At issue: *The World Bank on jobs: a "significant departure" or "business as usual"?*

The 2013* World Development Report (WDR) *on jobs marks a change in approach for the World Bank. Previously emphasising that growth is a sufficient development goal, leading to poverty reduction; the Bank's latest WDR instead sees jobs as the "cornerstone" of development. Brendan Martin of UK NGO Public World examines the policy implications for developing economies, trade unions and the wider development community.

The opening sentences of the World Bank's 2013 *World Development Report* (*WDR*), *Jobs*, could not be clearer: "Jobs are the cornerstone of economic and social development. Indeed, development happens through jobs." Marking a significant departure from the assumption that growth is a sufficient development goal because it will lead to poverty reduction, the report insists that "strategies, policies and programs" should be evaluated through a "job lens".

However, the report's summary of what that involves suggests the need for constructive critical engagement at a high level of detail on the part of civil society organisations, because it is open to such widely varying interpretations. The report states that its argument "leads to a three-pronged strategy", namely:

"Fundamentals": because growth facilitates job creation, the policy environment must be conducive to growth, and this involves "macroeconomic stability, an enabling business environment, human capital accumulation, and the rule of law."

"Labour policies": because growth alone may not be enough, labor policies need to facilitate job creation and enhance the development payoffs from jobs, and the labour market should be neither over- nor under-regulated, so that job creation and re-allocation is balanced with respect for basic rights.

"Priorities: because some jobs do more for development than others", governments must focus on the creation of 'good jobs' - those that not only benefit and respect the rights of their holders but also have wider societal benefits in particular country contexts.

Despite the *WDR*'s repudiation of the perspective that enabling markets to produce growth is a sufficient condition for job creation and poverty reduction, those listening for them will hear echoes of the Washington Consensus in the report. Given the damage done to so many working people by that generation of neo-liberal World Bank policies, an alert and cautious approach is indeed justified, particularly in view of some of the dubious assumptions that seem to underpin the report. For example, the fact that 90 per cent of existing jobs were created by the private sector does not necessarily mean, as the report suggests, that the role of government in job creation should be limited to providing an enabling environment, important though that is.

The report points out that 600 million new jobs are needed within 15 years just to maintain current employment levels, and at least 200 million people are now unemployed globally, with many millions more under-employed. The private sector alone cannot fill that gap. As the report notes (but without adjusting its policy approach accordingly), important examples of state-backed initiatives exist, such as India's National Rural Job Guarantee Act. Creating jobs through direct action of that type can in turn stimulate growth to enable further job creation. In addition, since strong public services are part of the enabling environment for the private sector, as well as for educated and healthy people and social wellbeing, the roles of public sector employment and procurement are also important. The 'private sector' as a category is also over-generalised in the report, leading to neglect of the particular contributions of corporate forms such as co-operatives.

Nevertheless, as Sharan Burrow, general secretary of the International Trade Union Confederation (ITUC), has put it: "The *WDR* proposal that policies need to be re-examined through a 'jobs lens' is a big step forward for the World Bank and an acknowledgement that working people have often paid the price of development policies that ignored the employment and distributional impact." Burrow went on to urge the Bank to "draw the appropriate conclusions from the report, and modify its policies and practices accordingly". She is right, but the report poses the same challenge to many of Bank's critics, including the ITUC itself.

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Good jobs – decent work?

Linking 175 million paying members in more than 150 countries, the ITUC is undoubtedly the most representative global civil society organisation of working people. However, it represents only a minority of them, especially in developing countries. In fact, established unions represent very few of the the poorest workers in the poorest countries, whose livelihoods depend on the informal economy. Although the ITUC argues for 'decent work' and social protection for all, and pays increasing attention to the challenge of 'precarious' employment, its own domination by representatives of formally employed workers needs to be taken into account in appraising its criticisms of the *WDR*.

The ITUC contests the 'good jobs' concept, which it says should not be substituted for the 'decent work' concept developed by the International Labour Organisation (ILO), a UN agency uniquely governed by a tripartite structure representing governments, business and unions. The 'decent work agenda' has four strategic objectives: job creation, guaranteed rights at work, extension of social protection, and promotion of 'social dialogue' between independent employers and workers' organisations. The ITUC worries that as well as detracting from 'decent work', the *WDR* allows that 'good jobs' can include those in the informal economy.

It is true that the *WDR* does not argue the case for 'decent work' explicitly. But it does refer to it approvingly several times, and the 'good jobs' concept can be seen as a complement to rather than substitute for 'decent work'. The *WDR* points out that "jobs matter for societies because they can affect the earnings, employment opportunities, and the productivity of others" and "contribute to shared social objectives, such as poverty reduction, environmental protection, and fairness". In other contexts, the ITUC makes the same case - arguing for 'green jobs', for example - and unions certainly do not regard all jobs as equally valuable, as their attitude to 'casino capitalists' shows.

