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Shared Prosperity in a Fractured World[1]

Wspólny dobrobyt w podzielonym świecie

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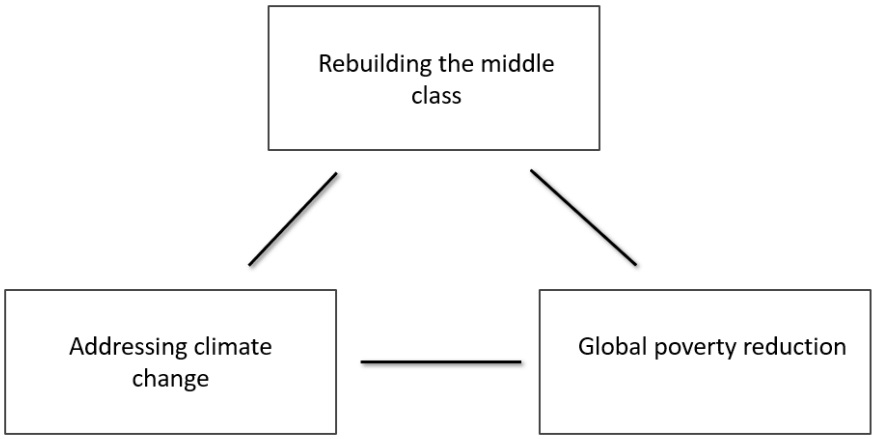
Greetings everybody. Thank you very much Professor Hardt for that kind introduction. It's a great pleasure for me to be here. I want to thank in particular Professor Gorynia for the invitation. I am confident that I'm talking to a group of economists who are much more reasonable. And I can tell that from what I just heard from the preceding session and I think one of the reasons that many economists in the United States have been part of the problem rather than the solution is because they lose themselves in some abstract world of the ivory tower and lose sight of the true situation of businesses and workers, and the economy as it really operates. I feel already that the economics profession here is much more grounded in the reality of actual business and economic life and I think that's a very important first step to getting a better sense of how economic policy can contribute to a better world. So I feel at home.

What I'm going to be talking about is some of the key themes from my new book (Rodrik, 2025). It actually came out less than a month ago, so it's really very fresh and I'm trying to think how we can apply economics and economic science to a very different kind of a world with very different challenges that you're all quite aware of. I am going to address three critical economic challenges. In particular, we've already heard a lot about the geopolitical issues, which are very much the background to all of this. As an economist I'm not going to have much to say about that. I just want to emphasize that all of this is going to operate against a very uncertain geopolitical environment. But from the standpoint of economics and where we can contribute most, I think there are three critical challenges that we must address as highlighted in this slide (see Figure 1).

[1] This text is based on the speech given by Prof. D. Rodrik as a keynote speaker at the 11th Congress of Polish Economists on December 4, 2025 in Poznań.

Figure 1.
Our threefold challenge



A rich country problem, a poor country problem, and a global problem, often viewed as being in tension with each other. Can they be reconciled?

Source: own work.

One, of course, and probably the one about which least needs to be said, is really the climate transition challenge. This is a threat to our physical existence. The second is the erosion of the middle class and the economic anxieties that underpin a lot of our societies these days. And I do think that the economic anxieties and the weakness of the middle class, which is probably the most severe in the United States but I think also runs across most societies in Europe as well, really underpin some of our social problems and in particular problems of political polarization, the rise of authoritarian populism. While there's a significant cultural dimension to that, when people feel economically insecure and don't think they and their children have a path towards a secure, middle-class existence, they turn to extremists and demagogues. They are much more prone to be manipulated and to be hostile towards outsiders, whether those are ethnic or religious minorities or immigrants. That is how far-right-wing politicians gain support. So I view the problem of rebuilding the middle class as the central challenge to our social and political life, somehow analogous to how the climate challenge is a threat to our physical existence.

Finally, global poverty reduction and the challenge of economic development. I think our respective countries think about how to solve our problems and the climate problem. We should not forget about the global poor. How we can foster an environment that is conducive to economic development is very important. This is an area of course that has done extremely well in the period since the 1990s thanks to the rise of China and other Asian countries. We've actually had a lot of

gains in the last few decades, but these gains seem to be under threat today by the geopolitical developments and what's happening in world markets, but also, as I'll suggest, because of changes in technological conditions and the fact that traditional models of economic growth and development aren't really working very well. Now, these seem like three very different challenges that require very different types of expertise to address, but they have something in common that links them thematically and conceptually, and that is that all three of these tasks require fundamental structural change, and structural transformation in our economies. These are essentially problems of fostering the right kind of structural transformation.

