

SOCIAL PROTECTION AND JOBS

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Protecting All Risk Sharing for a Diverse and Diversifying World of Work



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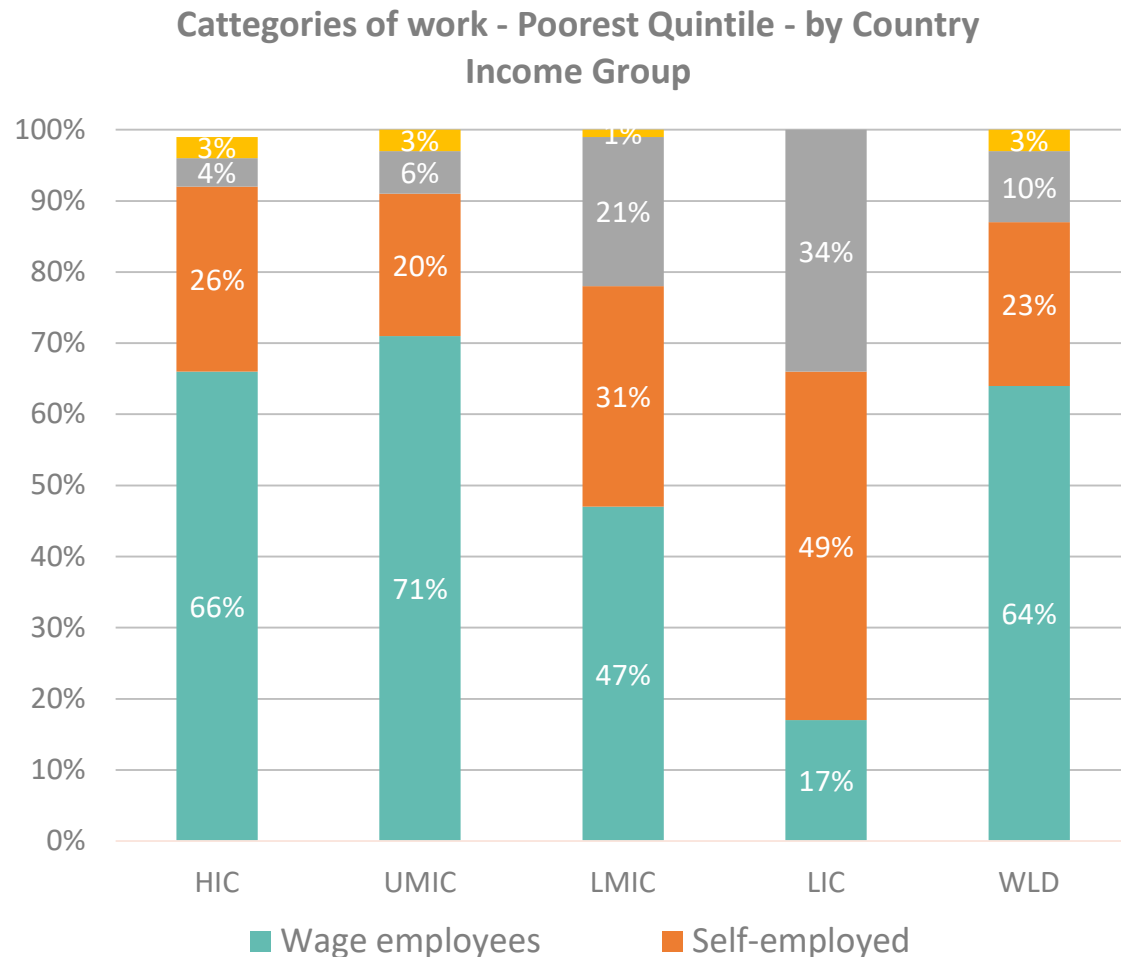
Session 2

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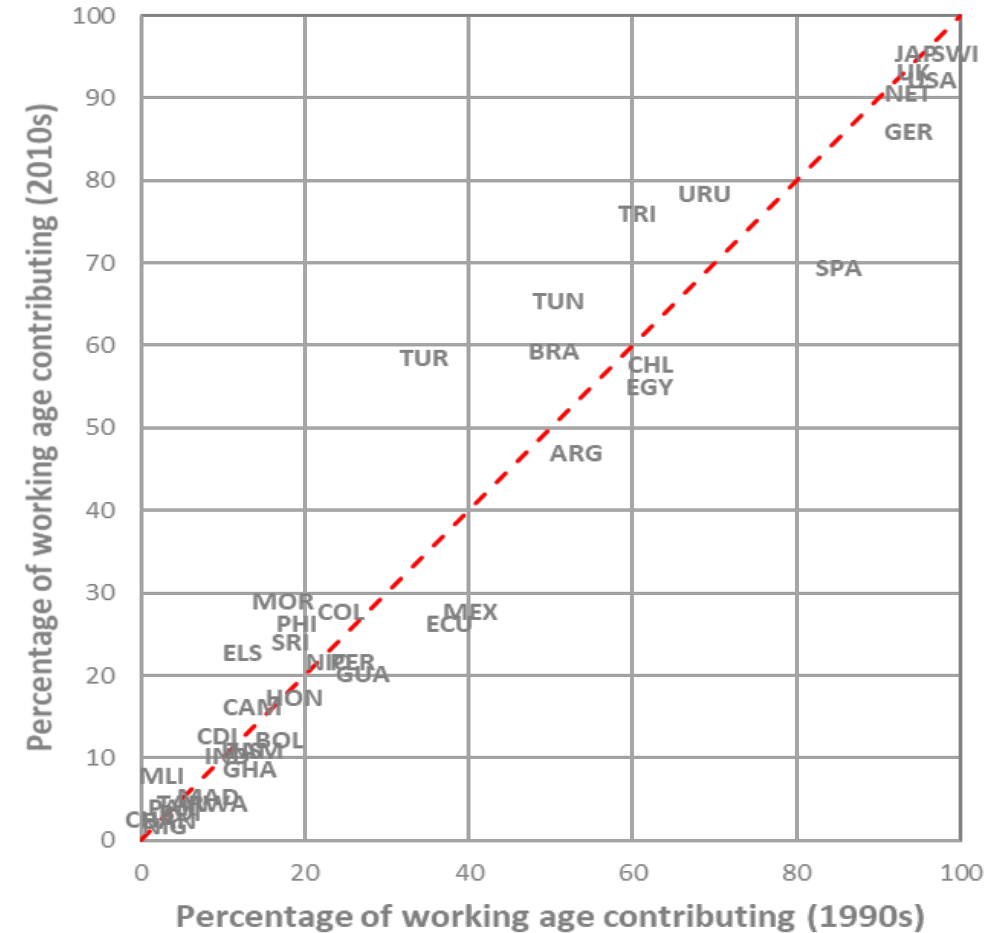
A period of change and disruption felt globally.

