

New Directions in Employment Policies:

*Reinvigorating the global commitment
to full employment*

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Outline

- I. Full employment agenda
- II. Employment: Economic and social impacts
- III. Employment at the center of economic policy
- IV. Investing in full employment: Insights from the report of the Global Commission on the Future of Work
- V. New sources of job creation



I. Full employment agenda: The pendulum is swinging back?

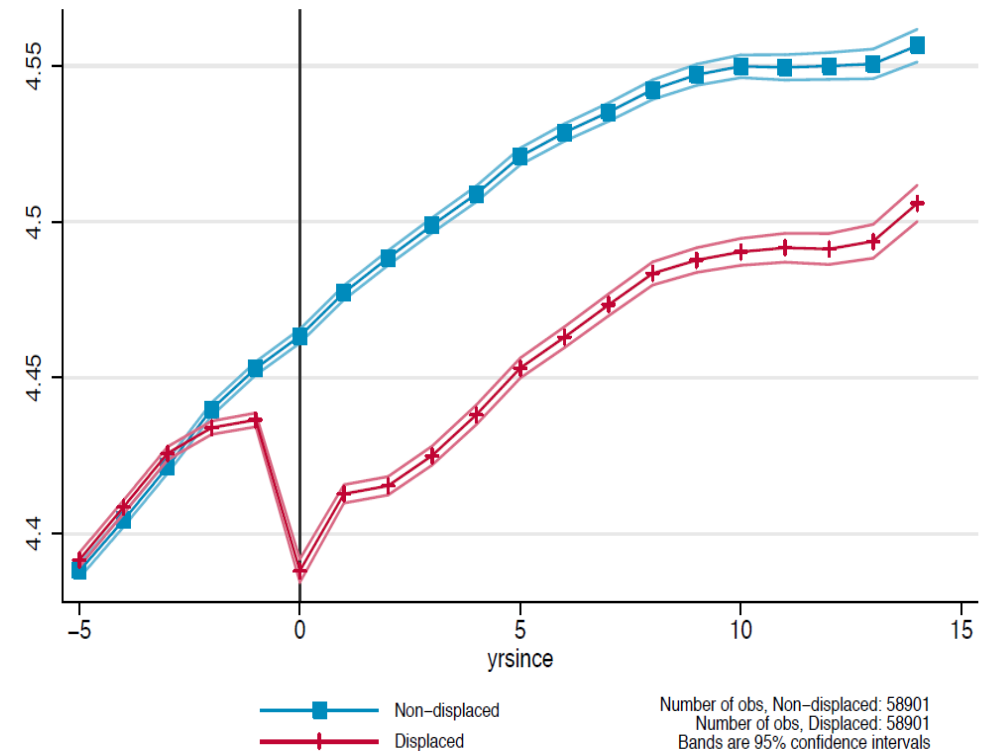
- Keynesianism and full employment agenda
- ILO Convention on Employment Policy (No. 122, 1964)
 - ❑ Call for “an active policy designed to promote full, productive and freely chosen employment”
- Full employment agenda in retreat
 - ❑ Policy shifts to inflation (targeting) and “trickle-down” economics
- Reaffirming the global commitment to full employment
 - ❑ “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”



II. Employment: Economic impacts

- **Hysteresis effects: Macro level**
 - ❑ Current losses in employment (e.g. due to economic crisis) lead to “permanent” losses in outputs in the future
 - ❑ Particularly through losses in “human capital”
- **Hysteresis effects: Individual level**
 - ❑ Episodes of job losses have “permanent” impacts on job quality and earnings.