And structural transformation, as we economists know and practical men and women experience in their lives, is something that markets on their own are not very good at accomplishing. Markets and the price system are great at providing the right kinds of incentives in the vicinity of where we are. They are not particularly good at giving us price signals and incentives about where we want to be 10, 15, and 20 years from now. And therefore these are areas that we economists would call *market failures* and therefore are in need of corrective policies. The type of corrective policies needed would essentially be a kind of industrial policy, because when we think about industrial policy – although I'll use this term in a very broad sense, this term doesn't necessarily focus on manufacturing industries per se – the task of industrial policy is to foster more rapid structural change in the direction of economic activities, technologies, industries, and sectors that further the social purpose.

This is a key point and this is partly why these policies have to be an updated version of what we traditionally have thought of as being industrial policies. The first critical difference is that these are actually directed at very different types of economic activities than what we have traditionally thought of when we think of industrial policy, which is high-tech sectors, export-oriented manufacturing sectors, national champions and so forth. Here the priorities are very much, I will argue, sectors that are green renewables, and green industries, and I think that there is a very important challenge, which is to develop productivity in services where in fact the bulk of the jobs are going to be. So the new aspects here with respect to when we think about rebuilding the middle class are really about fostering good jobs which are the best mechanism of strengthening the middle class. This is not through transfers or through redistribution, although the social welfare state does play an important role. But to foster economic security and create cohesive paths to the middle class we need to create good productive jobs and that's is going to require more and more focus on services, and I'll come back to this in a second. Manufacturing is actually not going to play a major role going forward. So on the middle class side I think good jobs and services are going to be critical.

On climate change, and I'll suggest in a second that we've actually quite surprisingly made significant gains on this front, the gains have come from a very different avenue rather than through economists or technocrats' preferred mechanism of pricing carbon, cap and trade schemes or global cooperation. Instead we've had these gains come in the form of green industrial policies using the carrot of incentives and promoting investments and new technologies rather than the sticks of the taxes or carbon emission reductions. And that's largely been an effort led and produced

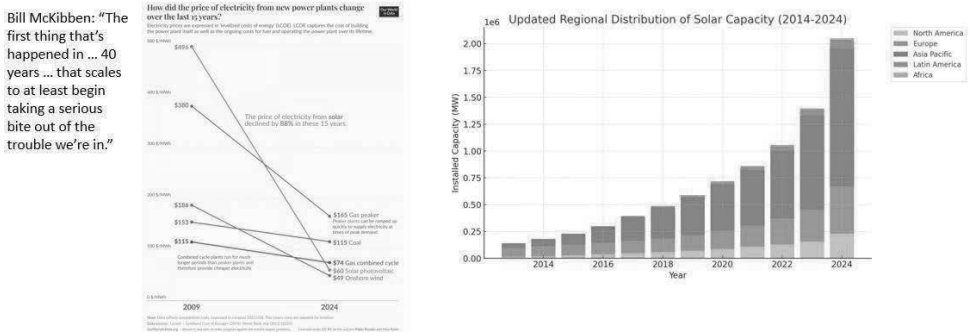
by China – I'll come to that in a second. And with respect to development I think we need to put less emphasis on the tried and tested model of export-oriented industrialization which has worked very well in the past. Because of changing modes of technology and also the very different role of the global economy, increasingly I think export-oriented industrialization has lost its power because of the ability of export-oriented manufacturing industries to absorb many workers in low-income settings. So just as in the advanced countries services become critical for the middle class, creating productive jobs and services actually becomes the main axis of productive structural transformation for growth in developing countries as well.

In the book I emphasize that when we approach these challenges, there are some habits of mind that are useful. I argue that we need to think about our policies explicitly in the second-best setting, where we take into account that there are multiple distortions and always political constraints. As was once said, the world is second-best at best. And therefore first-best thinking is often not the right way and we've seen this in a number of these domains. The need for thinking in terms of experimentation and pragmatic policies rather than fixed blueprints or best practices arises from the novel nature of the challenges. And we need to resort to national and local solutions and not wait for international remedies based on global cooperation, incorporating or internalizing the reality that in fact global cooperation is going to be in significantly short supply. Now, all of these are abstract and general things and the question is whether anything I've said so far has any prospect of being practicable and leading to policies that might work.