Labor market	Technological change	Economic integration	Social change	Demographic change	Climate change
Demand	<ul style="list-style-type: none"> Automation & artificial intelligence Declining market transactions costs 	<ul style="list-style-type: none"> Larger, deeper & more contestable markets Global value chains "Premature" deindustrialization 	<ul style="list-style-type: none"> Rising value of diversity 	<ul style="list-style-type: none"> Health-care and... .. longevity-support 	<ul style="list-style-type: none"> Disruption to place-based and seasonal industries
Supply	<ul style="list-style-type: none"> Declining travel costs (migration) Connectivity Telepresence & remote work 	<ul style="list-style-type: none"> Cross border migration 	<ul style="list-style-type: none"> Women in market work Population flight or influx from conflict 	<ul style="list-style-type: none"> Youth bulge Later entry into work Longer healthy life 	<ul style="list-style-type: none"> Population flight or influx from natural disaster
Market wide	<ul style="list-style-type: none"> Innovation Agglomeration 	<ul style="list-style-type: none"> Fading distinction between "tradables" and "non-tradables" 	<ul style="list-style-type: none"> From "Plan" to "Market" Changing norms and aspirations 	<ul style="list-style-type: none"> Rise of the "active elderly" (ages 60-80) 	<ul style="list-style-type: none"> Drought and soil erosion Rising sea levels Severe climate events

Social insurance policies assume most people are in stable standard employment, yet work is diverse & fluid.



Source: International Income Distribution Database (I2D2)



Source: World Bank Pensions Database

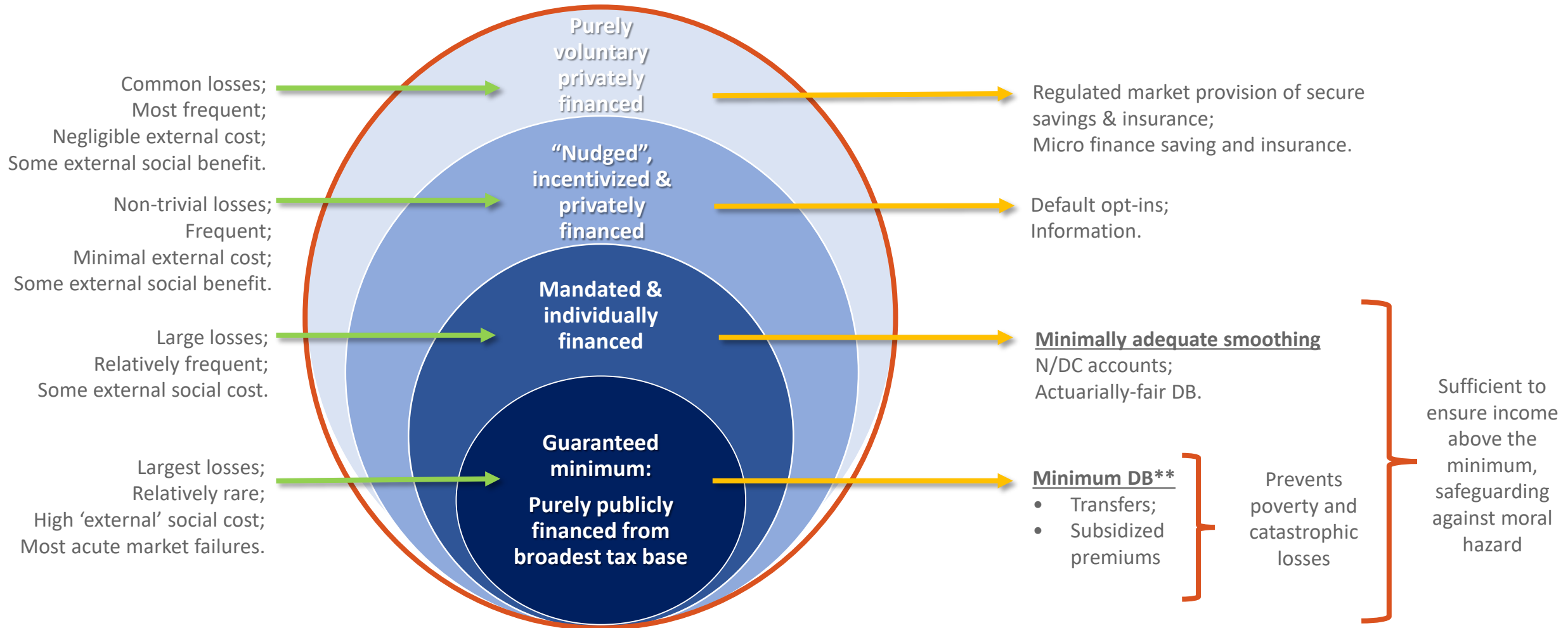
To remain relevant, foundational assumptions of 1st and 2nd industrial eras have to shift.