Figure. Persist earning gaps after the episode of job loss (Germany)



Source: Schmieder, von Wachter, & Heining 2018 "The Costs of Job Displacement over the Business Cycle and Its Sources: Evidence from Germany"



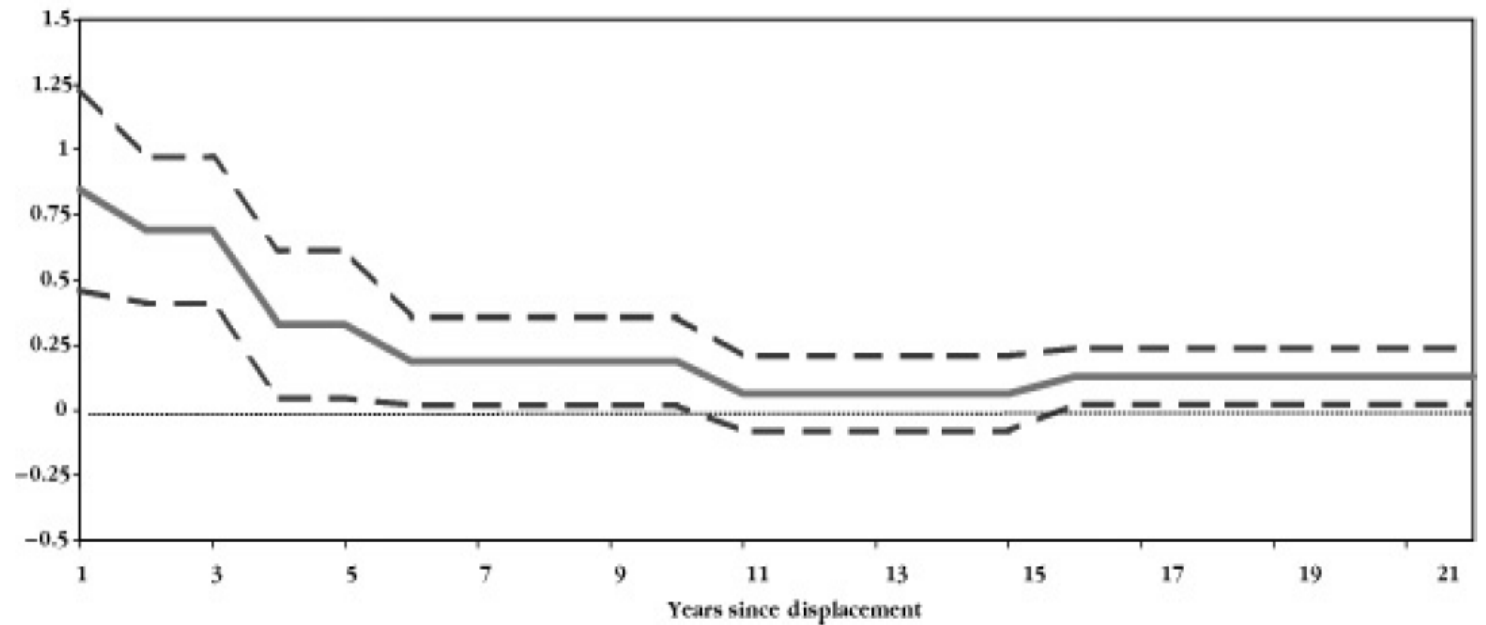
II. Employment: Social impacts

- **Social costs of** job loss are known to be even larger

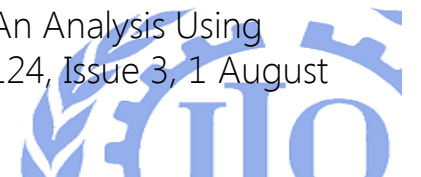
- Health and family life
- Social isolation and crime
- Social and political stability