So let me start actually with something very practical and pragmatic where we've seen incredible success from a very unexpected source on what we might have thought would be the most intractable of these three challenges, namely climate change. And this is the incredible progress we've made with respect to renewables. I think everybody here is familiar with how rapidly the cost of renewable energy has fallen, mainly solar but also wind and electric batteries, to the point where now if you're building new sources of power, renewables are actually cheaper than fossil fuels, and this is creating a fundamental transformation in the way that the world works.

To the point where even some of the most pessimistic and most ardent critics of climate change, somebody like Bill McKibben (2025) in the United States, who was one of the early voices sounding the alarm about climate change and how far we were from actually meeting that challenge, have now become almost optimistic and are now saying that for the first time we can see that thanks to how cheap solar power has become, we could actually envisage a world that remains habitable. Of course it probably will still cross the 1.5 Celsius warming threshold but maybe disaster will be averted after all.

Figure 2.
The renewables success story



Source: https: //ourworldindata. org/cheap-renewables-growth; https: //www. solarinsure. com/how-much--solar-energy-does-the-world-generate.

And where does that renewable success story come from? It comes from essentially what China has achieved. If you look at the installed capacity in solar power, as in the second panel here (see Figure 2), it's essentially a story of Chinese investment in solar power. And this green technological miracle in China has been, to be very blunt about it, just the product of Chinese industrial policy combined with the technological fact of learning by doing. So China was not the first country to get in on the act here. Europe and the United States were in fact the early innovators in solar and green and renewables. But starting some 10 or 15 years ago, China took the lead and through the magic of industrial policy and the learning curve has set into motion a kind of a virtuous cycle of supporting renewables leading to capacity increase, leading to very sharp reductions in cost and then prices, market expansion and then driving more investment and market expansion in turn.

Now, it's important to understand the nature of these Chinese industrial policies because I think the typical Western depiction of these industrial policies is that they are purely top-down subsidies and something that's very peculiarly Chinese. But when one looks a little bit closer, one finds that in fact this was a much more pragmatic, much more decentralized and much more multifaceted approach, with many, many different instruments with explicit experimentation and pragmatism. There was very close collaboration between the central government and local government, as well as business, with many feedback loops of iteration and revision such that these local experiments were done, revised and reformulated and the policies went significantly beyond credit. Public venture capital played a huge role as well as local regulatory experimentation and local municipal government procurement rules and so forth. And this was all embedded in a national project, and this is where the central government in fact did play a very big role. This was an explicitly articulated national priority, and through this national project, the Chinese government effectively produced a huge global public good in view of the global climate challenge. This was done in a way that essentially also privatized

some of the benefits of providing this global public good through the competitiveness benefit that Chinese solar manufacturers and other exporters were getting through these technological benefits.

Now, it is of course the case that industrial policies do not always work. And then the question is whether this is something peculiarly Chinese that maybe other countries cannot emulate. There is one famous example in the United States: the failure of a startup called Solyndra, which was among the first few startups that the Obama administration had promoted when the US, before China, became a major actor in this. The US had started promoting solar and other renewable industries. And that story really tells us a lot about what needs to be avoided and the main problem in the case of Solyndra, which became a big political scandal and effectively killed the US green industrial policies for a whole decade, until really Biden came to power before the current Trump administration. This tells us that rather than treating these policies, which largely took the form of loans and loan guarantees by the US Department of Energy, as a portfolio of experiments of investing in a lot of different startups where some of them would eventually be successful and others would necessarily fail, the Obama administration made the crucial mistake of planting its flag on Solyndra as a key example of its initiative. Solyndra came to be associated with the program from the get-go but it turned out that Solyndra had bet on the wrong technology and then when it failed eventually as any one of these startups were likely to do, then the whole program was tarred by its failure. Very few people noticed at the time that another beneficiary of loan guarantees around the same time was Tesla. Tesla of course was a little-known company at the time and has become the behemoth, but the social benefits that Tesla provided could have paid many times over for the direct cost of Solyndra's failure. But because the US federal government failed to market this program appropriately as a portfolio and also politically, it favored just one of these firms specifically and it ended up looking like the whole program had been a failure.