Industrial-era assumptions about work		Post-industrial challenge to those assumptions
Homogeneity (sole bread-winner, men ages 18-55, in full-time wage or salary employment)	→	Diversity
Stability	→	Fluidity
Intermediation between State and Citizen	→	“G2P” relationship between State and Citizen
Payroll is most observable	→	Consumption is most observable

- The world of work is evolving and diverse, but institutions, regulations and interventions remain rigid.

More accessible, robust protection: Insurance assistance

Comprehensive package of protection



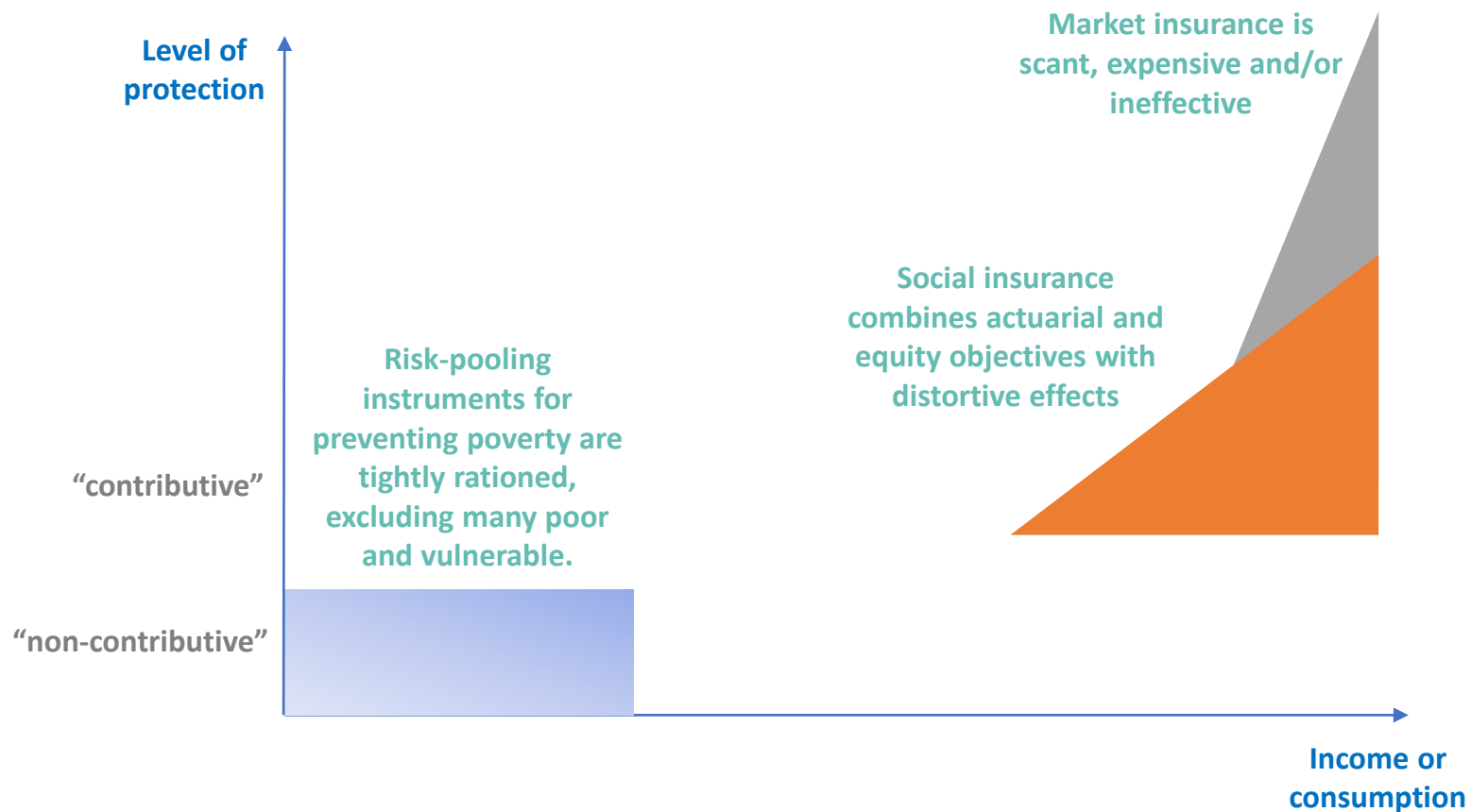
Based on Ehrlich and Becker (1972); Gill and Ilahi (2000)

** Replaces contributory guarantees and tax incentives

Current segmentation and exclusion.

