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Secretary-General
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cc The NAEC Group of Ambassadors,
Directors and Committee Chairs

27 September 2022

Dear Secretary-General

Eight months ago [we wrote to you](#) about the OECD's New Approaches to Economic Challenges (NAEC) initiative. As economists who have spoken at and participated in NAEC events and contributed to its reports over the last decade, we wrote to praise the way that NAEC had helped develop and disseminate important and innovative economic thinking about how to tackle the major problems facing the world. Aware that NAEC had been developed by OECD members under the auspices of the previous Secretary-General, we requested that you ensure that it continue playing this vital role, with an independent base in the institution.

We are very disappointed that you chose not to reply to, or even acknowledge, our letter. It is even more dismaying to discover now that NAEC has been effectively shut down in the form that it had been functioning. By reducing its staffing to one person, by not approving a work programme and by ending its association with external economists and policymakers through its programme of open seminars and conferences, the work that NAEC had been doing appears effectively to have come to an end.

This is deeply regrettable. As we noted in our original letter, policymakers throughout the OECD have become acutely aware in recent years of the need for new and better approaches to the deep economic problems the world faces today. We are living through a difficult cost of living crisis resulting from Russia's invasion of Ukraine, with energy security and inflation now uppermost in policymakers' minds. Many OECD countries are heading for recession, and many low-income countries for another debt crisis. We must all face up to the existential challenge of climate change. In these circumstances there is a critical need for new forms of economic analysis and new approaches to policy. Over the last decade NAEC has built an extensive, high-level network of expertise to support such work.

As academic and professional economists, we know that conventional economic approaches can turn out to be wrong. The history of economics and economic policy is one in which certain theoretical frameworks and policy approaches can become orthodox, and then are later superseded. This is often because the empirical evidence changes; sometimes because rival theories come to be more convincing; in some cases both. In these circumstances it is important that an organisation providing advice to governments, like the OECD, is at the forefront, not just of the present mainstream, but of competing views, theoretical frameworks and policy approaches.

This is particularly true in the light of the multiple problems which many OECD economies have experienced over the last decade and more, even before the events of this year: the financial crash, stagnant productivity and living standards, sharply rising inequality, climate and environmental breakdown, the impact of the Covid pandemic. These problems, which have not always been well explained or addressed by mainstream approaches, have made new and innovative economic thinking all the more important and valuable.

As we said in our original letter, we have been impressed and often ourselves informed by the work NAEC has done in this respect. It has convened meetings and prepared reports which have explored such new and innovative economic thinking, and brought it to new audiences among academic and professional economists and policymakers. As part of this work it has, we know, engaged well with other departments of the OECD, and been required - as is only correct - to face challenges and further debate from them.

This to and fro between received economic ideas and new ones is an important part of how intellectual and practical progress is made, both in economic analysis and in policy. We remain of the view that, not just the OECD, but the wider international economic policy community, would hugely benefit from NAEC continuing in this role. It needs the remit and freedom to challenge conventional thinking and explore new approaches to the deep and urgent economic problems the world faces. We very much hope we are wrong to believe that NAEC has been reduced to an entirely internal focus. Indeed, we would be pleased to support you and your staff in developing a new work programme for NAEC, and would be glad to contribute to such a programme in these most difficult times.

Yours sincerely,

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