So there are some lessons, important lessons from this for the pursuit of industrial policy whether it's in the area of green and renewables or elsewhere, that one should not look at industrial policy as an act of picking winners because nobody can pick winners. The private sector cannot pick winners and the government cannot pick winners either. It's more a question of whether there is enough flexibility and discipline in these programs that you recognize losers. And then you let the losers go rather than sticking with them long after it's become clear that they're not going to be working out. And that was one big failure of the Obama administration. The second big failure is to think about this as a pragmatic act of experimentation where there will necessarily be failures, rather than assuming that all of them are going to pay out. And then finally with respect to comparisons between the West and China, it's important to understand that the reasons for China's success and the relative failure of the few cases that became politicized in the United States really do not have anything to do with the fact that the US is a democracy and China is an authoritarian regime, because when we look closely at the way that China managed its industrial policy, it wasn't really top-down command and control, hard conditionality. It was much more the government acting

as – what one analyst called – a collaborative catalyst (Thurbon et al., 2023) rather than a top-down central planner. And it's something that democracies in principle could also do extremely well.

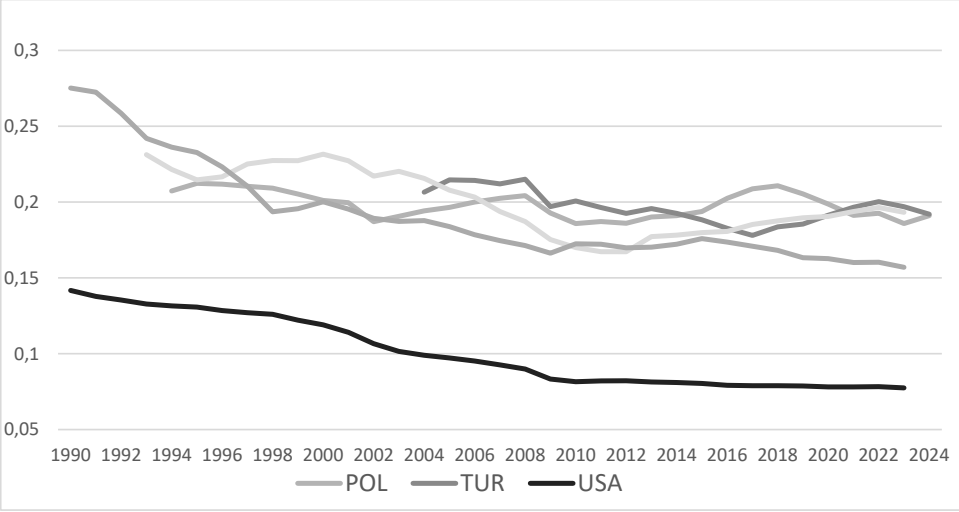
So I'm using the example of green industrial policies directly as a substantially important example of how the type of structural transformation policies that are based on close collaboration between the state on the one hand and different business interests and investors on the other, can spearhead a process of structural transformation affecting one of these three challenges – climate challenge in particular. But that still leaves the question as to what about the other two challenges, the middle class and economic development around the world. And as I've already said, I think these two challenges are going to require good and productive jobs to sustain ultimately democracy and also to promote economic growth. And the question here is: is there an analog, is there a version of these green industrial policies that I've briefly described that also applies to how we can engineer productive transformation to create good jobs as well?

Before I talk about that specifically, I want to spend a minute talking about the importance of jobs and good jobs in particular, because I think one of the blind spots of the economics profession going all the way back really to Adam Smith has been to downplay the importance of jobs, because in the conventional way that economists or at least neoclassical economics teach and think about jobs is that actually they really just benefit us indirectly because jobs are only a way of increasing our incomes and relaxing our budget constraints. In fact, jobs enter the utility function negatively to the extent that we put leisure in the utility function rather than employment per se. But in reality jobs hold a very different position in our own social existence and our own sense of wellbeing. Jobs are a source of personal esteem, social recognition, and dignity, and give us a sense of who we are and how we contribute to society. A long list of empirical research on what constitutes, what determines happiness or life satisfaction finds that along with family, jobs are the most important determinant of personal wellbeing. The utility lost that's associated for example with loss of jobs is several times the direct income loss. The usual economist way of thinking about how you treat job loss is to compensate people for the loss of jobs. That simply doesn't work, because when people lose jobs or regions lose employment the personal costs are much greater than just the losses in income (Suppa, 2021). And that also relates to what I think is the second big category of reasons that jobs matter beyond the personal costs, and that is that job loss is also a fundamental source of negative social externalities, that job losses in different regions, whether due to trade, whether due to automation or due to fiscal austerity, produce economic social and policy externalities in the form of higher crime rates, broken families, increased mortality, and greater addiction rates, and ultimately support for authoritarian populism. Going back to something that I said earlier, that links economic anxiety, in particular anxiety over jobs, to support for authoritarian populism.

