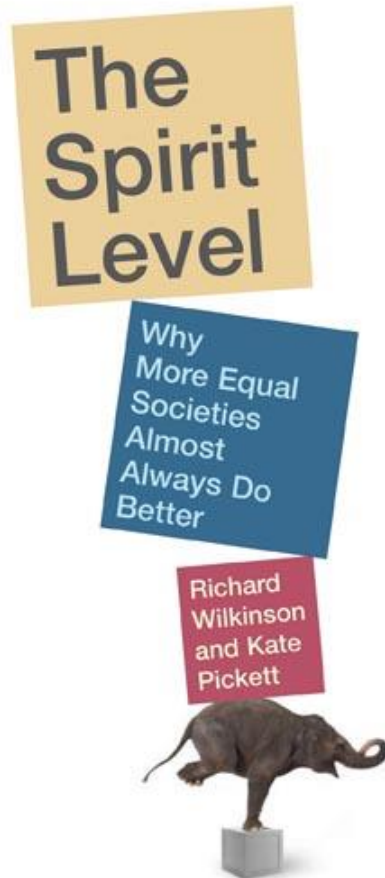


(i) Machines takes jobs away, (ii) skill biased technological change, (iii) ‘winner takes all’ markets

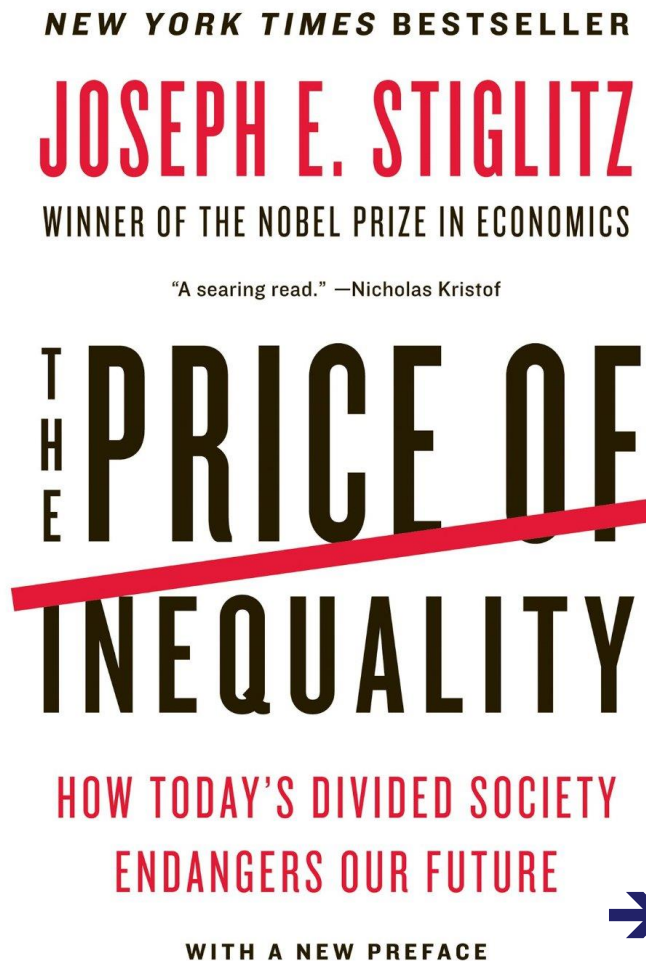
➔ 2014



