

Debate 2 – Should we Believe in the Future ?

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The recent period is one of gloom and pessimism on the future in France and in Europe: a low growth rate in the Eurozone, the increasing polarization of wealth, the acceleration of global warming, renewed commercial and geostrategic tensions, and an inexorable rise of populisms. In the face of the complexity and difficulty in meeting all these challenges, the temptation is strong to give up and to adapt to circumstances. How on the contrary can we mobilize citizens and economic agents to escape this slump and open new perspectives for a stronger, greener, and more including growth? What allows us to believe in the future?

A first source of hope is that it is possible to increase growth while making it more including: the main growth drivers through innovation are also aimed to be levers of social mobility. First of all recent works show that innovation generates social mobility due to the fact that it often goes hand in hand with **creative destruction**, that is the emergence of new activities and new actors. Consequently, politics to stimulate innovation have the potential to stimulate social mobility. De facto other works show that better school tests such as PISA, stimulate not only growth but also social mobility. The same is true of competition policies in the goods market. On the contrary, inadequate competition policies, especially to deal with the problem of **super-star** firms such as the GAFAM, partly explain the accumulation of privileged positions and the decline of growth in the United States. Finally, there are policies while aim at reconciling flexibility and security on the labour market and territorial policies. How can these policies be articulated? How do we fund them?

A second source of hope is that tax on gas is not the only lever to make growth greener and fight global warming. The yellow vest movement has indeed make us face an extraordinary challenge, that of designing environmental policies that internalize the daily difficulties of many of our fellow citizens. First of all, there is the advantage of nuclear power, which allows us to better plan the energy transition to renewables, how can we plan this transition in an optimal way? But there are many other levers, in particular: (i) encouraging green innovation and the transfer of green technologies to emerging countries; (ii) the **carbon tariff** lever to penalise countries or companies that would be tempted by the **pollution heavens**.

A third source of hope is lower interest rates that reduce the debt burden. Is this decline sustainable and how can we explain it? What margins do they offer? Can these margins be used to invest in the energy transition and in the transition and costs associated to structural reforms (state reform, pension reform, unemployment insurance reform)?

Finally, there is the result of the European elections, which did not confirm the anticipated populist push. This result should encourage new initiatives to relaunch the European dynamic. Which initiatives should we push and which approach should we adopt? Should we continue to push priority for institutional reforms (such as a euro area budget, a parliament of the euro area) or rather push for a Europe of projects, on a voluntary basis? Why not initiate a Franco-German DARPA to promote breakthrough innovations, and which other countries could later join? What are the areas of investment and the type of projects to be preferred: defence, energy? How can we reconcile industrial policy with competition policy in the globalised economy?