Figure. Job loss may increase death rates by 50 percent

The Effect of Displacement on Log-Odds of Death by Years since Displacement



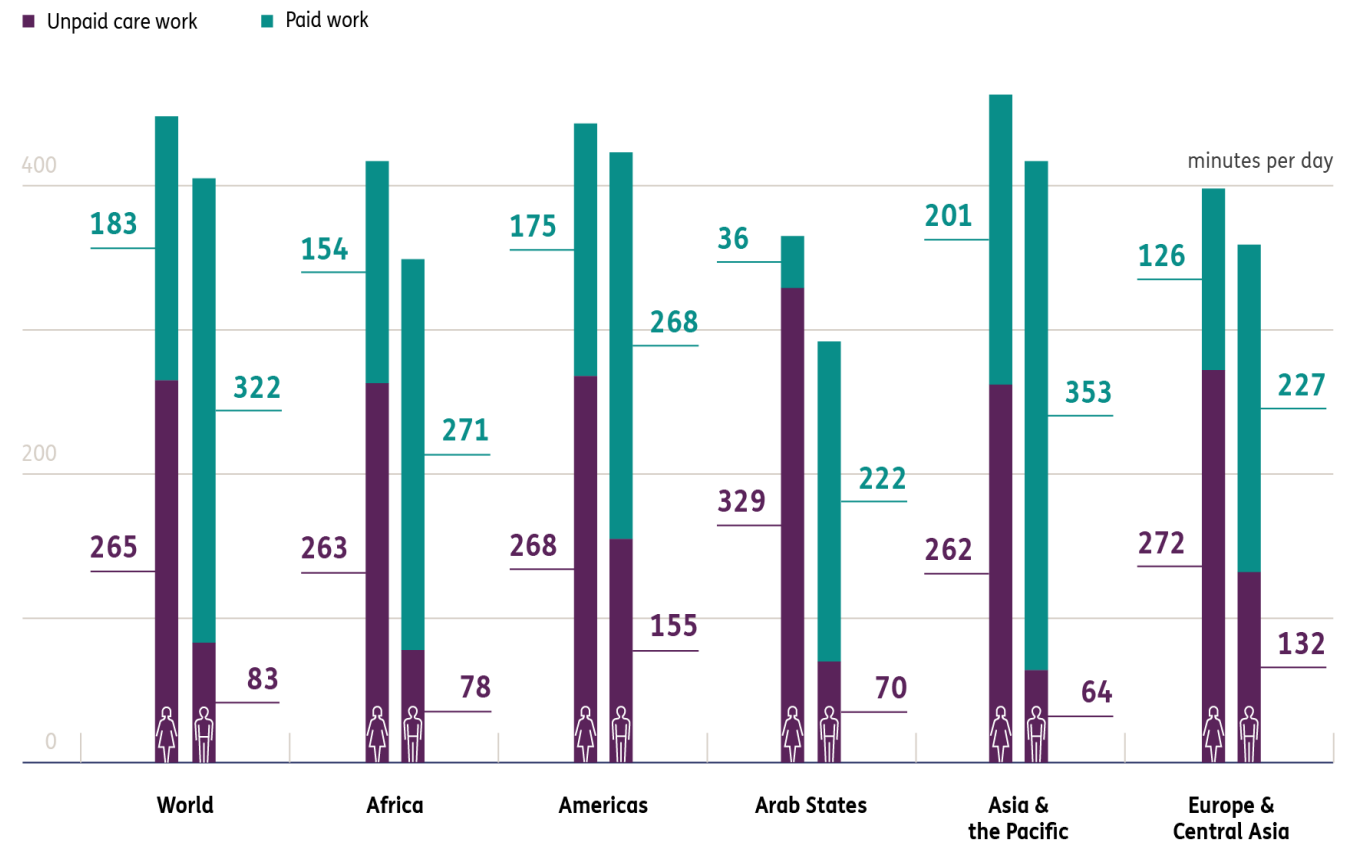
Daniel Sullivan, Till von Wachter; Job Displacement and Mortality: An Analysis Using Administrative Data, *The Quarterly Journal of Economics*, Volume 124, Issue 3, 1 August 2009, Pages 1265–1306,



II. Broadening the definition of employment: e.g. Unpaid “productive” work

- Our current **definition of work** is limited to paid work, excluding unpaid “productive” (socially useful) work.
- With creating **gender bias** in public policies
- Especially care work and voluntary work

Figure. How much time do women and men spend on unpaid care work?