➔ 2012

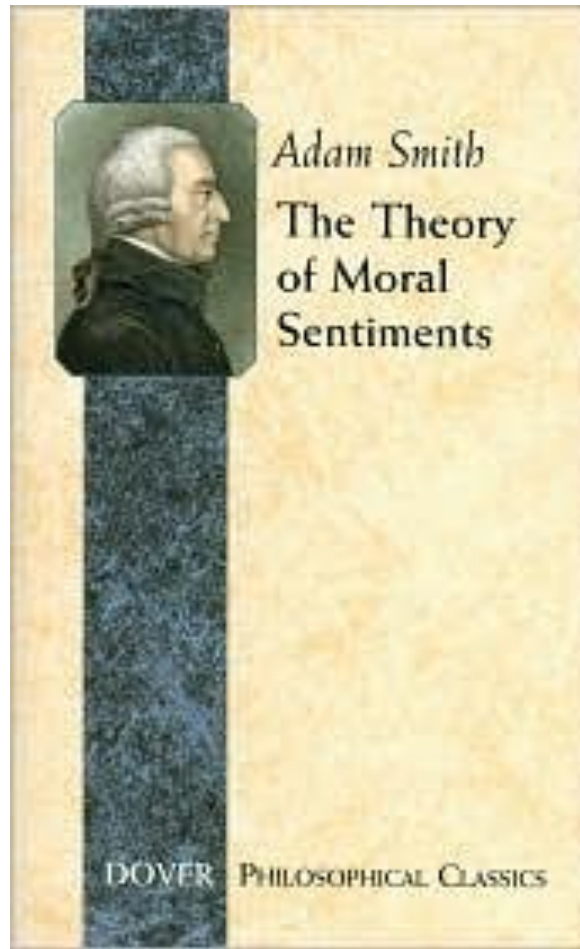


➔ 2012

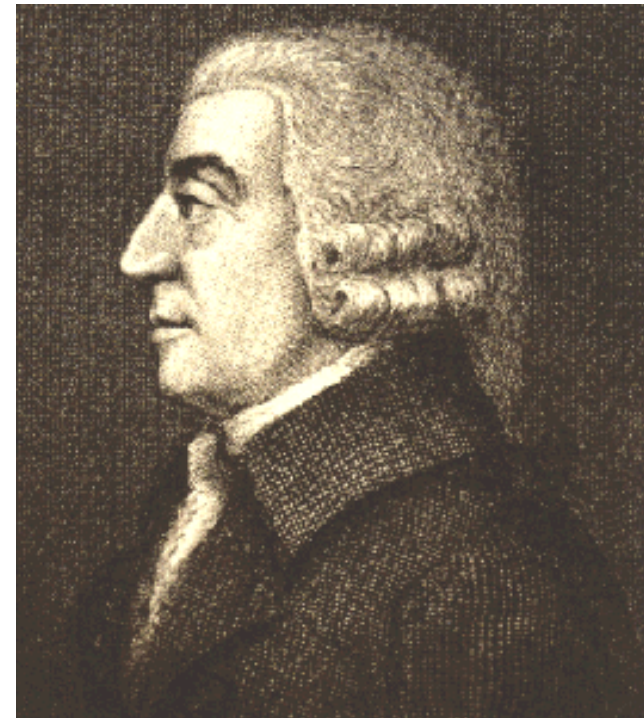


→ 2012



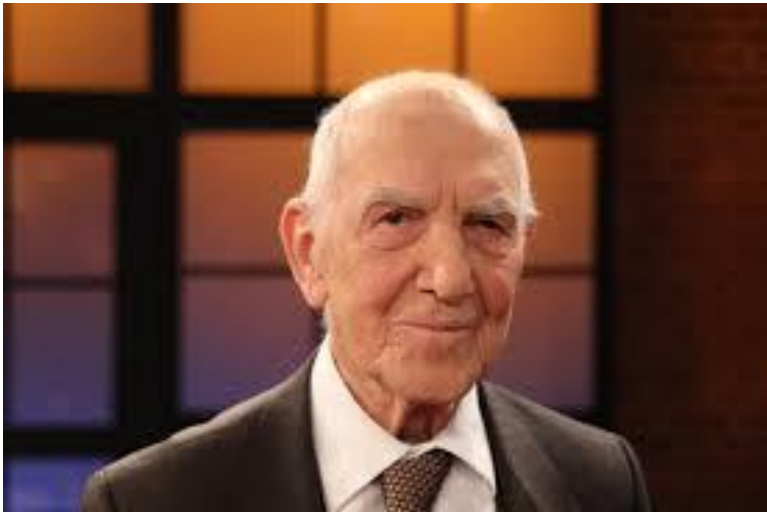
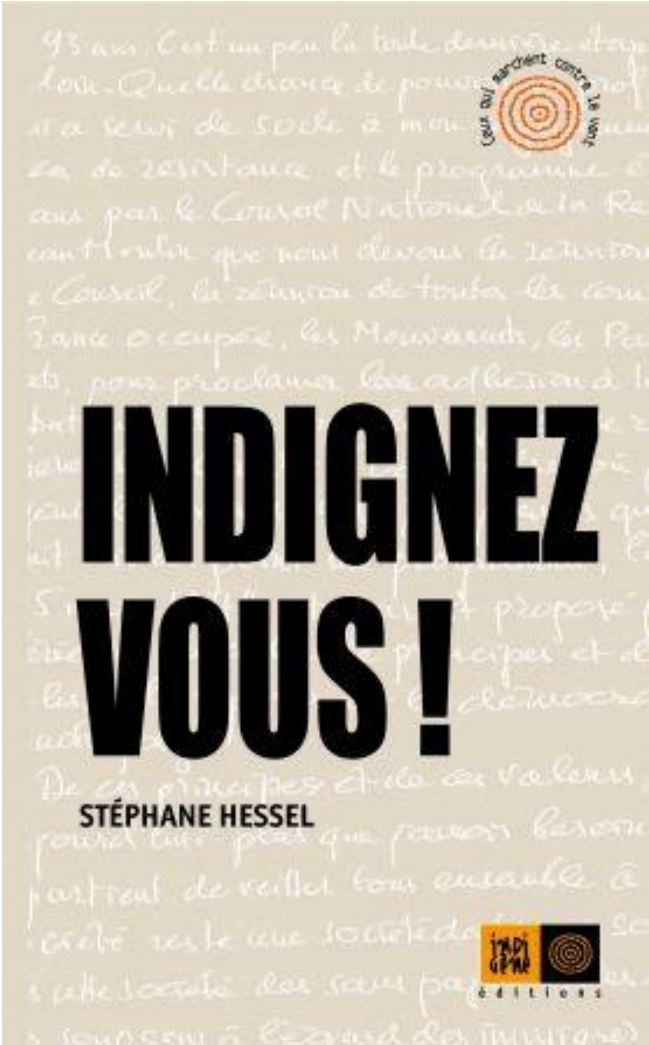


