

# The role of jobs in development

## What will the World Bank say?

By Brendan Martin

The World Development Report is the World Bank's flagship annual publication, and the 2013 edition, in production now, has the simple working title *Jobs*. The Bank has published an outline, which states unequivocally: "Jobs are the cornerstone of economic and social development." But will the report live up to that promise when it is published in October 2012? And if so, how?

Dena Ringold, one of the report's 15-strong production team -- a core team of seven plus eight 'research analysts' -- was in London earlier this month and gave a presentation based on the 48-page outline of the report. The outline is now available online at the [WDR 2013 website](#), which has recently gone live. Its 'three main messages' were expressed in Dena Ringold's slides as follows:

1. **Jobs are transformational:** we tend to neglect jobs when thinking about growth, while in reality they are at the centre of development. Jobs connect improvements in living standards, productivity gains and social cohesion.
  - a) Living standards. Growth in labour earnings leads to improvements in households' material and subjective wellbeing. But growth in earnings cannot be taken for granted and who gets those earnings matters.
  - b) Productivity: Job creation, destruction and reallocation matters more in developing countries, where the dispersion of labour productivity is wide. Some jobs lead to sizeable productive externalities.
  - c) Social cohesion. Employment status is correlated with trust and with civic engagement, which suggests a possible impact on social cohesion. But some jobs may have a greater impact on cohesion than others.
  
2. **What is a "good job"?** Some jobs do more for development than others, because they reduce poverty and inequality, strengthen production chains and clusters, or help build trust and shared values.
  - a) Good jobs. They are usually seen from an individual angle (earnings and benefits). But from a development perspective they are those contributing the most to long-term societal goals.
  - b) Diverse jobs agendas. Countries differ in the set of job creation possibilities realistically available to them; they often do in their societal goals too. Jobs agendas are thus country-specific.
  - c) Internconnected jobs agendas. The global migration of jobs and workers creates opportunities to increase efficiency and improve wellbeing. But it raises the spectre of a global fight for good jobs.

3. **Policies through the jobs lens.** Understanding how labour markets interact with equity considerations, market imperfections and collective action is the key to identifying and evaluating policies for good jobs.
- a) The jobs lens. Because of imperfections in the labour market and elsewhere in the economy, the social value of a job can be different from what the earnings associated with it suggest.
  - b) Policy evaluation. Those wedges may be difficult to quantify, but understanding their source can guide the selection of appropriate policies and inform the evaluation of their costs and benefits.
  - c) The difficult questions. The jobs lens allows analyzing in a rigorous manner some of the most controversial issues policy makers are confronting.

It is very clear from those points that the way in which the report is being conceptualised invites debate about a wide range of issues with profound implications for economic and social development policies. What is not yet clear is what the report will actually say about those policies. But there are hints, some of them quite intriguing.

For example, in a section of the outline headed *Identifying obstacles to good jobs* (page 28), it is noted that “inter-industry wage differentials suggest rent-sharing in activities such as banking and finance”. I am by no means fluent in Economese -- the language in which the outline is written, reflecting the fact that every single member of the WDR team is an economist -- but what I think that means is: the finance industry has screwed the rest of the economy and its personnel has been well rewarded for doing so.

### **Government intervention and ‘green jobs’**

Similarly, the outline states that “ongoing efforts to generate ‘green’ national accounts can identify productive externalities in relation to the environment”, and that “quantifying all those productive externalities is a first step toward adjusting incentives in a way that investors can internalize”. I think that means it could be sound government policy to provide incentives for investment in green jobs.

Other readers might interpret those points differently, or pick out others -- there is plenty in the outline to appeal to both optimists and pessimists of all ideological persuasions. But that is the point: this will clearly be a timely and highly significant report focusing on a critical set of issues. What it says about those issues could be determined to a significant extent, however, by the pressures applied by a variety of internal and external influences over the next six or seven months in which the report will move from outline to publication.

The key to influence might lie in the development of convincing contributions to the eight ‘difficult questions’ that will be addressed in the third and concluding part of the report, set out in Dena Ringold’s presentation as:

- Growth, poverty reduction or jobs strategies?
- An investment climate targeted to job creation?
- Skills: general, specific or on-the-job?
- Can entrepreneurship be fostered?
- What prevents job reallocation?
- Can jobs foster cohesion, especially among youth?
- Should jobs ever be protected?
- Are we witnessing a global competition for jobs?

There are also many issues not addressed in the outline that should be brought into the debate, such as:

- What would a green economy agenda mean for jobs?
- What is the role of social dialogue in the creation and sustainability of 'good jobs'?
- How can labour rights and social protection be extended to precariously employed and informal economy workers?
- What is the relationship between pay inequalities and economic resilience?
- And many more ....

Will that debate occur? The Bank has decided to leave external consultation to a new Jobs Knowledge Platform it is setting up that "will provide a forum to collect inputs and views during the preparation of the Report and to disseminate it afterwards", according to the outline. But the Platform will not go live until next year and it is not yet clear whether it plans independent moderation of dialogue during the writing of the report. We have urged the Bank to undertake such an exercise, as it did during the production of the 2004 WDR, *Making Services Work for Poor People*.

(Declaration of interest: Public World managed and moderated the global electronic discussion on that occasion, in five languages simultaneously, and one of our directors, Stephen Commins, was a member of the WDR 2004 team. We have offered to provide a similar service for the 2013 WDR during its production, as we believe that it is not only right in principle for the Bank to engage widely about this but also that the final report would be improved as a result, as we believe was the case in 2004.)

## Dialogue and consultation

As it stands, there must be concern about the limited range of voices that will shape a report from a key international institution about a key development issue. No doubt the WDR team are all brilliant, but they are also all economists. Nothing against economists, but where are the sociologists? Where are the anthropologists? And mightn't a stronger presence of political scientists help to ensure a more transparent process?

If those influences are absent from the team producing the report, it will certainly be important to enable their voices to be heard in the debate that should inform its content, and a systematic approach to facilitating dialogue with civil society interests is no less important. The WDR team has already met with representatives of the International Trade Union Confederation, and no doubt with other representative interests. Important though those key stakeholder organisations are, however, broader discussion about the role of jobs in economic and social development has never been more necessary. The fact that the next World Bank WDR will address the theme provides a timely vehicle for widening and deepening the discussion.

So, while still hoping that the Bank will fund wide-ranging and independently moderated consultation, Public World is looking at other ways to foster extensive dialogue about jobs, shadowing the production schedule of WDR 2013. Any and all suggestions would be welcome. We will report back with our proposals and plans as soon as possible.

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