Then, from the perspective of social justice, I think this gives us a kind of alternative perspective on social justice, which is instead of focusing purely on distributive justice, which is the question about who gets what and that can be handled through

redistribution and through safety nets. But the parallel notion is actually *contributive justice*, to use the term that my Harvard colleague Michel Sandel (2020) has used, and contributive justice refers to the notion that we also want each one of us to have the opportunity to win the social recognition and esteem that go with producing what others need and value, and that has much more to do with the jobs we perform, not just incomes. So having said why I think jobs are extremely important and where typically economists have underplayed it and therefore missed the consequences of the globalization shocks and the regional decline in employment that many parts of the United States and Europe have faced and the political consequences, I think it's important to bring that up front.

Figure 3.
Manufacturing employment shares



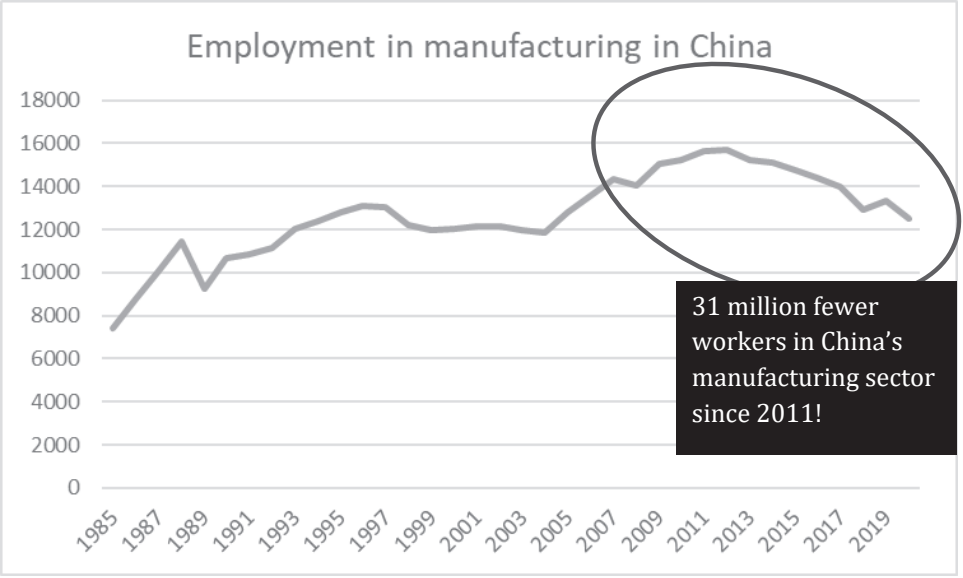
Source: OECD STAN Database.

So where are these jobs going to be? Where are we if we're going to create these good jobs? Where are they going to be? I think we need to face up to the important fact that going forward these jobs are not going to be in manufacturing (see Figure 3). Now, manufacturing is going to remain important for a variety of reasons, for national security, for innovation, and for the green transition, but when it comes to jobs, manufacturing is going to play an increasingly small role. In the United States now fewer than one in 12 jobs are in manufacturing. So when both the right and the left have programs for restoring the middle class focusing on reshoring manufacturing or reigniting manufacturing, there's a reason that it doesn't produce the political effect that it's supposed to. This is because the representative worker in the United States or in much of Western Europe is no longer really in manufacturing.

Now, to some extent I think that's also going to be the case for Poland. Poland has been relatively well positioned through its links through supply chains in Western

Europe and Germany to support a relatively high level of manufacturing and manufacturing employment. And the decline in manufacturing employment is not as obvious in the statistics that I've seen for Poland. But still we're talking about fewer than one in five workers and I don't see this going up given the nature of technological change. Let me explain why I don't think this is going to go up no matter how much reshoring is done, and how much manufacturing Europe is able to claw back from China. So even if that was possible through trade and other industrial policies, the fact is that while China has been able to increase its manufacturing footprint on world markets export and ever larger quantities of manufacturing and has taken over a bigger and bigger part of the overall global marketplace in manufacturing, in fact employment in Chinese manufacturing has plummeted. Over the last 10 or 15 years, China has lost more workers in manufacturing than the total number of manufacturing workers that exist in the United States and Germany combined (see Figure 4).

Figure 4.
Employment in manufacturing in China



Source: own work based on data from China Development Center.

Why is this? It's due to automation, it's due to the changing nature of technology, and that's true of all of the most successful manufacturing exporters that you may want to emulate. Even if you are able to maintain or increase your manufacturing output or manufacturing value added, the impact on employment per se will be small.