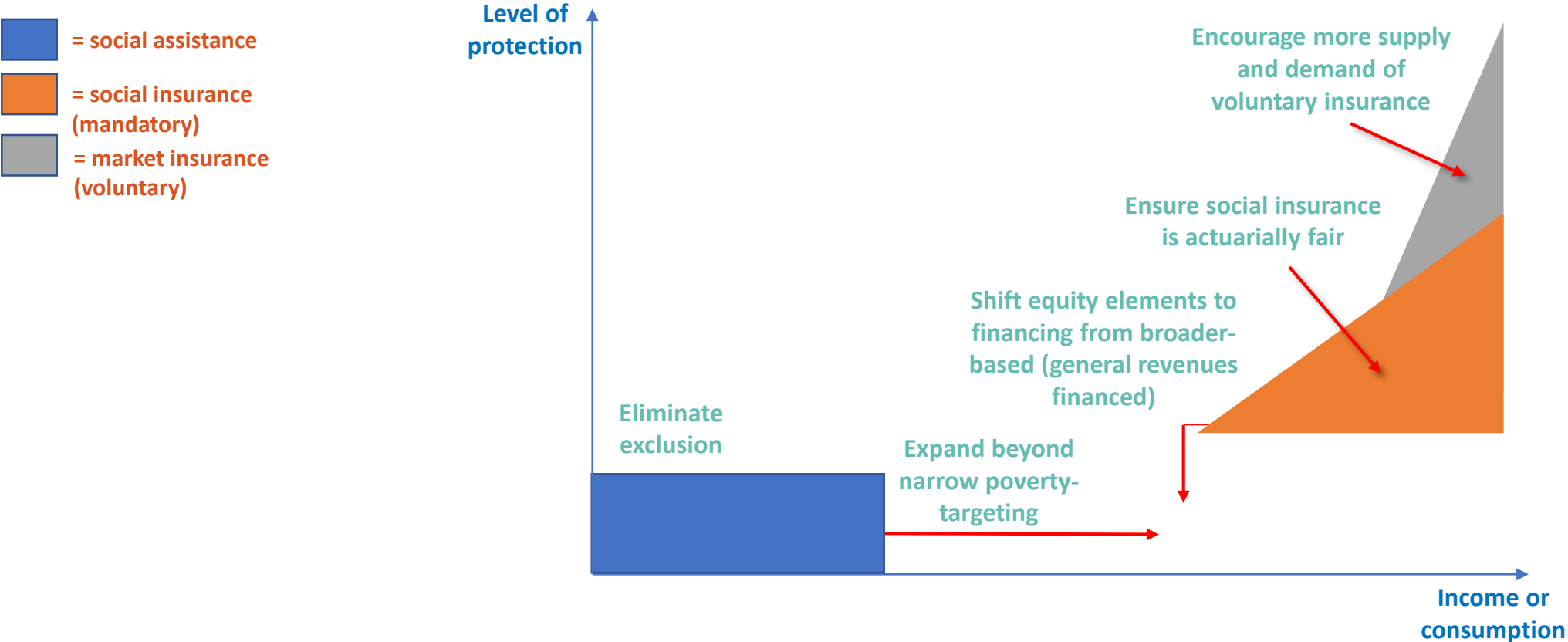
a. Stylized state of social protection in a developing country

-  = social assistance
-  = social insurance (mandatory)
-  = market insurance (voluntary)



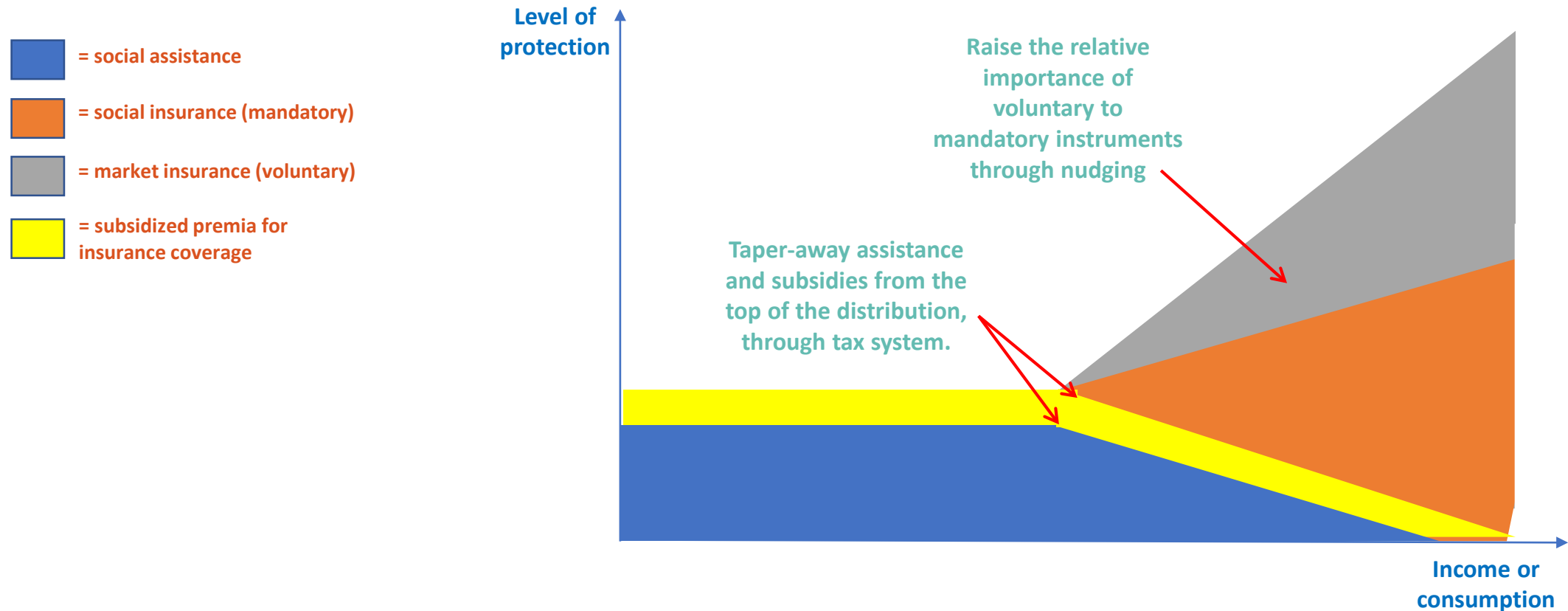
Policy actions that close gaps and extend coverage.