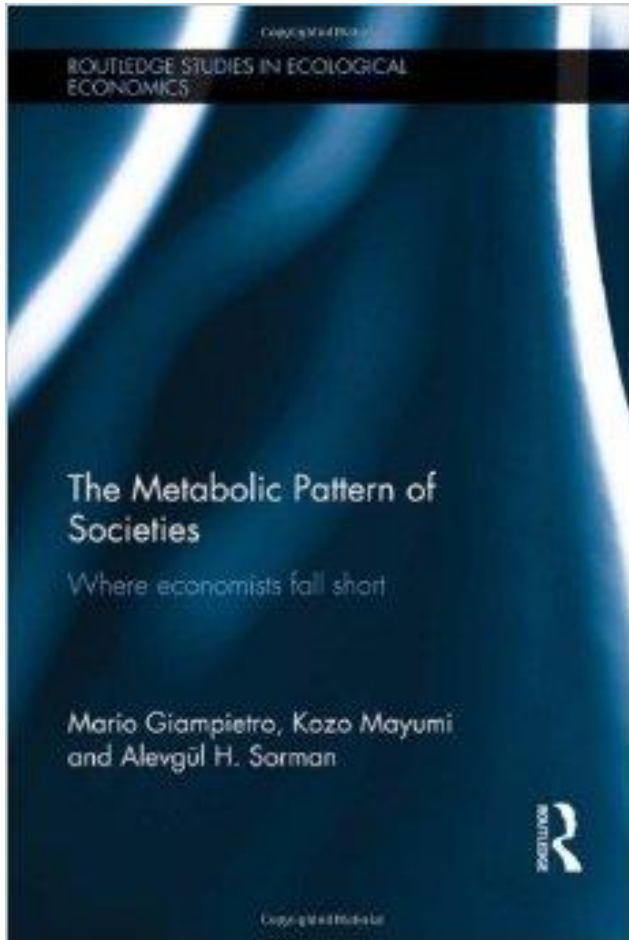
→ 1759





‘Resentment seems to have been given us by nature for a defense, and for a defense only. It is the safeguard of justice and the security of innocence. It prompts us to beat off the mischief which is attempted to be done to us, and to retaliate that which is already done, that the offender may be made to repent his injustice, and that others, through fear of the like punishment, may be terrified from being guilty of the like offence.’





➔ 2012



The ‘innovation narrative’ (let us innovate our way out of the crisis) comes under attack from several quarters pointing to different dimensions (human, social, economic, ecological, energetic ...) for its un-sustainability

In the context of the European project the focus is on the German school of Economics critique (Erik Reinert) denouncing the de-industrialization of the of Europe’s periphery ...