So where will the jobs be? Jobs will be in services and in particular types of services especially, and these are mostly non-traded services, mostly kinds of services that we don't think of when we think about industrial policy. These are becoming increasingly important going forward (see Table 1). In the United States this is partly

because of the demographic transition. These are particular services in home health and personal care, fast food, counterworkers, retail, sales people, stockers and order fillers, cashiers, and customer service representatives. This is where the jobs are, whether we like it or not, and this is where the jobs are going to be.

Table 1.
Top 10 occupations in the U. S., projected 2034

2024 National Employment Matrix title	Employment, 2024	Employment, 2034	Employment distribution, percent, 2034	Employment change, percent, 2024–34	Median annual wage, dollars, 2024[1]	Typical education needed for entry	Work experience in a related occupation
Home health and personal care aides	4, 347. 7	5, 087. 5	2. 9	17. 0	34, 900	High school diploma or equivalent	None
Fast food and counter workers	3, 796. 0	4, 029. 2	2. 3	6. 1	30, 480	No formal educational credential	None
Retail salespersons	3, 936. 7	3, 917. 1	2. 2	-0. 5	34, 580	No formal educational credential	None
General and operations managers	3, 712. 9	3, 876. 8	2. 2	4. 4	102, 950	Bachelor's degree	5 years or more
Registered nurses	3, 391. 0	3, 557. 1	2. 0	4. 9	93, 600	Bachelor's degree	None
Laborers and freight, stock, and material movers, hand	2, 988. 9	3, 033. 1	1. 7	1.5	38, 940	No formal educational credential	None
Stockers and order fillers	2, 764. 8	2, 999. 8	1. 7	8. 5	37, 090	No formal educational credential	None
Cashiers	3, 157. 2	2, 843. 6	1. 6	-9. 9	31, 190	No formal educational credential	None
Customer service representatives	2, 814. 0	2, 660. 3	1.5	-5. 5	42, 830	High school diploma or equivalent	None
Janitors and cleaners, except maids and housekeeping cleaners	2, 447. 7	2, 495. 5	1. 4	2. 0	35, 930	No formal educational credential	None

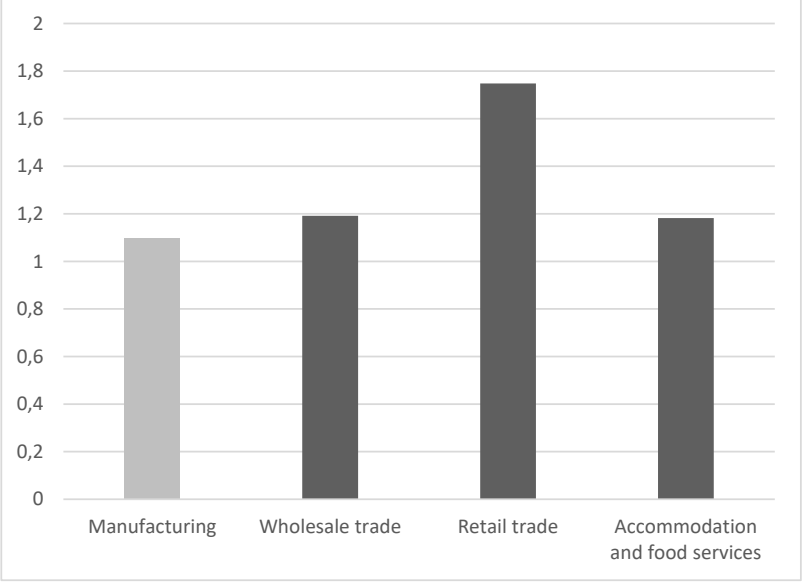
Source: U.S. Bureau of Labor Statistics.

Now, most of these jobs, in fact I think eight out of the top ten occupations in the next ten years in the United States actually don't require formal training. So that's a kind of disappointing thing to say for a university professor, that basically more university training, more access to college education is not going to be the

solution to producing good jobs in these sectors because these sectors are not sectors that actually require college education (Ton, 2014; Osterman, 2018).