b. Policy actions to fill the current gaps in protection



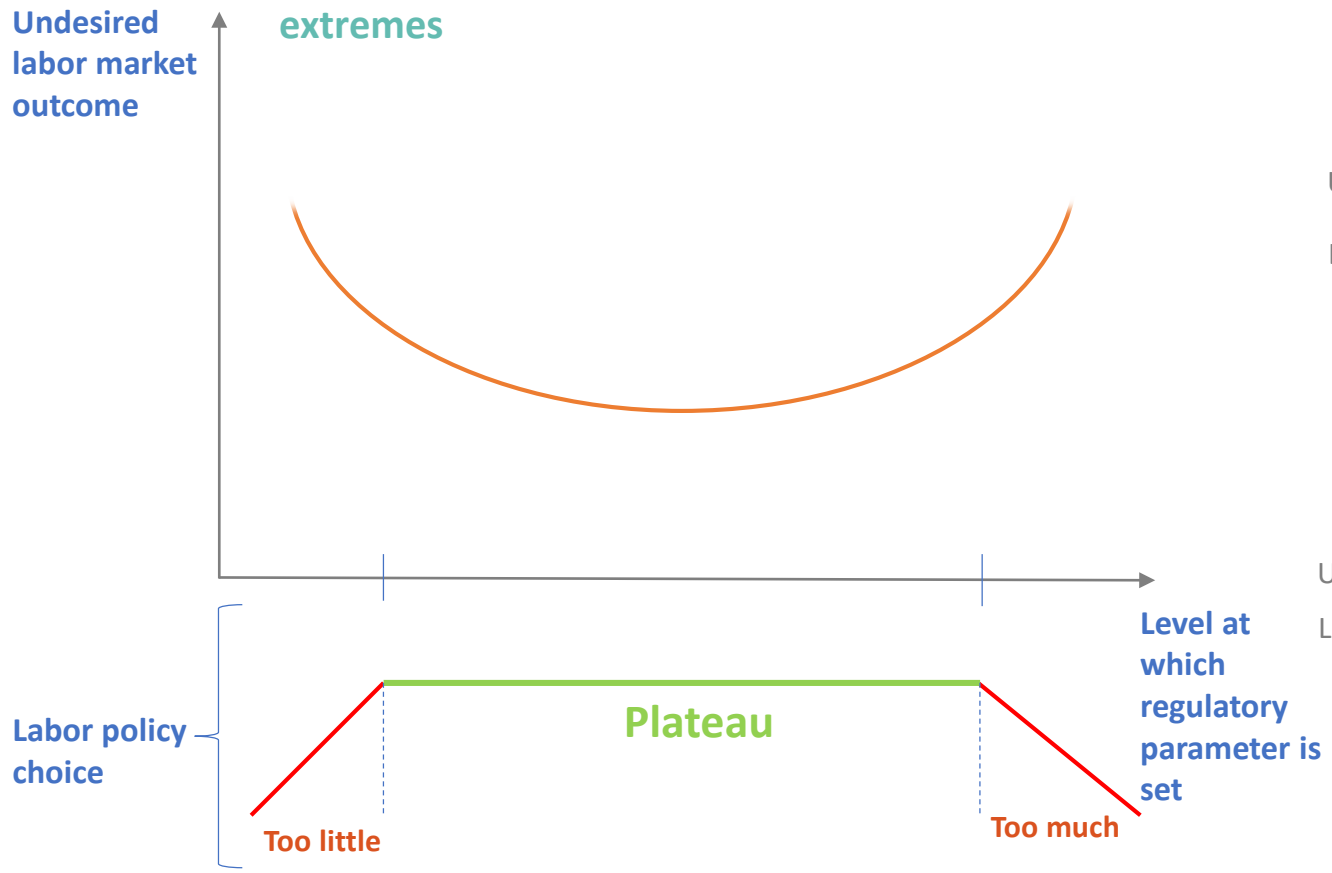
Accessible, comprehensive protection.

c. Comprehensive insurance assistance



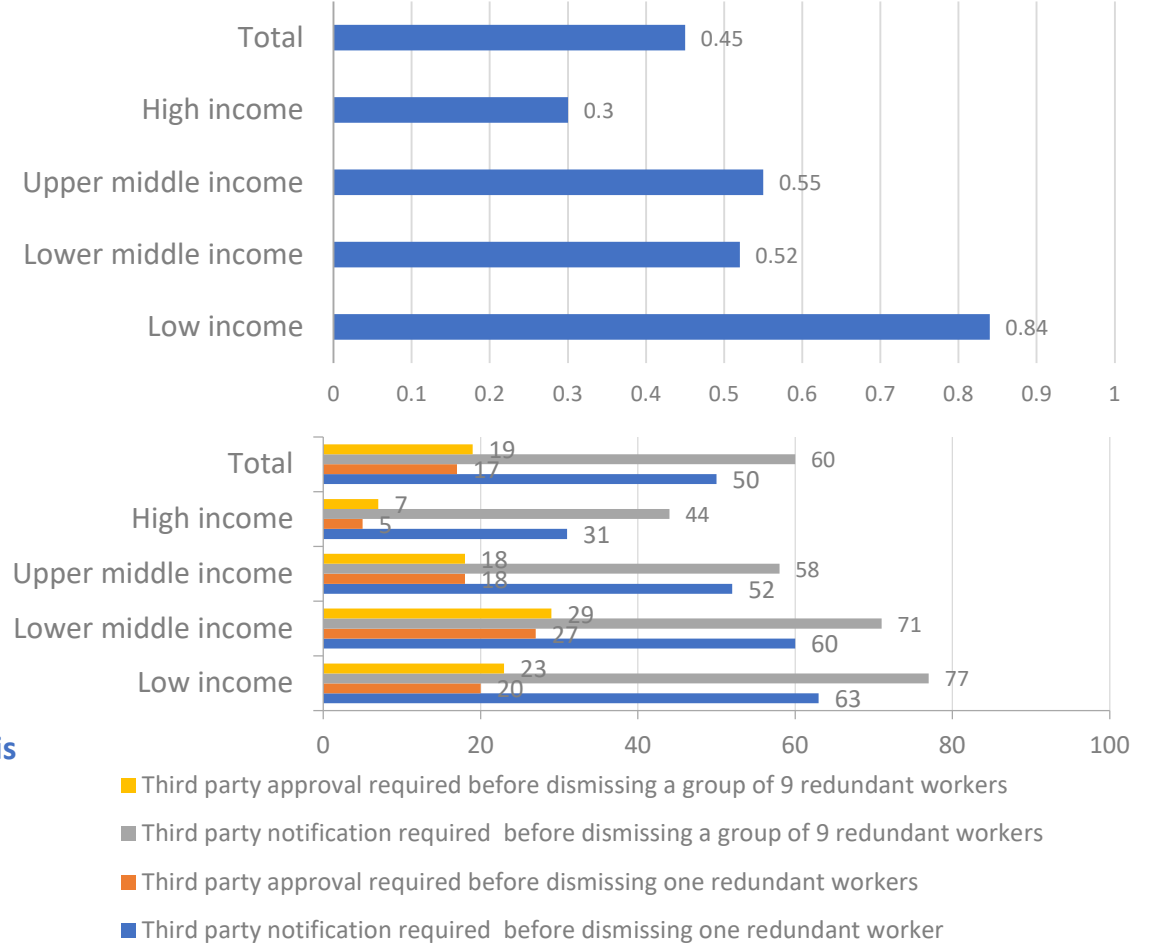
With accessible risk-pooling and saving in place, labor regulation could be less restrictive.

