Global Trends and Challenges in Social Protection and Jobs

David Robalino, Manager, Jobs Group
30 April 2018
A brief history of labor policies...

GROWTH → JOBS

Manage the business cycle
Improve functioning of labor markets

1st Countries to implement MW: New Zealand & Australia
KEYNESIAN policies for full-employment - 18 Countries had MW regulations
Technical Vocational Education and Training
Import Substitution for Jobs
Structural Adjustment Policies
Unemployment Insurance
Wave of Youth Employment Programs
Financial Crisis
Option to Reduce Tax-Wedge & more flexibility in LMs
Integrated JOBS STRATEGIES

Late 1890s 1940 1960 1970s 1980s 2000s 2008 2010 2018

Data source: ILO; Star (1981)
Changes in regulations aiming for more flexibility since 2007


- Fixed-term contracts: 23
- Redundancy procedures: 19
- Severance pay: 18
- Advance notice requirements: 13
- Provisions on overtime, night, holidays work: 10
- Working hours: 6
- Duration of annual leave: 3
- Probationary period: 2

Source: World Bank Doing Business
JOBS

- Economic Growth
- Poverty/Inequality
- Human Capital
- Social Stability

WORLD BANK GROUP
Social Protection & Jobs
Growth is needed for jobs...

REAL GDP GROWTH AND JOBS GROWTH
(Indexed 2010 = 100)

Data source: WDI
But it is not enough...
And often the problem is not quantity...
The problem is quality...

Data source: WDI

Self Employment: 65%
Formal Wage Employment: 15%
Informal Wage Employment: 20%
Informality is persistent...

Data source: WDI
Demographics

Technological Change

Migration
Policies that simply promote investments and maximize returns to capital might not be what is needed

If JOBS have social externalities, the private sector alone might not be able to create enough, or the right type of jobs:

Subsidize job creation
Tax job destruction
We need JOBS strategies; not growth strategies

CREATION
- Firm entry and growth
- Less churning

QUALITY
- Productivity
- Earnings
- Working conditions
- Access to social insurance

ACCESS
- Information
- Incentives
- Skills
- Mobility

Macro and Regulatory Policies
Sectoral and Regional Policies
Labor Policies
We need to rethink labor regulations to better protect workers while facilitating “structural transformations”

We need to rethink active labor market programs (including training):

• They have an important role to play to facilitate labor market transitions
• But most programs have not worked (<30%)
• It is important to change governance arrangements and delivery systems
We need to pay more attention to regional/sectoral policies

➢ The idea is not to “pick winners” and indiscriminately subsidize/ protect certain economic sub-sectors/activities

➢ But certain investments (and job creation and/or labor productivity growth) because the FRR is too low and yet the SRR is high enough:

   • Markets don’t value correctly the opportunity cost of labor
   • Social externalities related to jobs
   • Learning spillovers
   • Coordination failures