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Mr. Chairperson,

You asked yesterday if industrialization needs to happen in all countries and if the economic history of the past few decades should serve as guidance. In a nutshell, our answer based on the vision that I will provide below is “no”, or at least “it depends”. There is plenty of evidence of this including from the UN itself. UNCTAD issued a report a few months ago that declared the export-led model of economic growth all but dead. Yet many in this room are still invoking that model as part of the future agenda.

We are in a whole new world and old rules and definitions do not necessarily apply. We need to think of an altogether new macroeconomic model, which is what some 200 members of parliament from around the world tried to do here at the UN, at the annual Parliamentary Hearing two weeks ago. A provisional summary of that discussion is available in the room, but let me elaborate here on a few points.

A main message is simply this: don't aim at growth – albeit a green and inclusive one – but rather at *sustainable livelihoods* or *sustainable communities*. Design economic and industrial policy, all the way down to the enterprise level, around the social and environmental dimensions of sustainable development. As people flourish, growth will follow its natural course – and in the developed countries in particular it may be low growth or no growth at all for a while.

There is a problem that needs to be addressed as we define the future agenda. To put it most simply: the current growth-centric macroeconomic model basically rests on

the idea that you need to consume to grow bigger - which is certainly true in the earlier stages of life, or of development - but then goes on to posit that you need to *grow bigger so that you can consume more tomorrow*. This is all upside down.

This system does not have an internal stabilizer and it assumes that more is always better. It totally pretends, to use the same analogy, that no satiation is every possible or *even desirable*. Otherwise, the whole system will collapse – with rising unemployment and decreased standards of living. It's as if someone who needs to reduce their food intake a notch or two was at an immediate risk of a heart attack.

Greening the economy is absolutely necessary, and most prescriptions we heard today are relevant; but it is not sufficient to change the underlying dynamics. It's like an overweight person switching from a fat-rich diet to a fat-free diet, but still insisting on digesting more calories today than yesterday. Extra pounds come from total caloric intake, not just fat.

Inclusive growth is also necessary of course. But the concept is often misunderstood. For a lot of people in this field it does not mean sharing the excess food on the table with the hungry on the street. It merely means getting those outside to partake in the same system in which we find ourselves locked.

So no, it would be wrong to posit sustainable growth as a *goal*, as some have asked and as even the background papers suggest. It is at most a means and then only one of several contributors to human well-being. This is why we need to do away with GDP as a key measurement of prosperity and to develop new indicators of human happiness that should inform public policy at all levels.

If I remember the figures right, at current growth rates we will have a \$150 trillion global economy by 2050 as compared to \$70 trillion today. It is hard to imagine how we can get to the required absolute decoupling under these conditions. At a minimum, consumption levels will need to converge toward a “happy medium” across the world. It is well known that there are countries at income levels of \$10-15,000 that are doing the same or *better* in terms of human development and well-being than countries at much higher income levels. So it is not growth per se that leads to human development. More important is the *kind* of production and consumption, the *way* production is organized, and of course its distribution.

Given the universality of the SDGs, the debate on growth needs to focus on both developed and developing countries, and not just the latter, as we tend to do, and needs to take a critical perspective on the predominant growth model that has its roots in the developed world. In short, we need a new macroeconomics of sustainable development: a macroeconomics that will not rest on *individual material consumption* as the main driver.

How do we get to this vision? We don't have all the answers on how to shift gear away from this dependency on growth in order to avoid economic collapse or mass unemployment. This is the real problem that we should study more and as a matter of urgency - and that should have been at the core of our debate this week.

The general direction of course needs to be toward *dematerialization* of growth and toward a service economy based on a radical new understanding of *enterprise*, *investments* and *money* as serving a *social purpose* and not just a private objective. A service economy here should not mean merely a shift away from manufacturing, which on a global scale would be quite impossible anyway. It means, for example, an economy that is fully geared toward providing *mobility* instead of *cars*.

An example of an enterprise model with a social purpose may be a system of sharing work hours instead of firing workers when business is down (as it is done in Germany). If business was all about the profit motive, this practice may be of little interest to the company and its shareholders, but if business is also about the workers and the communities around them it makes a lot of sense from a sustainable development perspective.

In short, a new economic model is something that all countries at any level of development can work towards in their own ways. It requires a stronger role for government and the public sector to promote new incentive systems. It requires a focus on *public goods* like transport, education and health, and leisure, as well as a much stronger focus on communities.

But we will not get there if we refuse to think outside the box.

Thank you.