The Labor Market Regulation “Plateau”: To minimize adverse outcomes, avoid regulatory extremes

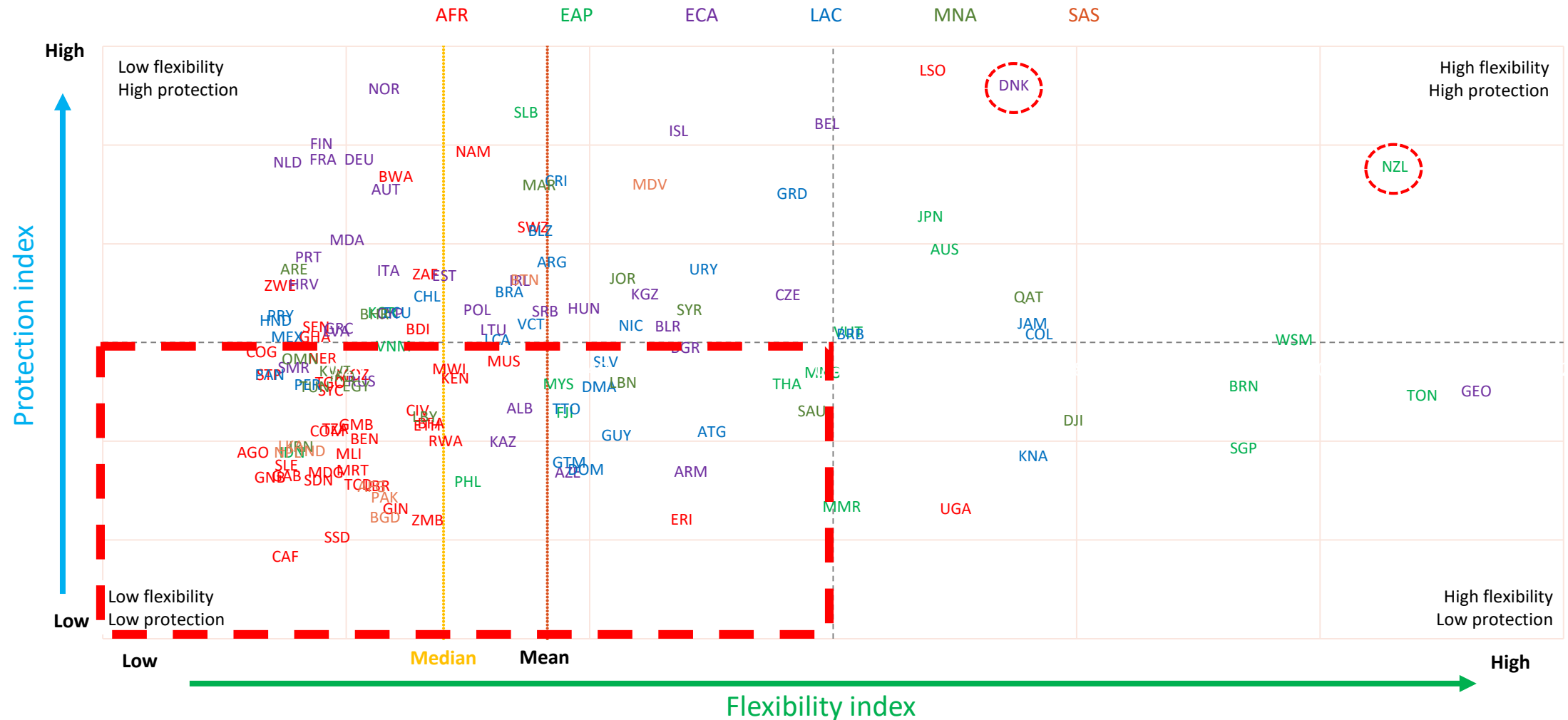


Source: Adaptation from WDR 2013: Jobs and Kuddo (2018)

Off the “plateau”: Statutory wage floors and notification requirements for employee separations