So it's going to be critical to find ways of increasing directly productivity in these highly labor-absorbing service sectors (see Figure 5). And traditionally these sectors have been very slow in increasing productivity. But here I want to suggest that there are some possibilities that I think become more important, potentially with more innovation policies and industrial policies that are directly targeting productivity and services. In recent years, if we look at productivity statistics and some key services, in fact productivity has increased as rapidly, if not more rapidly in services than in manufacturing. That has been true in the United States since 2005, in the last two decades in wholesale trade, in retail trade, accommodation and food services. So in a way, think about Amazon or Uber. The kind of new technologies that they managed to bring in have essentially transformed productivity, and significantly increased productivity. This points to the productivity possibilities but also points to the need for us to rethink organizationally about how technologies are actually deployed. This is because the way that these technologies have been deployed in companies like Amazon and Uber doesn't necessarily create good jobs, because there are technologies that are based on monitoring and on essentially extracting most of the surplus that's possible from the drivers in Uber and so forth. But these same technologies can also be deployed in ways that are going to be much more directly beneficial to workers, and I'll come back to that in a second.

Figure 5.
Increase in labor productivity in various sectors in the U. S., 2005–2024



Source: U.S. Bureau of Labor Statistics.
Note: 2005=1.

So I think there's a strong connection between the need to create good jobs and the use of industrial policy for that purpose. That goes simply beyond education. It's actually working directly with firms, innovations, and startups to increase productivity and increase demand for good firms and good jobs. So the strategy here, the industrial policy strategy here, although not for manufacturing but for services, would be a strategy to increase demand for less educated and less skilled workers by increasing the productivity of such workers and the firms that employ them. And a lot of this is going to be done by providing the need for public input in inputs, but also through the kinds of technologies that actually empower low skill workers, whether they're in retail or in care. So what is that going to look like in practice? In my book I talk about examples on which one could build. One is a variety of subnational and local development coalitions or programs where, somewhat similar to how China, Chinese municipalities have experimented around green industrial policies through a variety of policies (Criscuolo et al., 2020; Aghion et al., 2019).

We have a variety of local experiments in the United States of local jurisdictions where either local economic development agencies, local nonprofits, local business groups or other civic leaders essentially launch programs that are collaborative, bringing different stakeholders together that combine on the one hand specific workforce vocational training with business development and business attraction. These are examples of a much more modern style of industrial policy, where the focus is much less on subsidies and much more on identifying a vision and constraints where the interventions on the part of local agencies or state or government agencies could be subsidies. But there are predominantly also, one might say, customized public inputs in the form of coordination, and in the form of workforce and management training, providing specific business or extension services, providing technology green fields, regulatory assistance and so forth. And then, finally, I think, linking back to my comments about the potential for technology, the new technologies also need to be developed in a much more labor-friendly direction (Bartik, 2019).

There are specific examples in care, in retail, and in education, of how the use of new technology, increasingly AI, can empower less experienced, less educated workers to provide much more sophisticated care, much more sophisticated customer service, customized to the needs of the patients or the customers, and perform a much wider range of tasks at the same time. And the advantage of this is basically how productivity on the job is increased, and so in these highly labor intensive areas where the human touch will remain extremely important, if we can deploy and develop these technologies in ways that are going to directly increase productivity of the workers in those sectors, we can transform jobs in those sectors that have been traditionally bad jobs with very low pay into much better jobs and a much more solid foundation for a middle class. That, however, will require much more self-conscious directed innovation by the state pushing innovation directly in that kind of direction. So we have the *Defense Advanced Research Projects Agency* (DARPA), and most countries have innovation programs that focus on defense-related technologies. We have, as we've seen in China, other investment or innovation programs for renewables. We have investment innovation programs

that are directed towards green and renewables and new technologies to advance on the green transition.

I think we need a directed public and self-conscious effort to invest in technologies that are explicitly worker-friendly. And this is why we need an *Advanced Research Projects Agency – Workers* (ARPA-W). So, as I said, the types of industrial policy I'm talking about here are very different from traditional top-down industrial policies that are based on picking winners, making use of subsidies, and ideally hard conditionality (see Table 2). In fact, the kind of industrial policy that I'm talking about is exemplified by my specific illustrations. This is much more flexible, is much more collaborative, and is based on provision of a variety of public inputs rather than job subsidies. In this policy, conditionality tends to be much more soft, provisional, and open-ended, and the relationship with recipients is collaborative and iterative, with active project management rather than arm's-length management.