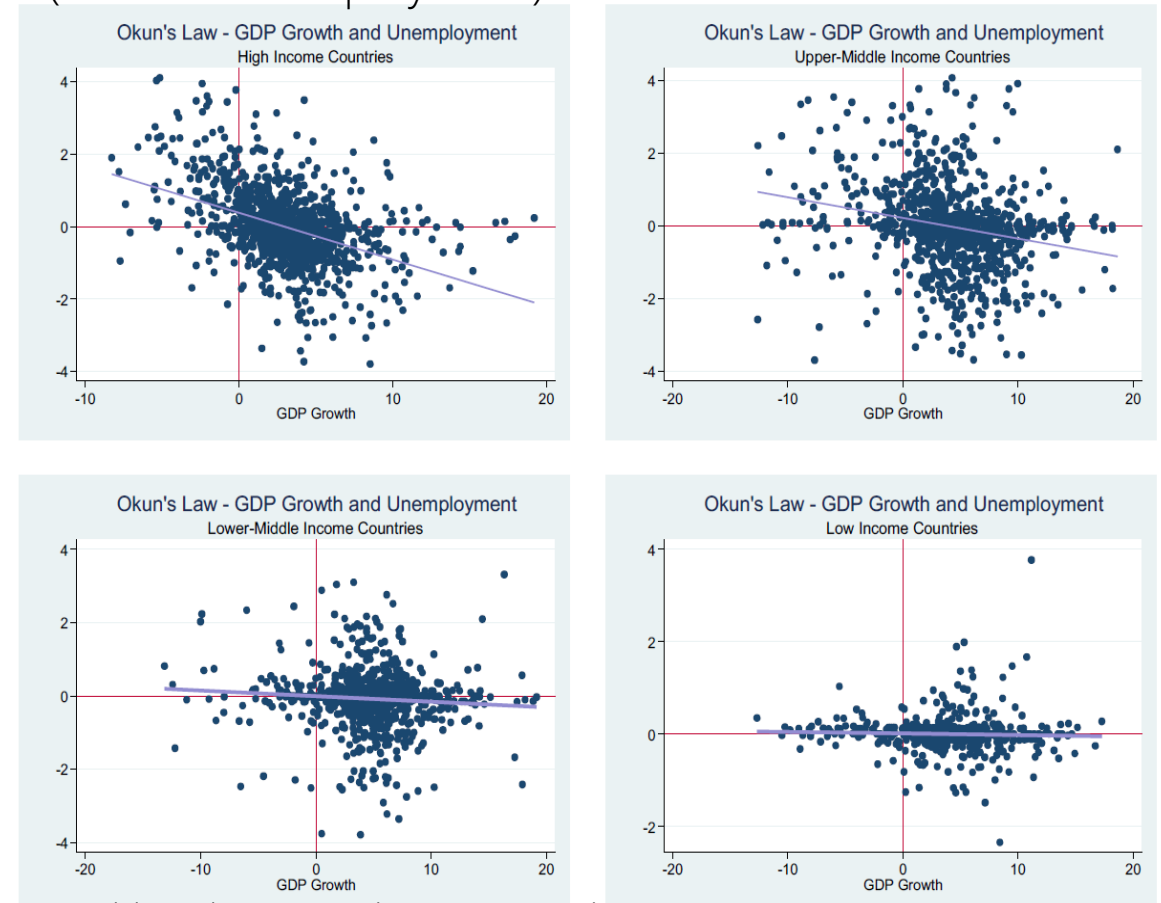
Source: ILO 2018



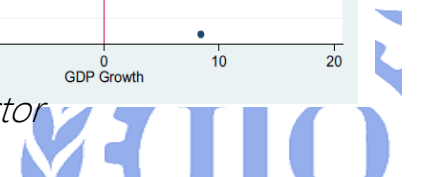
III. Employment at the center of economic policies

- Thus, **social value of work** tends to be large than its *private value*
 - ❑ Work has **positive externality**, and is more than what is compensated in the market (Cahuc and Zylberberg 2006; Tirole 2017);
 - ❑ Or, “merit goods”, like education and health (Atkinson 2015)
- Need policies for **align private interests with social interests** in job creation
 - ❑ The question of economic model itself (i.e., the way we measure and manage the economy)

Figure. The growth-job linkage is weaker: Don't rely on GDP growth alone (Y axis = unemployment)



World Bank 2017, *Job creation in the private sector*



III. Employment (work) at a core of public policies

- Investing in the sustainable development of working life
 - ❑ Investing in new sources of employment, especially social infrastructure
 - ❑ Investing in people, especially lifelong learning and social protection
 - ❑ Investing in voice and institutions
- The term “investment” is not a political rhetoric.
 - ❑ Mobilizing public resources, which will eventually pay off in both economic and social returns
 - ❑ Crowding-in (rather than crowing-out) private investment
- Actively utilizing a range of policy options, including
 - Employment targeting as part of monetary policies (e.g. Atkinson 2015)
 - Job guarantee schemes (e.g. Minsky 2013)