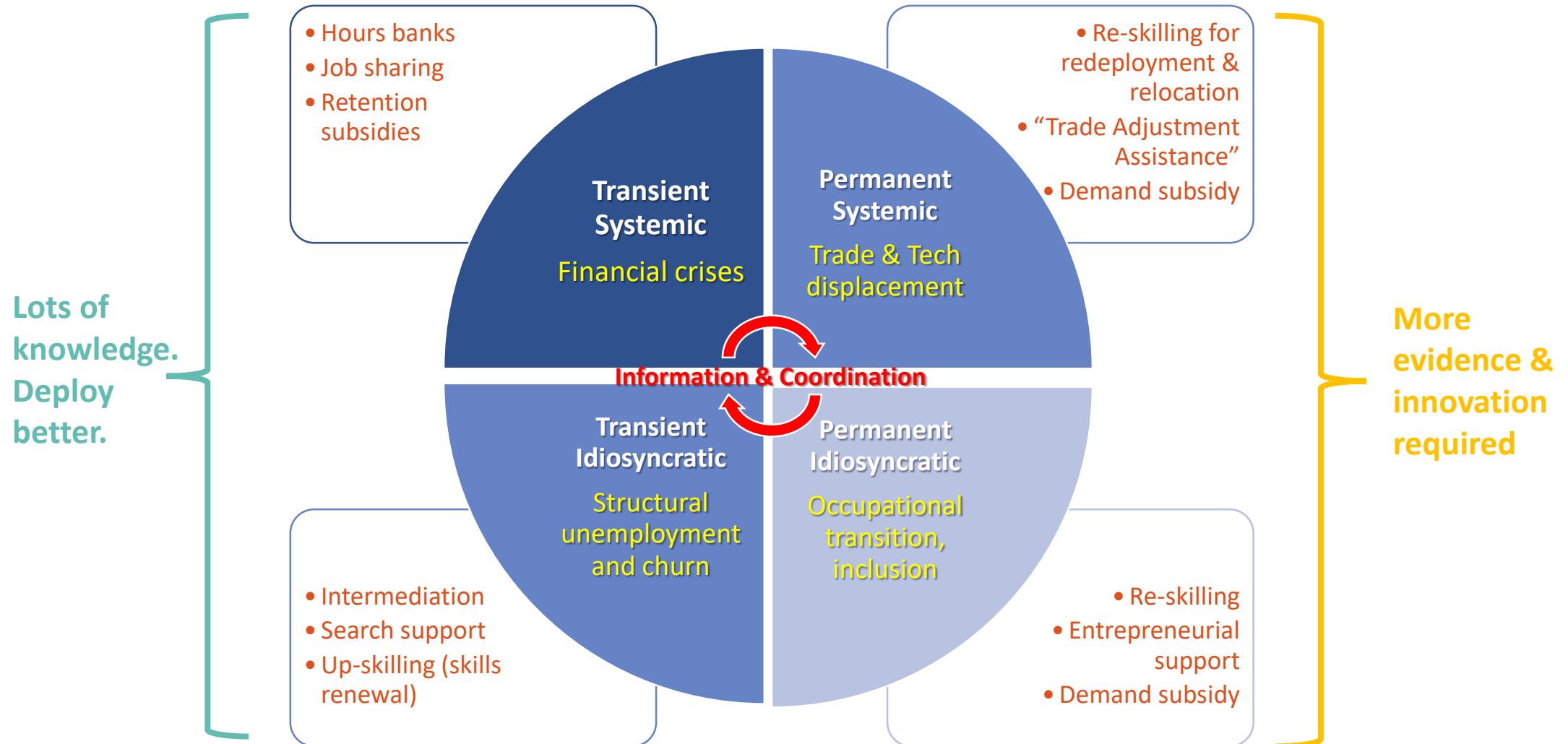


“Flexicurity” revisited: Protect people *for* change.



Source: Indices by Packard and Montenegro (2017) using Doing Business and PCA methodology, World Development Indicators (WDI), The Atlas of Social Protection Indicators of Resilience and Equity (ASPIRE)

