

Going for Growth: Shaping a vibrant recovery



by Laurence Boone, OECD Chief Economist and G20 Finance Deputy

A unique opportunity to shape a vibrant recovery

After a devastating 2020, prospects are improving. The rollout of vaccines is giving us hope while extraordinary monetary and fiscal buffers continue to support firms, jobs and incomes, limiting the social and economic fallout of the pandemic. Importantly, COVID-19 has exposed how structural weaknesses can weigh on economic resilience. How we respond will shape the recovery and the future of our economies. Governments need to act now to address the structural obstacles to growth, build resilience and sustainability; boost productivity and facilitate reallocation; and help people adapt to change.

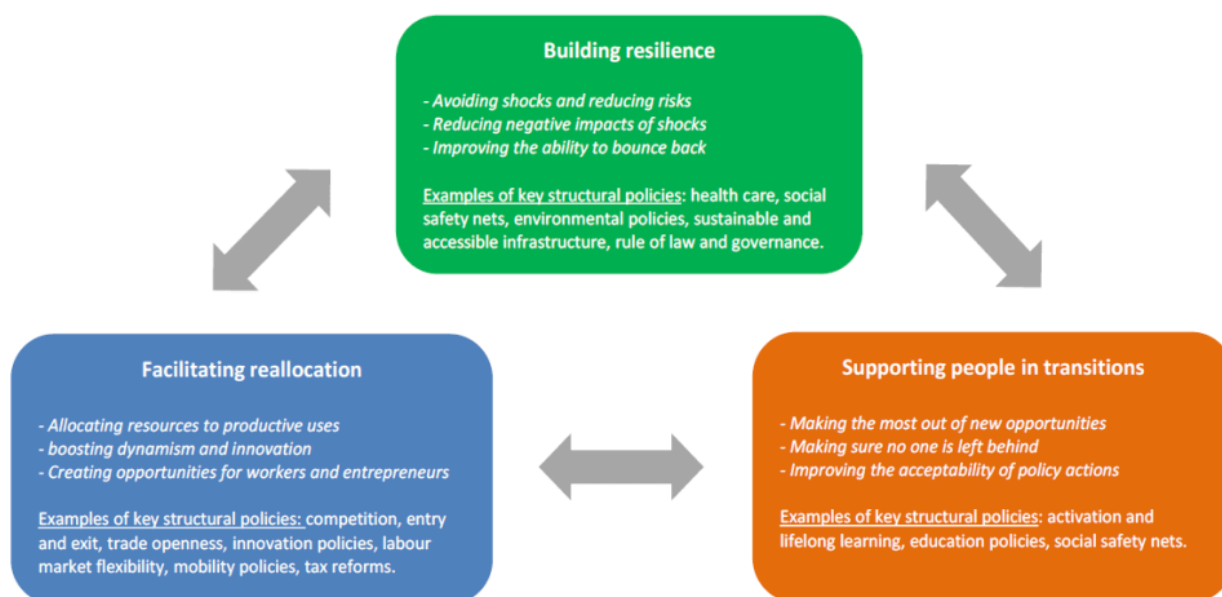
The cost of unpreparedness to COVID-19 is counted in lives lost, livelihoods damaged and in long-lasting social and economic scars. Most healthcare systems struggled with a global outbreak on such an unprecedented scale. Social safety nets were unevenly prepared for dealing with the consequences of lockdowns. Jobs and incomes were lost with the most vulnerable people often the hardest hit. As large parts of economic, social and educational activity moved on-line, the

opportunity costs of limited digital skills and insufficient infrastructure became real. Governments reacted with emergency measures, unprecedented in size and scope, to cushion the shock. Yet the measures will not fix the underlying structural problems, which left us vulnerable in the first place.

The crisis has only added to pre-existing challenges. Before the pandemic, many economies were struggling with sluggish productivity growth amid declining business dynamics. Structural problems in many labour markets included stubbornly high long-term unemployment, informality and poor job quality and security. Moreover, environmental sustainability alongside more general resilience concerns were often absent from growth strategies. As economies reopen in a world of rising digitalisation, changes to workplace practices, corporate restructuring and job transformation, reforms to enhance business dynamism and productivity growth also need to help people and firms adjust and reallocate in order to seize new opportunities.

Going for Growth 2021 provides first-hand advice to governments of OECD and major non-OECD economies on the structural policy priorities needed for a vibrant recovery. It is the OECD's contribution to the debate on what governments need to do to break away from unsustainable past practices and achieve stronger, more resilient, more equitable and sustainable growth.

Figure 1. Structural policies for a stronger, more resilient and inclusive recovery



The pandemic has also underlined the importance of international cooperation, which can make policy action more effective and less costly. This is why, for the first time, we are putting forward priorities for international policy cooperation: in healthcare, on climate change, on global trade and on the taxation of multinational enterprises. By acting together can help to achieve more.

Laurence Boone

OECD Chief Economist and G20 Finance Deputy

Further reading:

OECD (2021), *Economic Policy Reforms 2021: Going for Growth*, OECD Publishing, Paris, <https://doi.org/10.1787/3c796721-en>.