Table 2.
A different style of policy

	Traditional industrial policy	New industrial policy
Market failures targeted	R&D, innovation, learning externalities; coordination failures in investment	Traditional market failures, plus good-job externalities, direction of innovation, and missing public inputs
Sectors	Manufacturing, tradable sectors	Services in addition to manufacturing
Firms	Large, globally competitive firms	All sizes of firms, including SMEs
Assumptions about the government	Governments can identify market failures ex ante and are sufficiently insulated from capture	Knowledge about location and magnitude of market failures is widely dispersed; government faces substantial uncertainty; state capacity is endogenous
Types of incentives	Tax, credit subsidies	A portfolio of business services, including marketing, management & tech assistance, customized training, infrastructure, seed capital/loans for directed technologies
Application of incentives	Fixed schedule of incentives, except for incentive packages for large firms which may be negotiated	Customized to firms' needs and adapted to context
Selection criteria	Pre-specified	Voluntary buy-in and participation
Conditionality	Hard; rigid ex ante criteria	Soft; provisional, open-ended and evolving
Relationship with recipients	Arm's-length	Collaborative, iterative; active project management

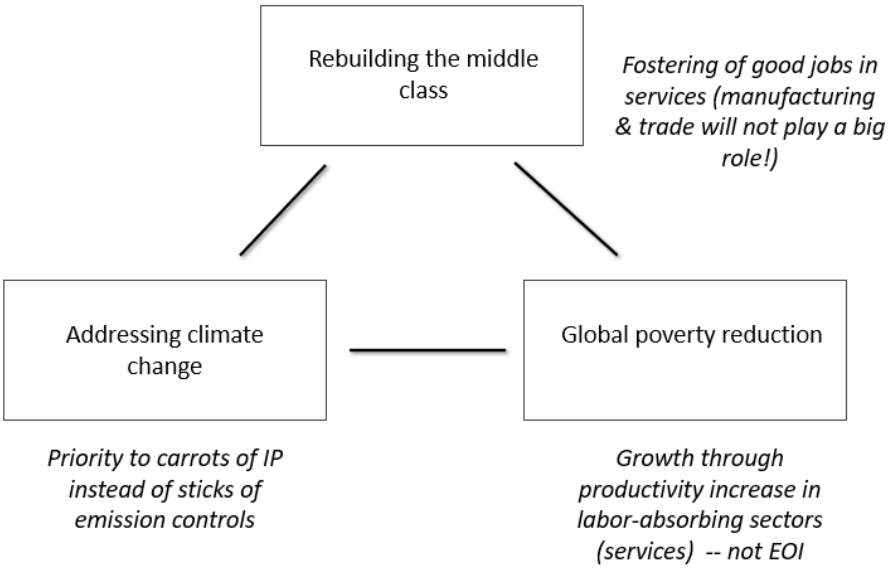
Source: own work.

One implication of looking at economic policy from the perspective of good jobs and the middle class is that it also brings the traditionally divergent perspectives of social policy and growth policy together. So when we traditionally think about social policy, it's about redistribution, it's about safety nets, and it's about social welfare. When we think about growth policy, it's really about focusing on the tradable

sectors, on large firms, multinationals, direct foreign investment, and international trade. But if, increasingly, the health of our societies is going to require creating solid and strong pathways to the middle class, to the creation of good jobs, we're really combining both objectives. The best growth policy is actually to strengthen the middle class, and the best social policy is actually to do the same.

So coming back to my challenges (see Figure 6), I think one of the implications, and under the circumstances of the current world economy, which I referred to in my book as *a fractured world economy*, is that one of the silver linings of this kind of approach is that it actually puts less emphasis on the need for global cooperation. Strengthening the middle class doesn't require trade protection or competition in manufacturing, which could be a zero sum for the world as a whole. It requires and focuses much more on non-tradable services and therefore countries can do it on their own without necessarily providing adverse spillovers. Climate change and global cooperation remain important issues, but if we can take the Chinese green industrial policy as our model, we can make a lot of progress there by countries essentially linking their commercial, economic and productivity agendas with a transition, the green transition agenda, in a way that both serves their economic ends and also provides a global public commodity. And with respect to development, if what I've argued is correct, the success of developing countries again is also going to depend much less on the health of the global economy, and therefore global cooperation, than on what they do domestically.

Figure 6.
Threefold challenge implications



Source: own work.

So let me just conclude here. I've covered a lot of different topics. I hope I've said enough that you get a bit of an idea about what the book is about, and that you'll still want to read the book because there's more in it. This is essentially that these three critical challenges are linked to the need to accomplish structural transformation, and that structural transformation requires local initiatives that often are much less dependent on the nature of the global economy or the state of global cooperation than the ability of local stakeholders and civic leaders and government agencies to get together and to develop these national and subnational projects. So in that sense it is a much more optimistic take on where we might be going, and I hope that this optimism will prevail over the very dark clouds of geopolitics and the global economy with which we are typically preoccupied. Thank you.

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