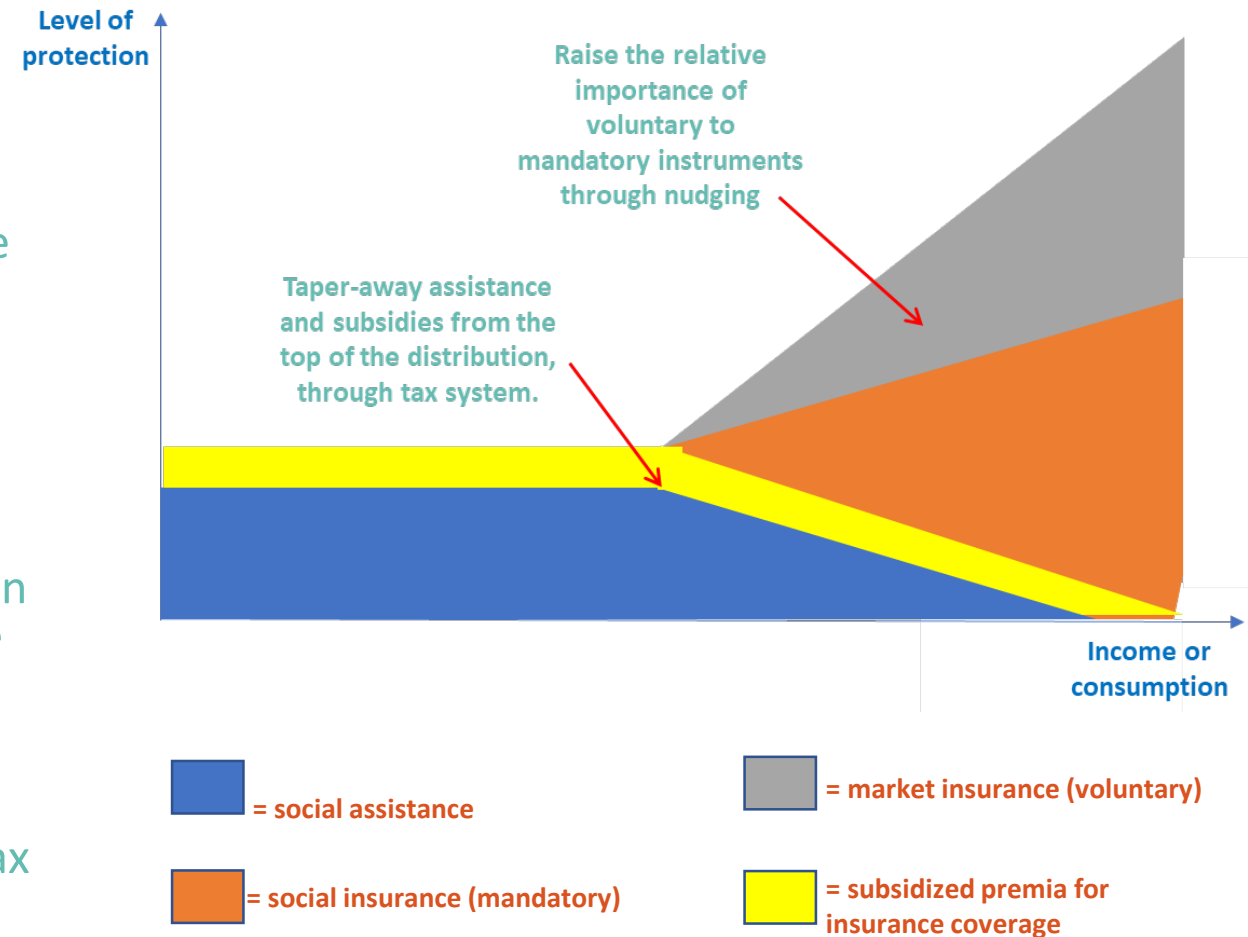
Greater effort is required to support reemployment, deployed according to shocks.

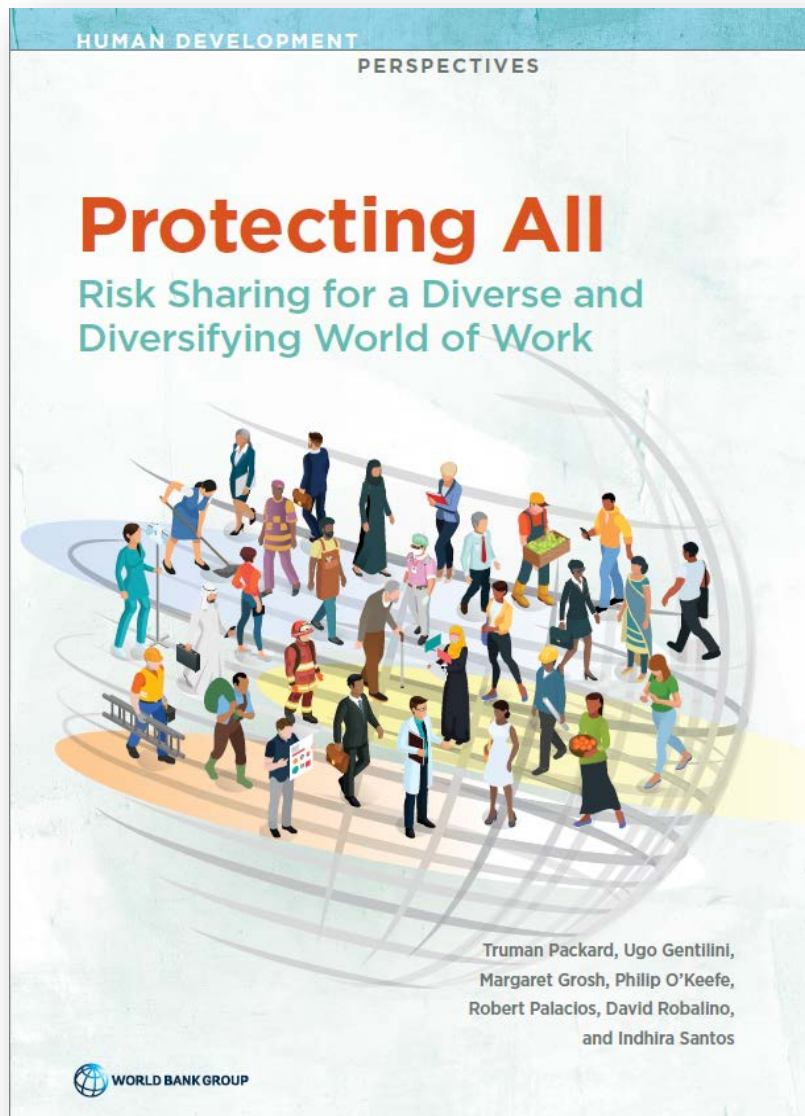


Concluding messages for policy makers

1. The foundation of effective risk-sharing is poverty-prevention and subsidized protection from catastrophic losses, financed from broad-based taxes.
2. With robust protections from impoverishment in place, available to all people wherever and however they work, government mandates can be less distortive.
3. Rather than protect workers *from* change, governments can shift efforts to protecting them *for* change: supporting job transitions and re-employment.
4. Given daunting resource and capacity limitations in most countries, governments should prioritize the needs of the least-well-off first, before expanding coverage to other households (*progressive universalism*).
5. Digital technology can be harnessed to mobilize tax resources and to deliver protection more effectively, efficiently and equitably.

c. Comprehensive insurance assistance





Thank you.

Download the white paper at

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