Failed and Asymmetrical Integration: Eastern Europe and the Non-financial Origins of the European Crisis

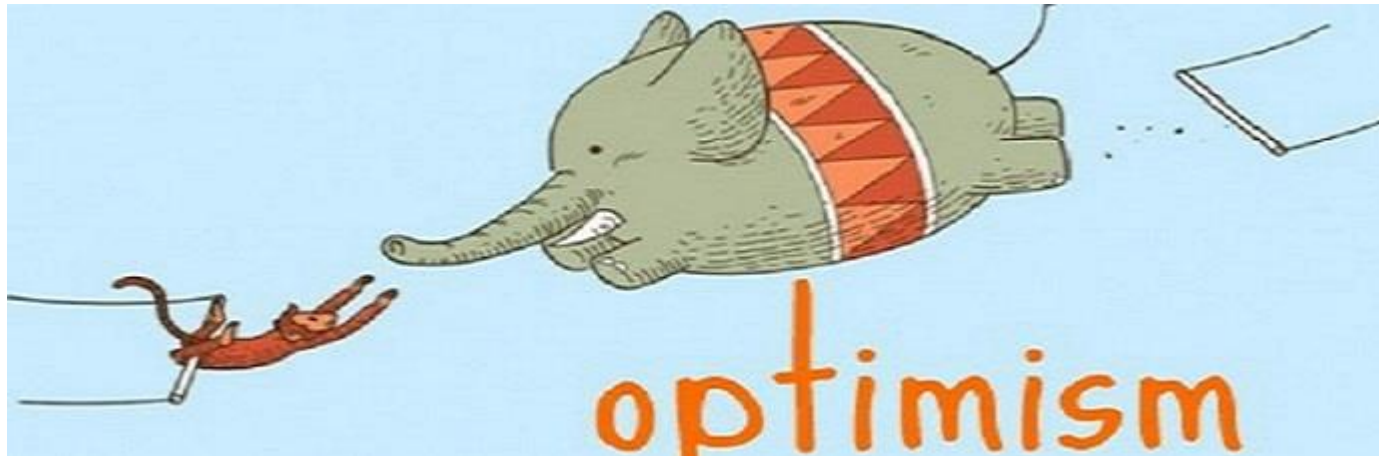
the crisis in the Baltic countries [...] dramatic de-industrialization and structural change that took place in these countries, and other Eastern European economies, following the fall of the Berlin Wall. [...] with the Eastern enlargement, climaxing in 2004 [...], the EU gradually abandoned its previous strategy of symmetrical integration – based on principles surviving from the Post World War II era, inspired by Friedrich List – integrating the region's economies into a structurally asymmetrical relationship that has common elements with colonialism....