Rather than citing investment bankers as proof that some jobs of great value to their holders can harm the rest of us, the *WDR* offers the example of inefficient public utilities. This was challenged by Burrow, who said it should have promoted "a properly regulated financial sector that supports jobs in the real economy instead of being a source of instability and abuse". It is a fair point, but if it reminds us that the Bank is a bank, and that the rich country governments that control it continue to give the global plutocrats an easy ride, it does not mean the report is wrong about the effects of inefficiency in the public sector.

Nor does the *WDR*'s assertion that the informal economy can create good jobs amount to a legitimisation of informality. On the contrary, the report notes that "almost by definition informal workers lack legal job protections and social insurance coverage, making them more vulnerable to workplace abuses, health risks, and the vagaries of the business cycle". "Prevalence of informal employment," it adds, "can nurture poverty and social exclusion". Citing the case of waste pickers in Bogotá, who successfully challenged plans to give private companies exclusive rights to provide services that would have eliminated their livelihoods, it shows that stronger protection does not necessarily require job formalisation.

Dimensions of the challenge

Civil society organisations should focus on ensuring the strengths of the report find expression in World Bank policies and programmes, as Burrow suggests, in ways that can also override its weaknesses and blind spots. If the *WDR* is to produce real change, there are three dimensions of the challenge:

Project design and implementation: If 'good jobs' are indeed the "cornerstone of economic and social development" it follows that IFI investments should be designed, implemented and evaluated in terms of their *net* impact on job numbers, both direct and indirect, and on job *quality*. In the World Bank Development Committee's policy directions document about the *WDR*, approving reference is made to an International Finance Corporation (IFC, the Bank's private sector arm) investment in a container terminal in Brazil that produced few jobs directly but, it is said, facilitated the creation of an estimated 6,200 jobs. Yet the evaluation cited neither the *net* impact on job numbers (changes to transport infrastructure can benefit some businesses at the expense of others) nor the *quality* of the jobs created.

Policy and advisory services: The fact that the *WDR*'s publication was quickly followed by the latest edition of the Bank's *Doing Business* report, which yet again asserts a positive relationship between low labour standards and a good investment environment, is a clear indication that important parts of the World Bank Group reject or at least do not share the policy approach of the *WDR*. Unless we want business as usual, we must work to ensure that the detail of the Bank's advice to governments and private sector clients complies with the *WDR*'s core message.

Political economy of job creation and protection: The *WDR* touches on various aspects of the political economy of labour markets and livelihoods, but the World Bank, other donors and civil society organisations need to focus on this more strongly. This is because the scope for and impact of any particular policy instrument is fundamentally affected by its context. Key elements include wider areas of policy and institutional practice, such as trade, regulation and control of markets; ways in which access to natural resources, finance and specific value chains are controlled by power holders; how low-income people, especially those who are not represented in established unions, can exercise voice about what they need to improve their livelihoods; and the nature of the relationships between governments, employers and civil society organisations representing or speaking for working people.

The latter point serves to emphasise that the *WDR* has set a challenge not only for the Bank itself and other IFIs, but also for the rest of the development community, including the Bank's many critics. Job creation and protection policies are often the result of collusion between governments and dominant private and/or civil society interests to favour ruling elites and their allies, or particular insider groups, with all the discrimination along gender, ethnic, regional and other dimensions that implies. Greedy investment banks and inefficient public enterprises both illustrate the point in their own ways, and successful strategies must tackle them both.

The World Bank has called for a "global conversation" about the issues explored in the *WDR*, and says it will "work with partner countries as a job creation 'solutions bank' through prioritisation, diagnosis and implementation". Civil society organisations must take a well-informed part in that conversation in order to shape the content of the solutions proposed by the Bank through its advisory services, loans and investments. For all its echoes of that past, and resulting blind spots and biases, the *WDR* represents a shift within the IFIs about employment issues and demands a corresponding shift in the mindsets and attention to detail of its critics. Indeed, without such a shift there is a real danger that the worst fears of those critics – that nothing has changed and it will be business as usual at the World Bank – might prove self-fulfilling.

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Brendan Martin, Public World
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Published by **Bretton Woods Project**
33-39 Bowling Green Lane, London EC1R 0BJ, UK
Tel +44 (0)20 **3122 0610**
info@brettonwoodsproject.org
www.brettonwoodsproject.org/subs

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