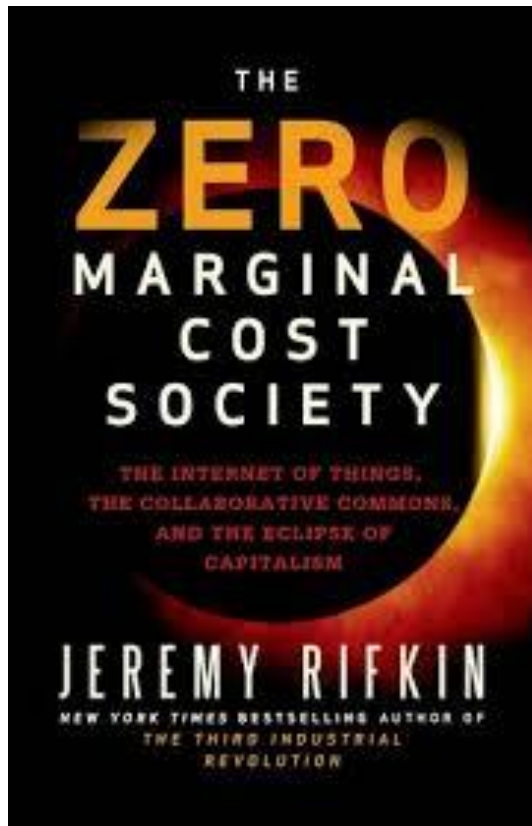
Space for optimism

Andrea Saltelli

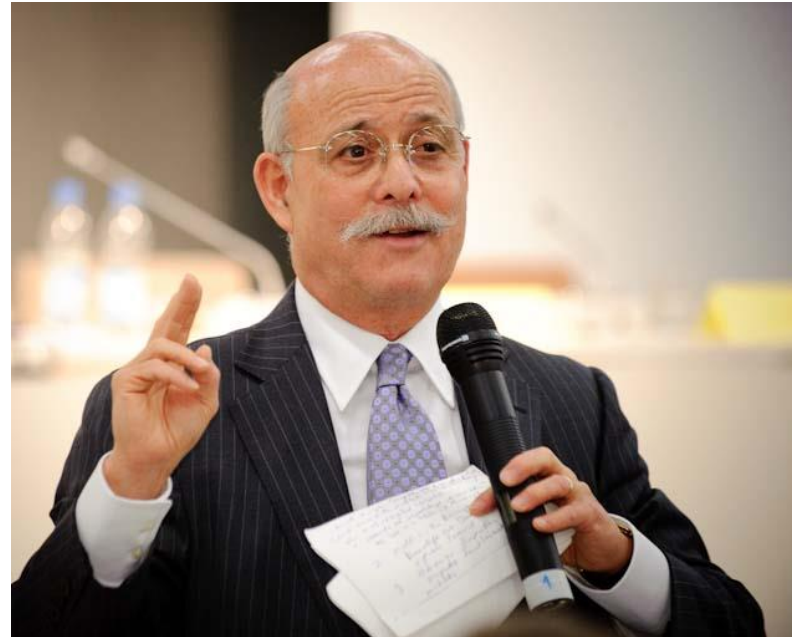


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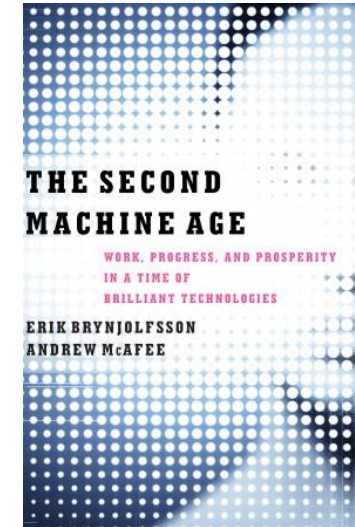


➔ 2014



the internet of things harbinger a new
era of growth: the shared economy ... the
prosumers ...

Brynjolfsson and McAfee (2014) are confident that a ‘beautiful partnership’ can include humans’ intuition and creativity and computers’ high routine processing, repetitive arithmetic and communication abilities.



➔ 2014

Work ‘with’ the machine instead of
‘against’ them ...

Reflection group
lead by
Jacques Attali

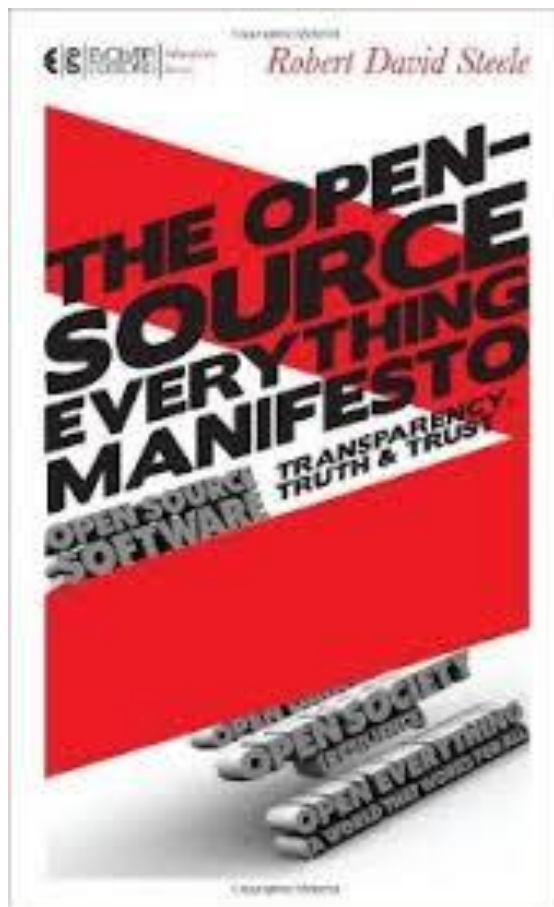
THE PATH TO A POSITIVE ECONOMY



The Movement for a Positive Economy:
an economy that seeks more than profit,

<http://www.lh-forum.com>

... for an unselfish economy



What the world needs right now is the restoration of trust collapsed by rampant corruption at all level of government and representation, and this can be achieved by a grass root movement for collective decision-making based on open source everything: *‘The open source ecology is made up of a wide range of opens – open farm technology, open source software, open hardware, open networks, open money, open small business technology, open patents ...’*



Business as usual is not advisable

We don't believe in Latouche's *décroissance heureuse* but (i) growth is likely to be subdued in the coming years - in its current (April 2014) World Economic Outlook, the IMF essentially endorses the secular stagnation hypothesis; and (ii) growth is likely to accrue mostly to the elites in the present paradigm.

More attention should hence be paid to distributive justice and inter-generational fairness, to the respect for the rule of law and on to the control of the rent extracting elites.

The effect of the consolidation exercise on the most fragile countries should be carefully reconsidered in light of data based evidence.

We can only discuss sustainability of the EU enterprise if we first agree on what we want to sustain and for whom.