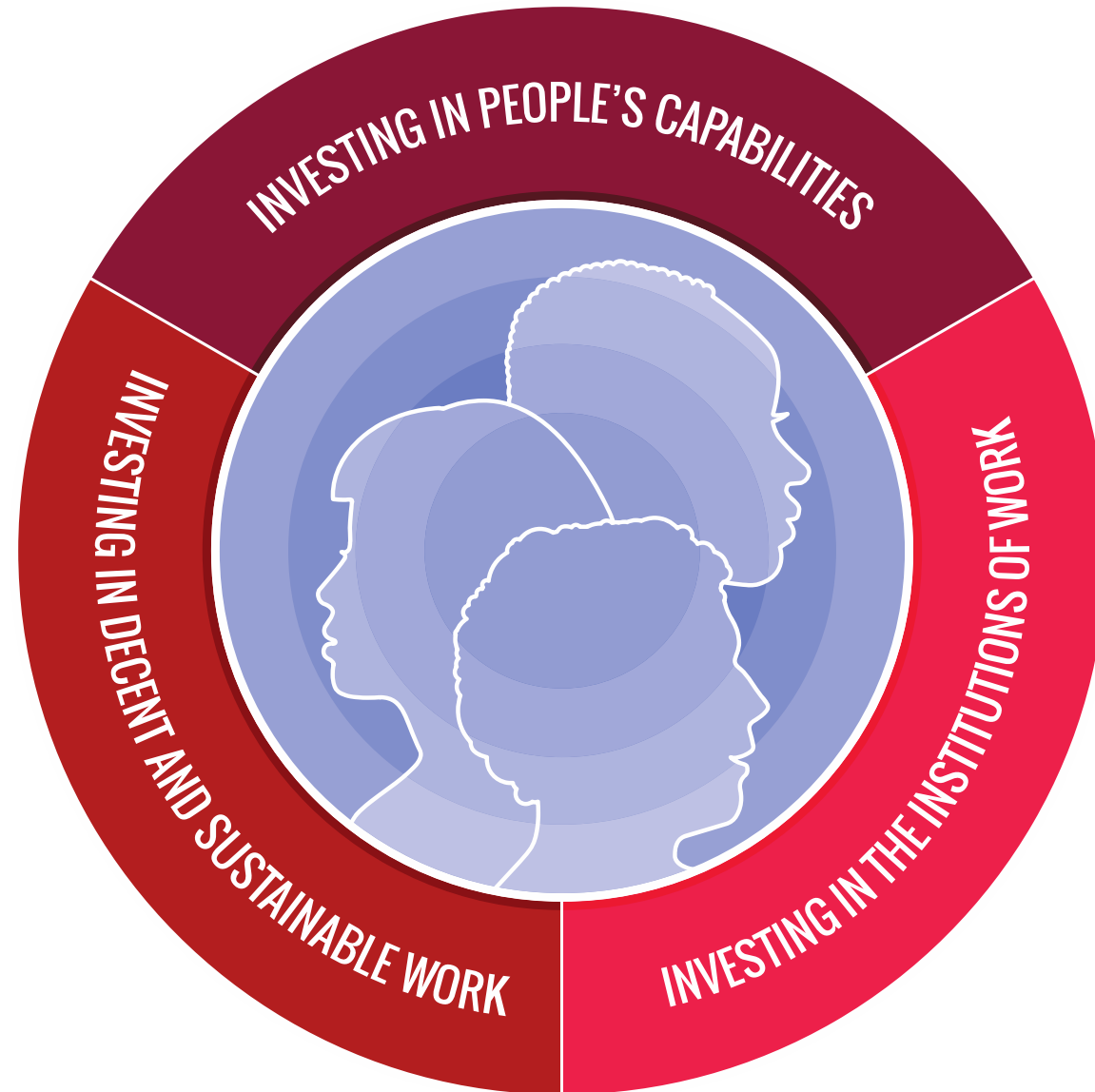


IV. WORK FOR A BRIGHTER FUTURE

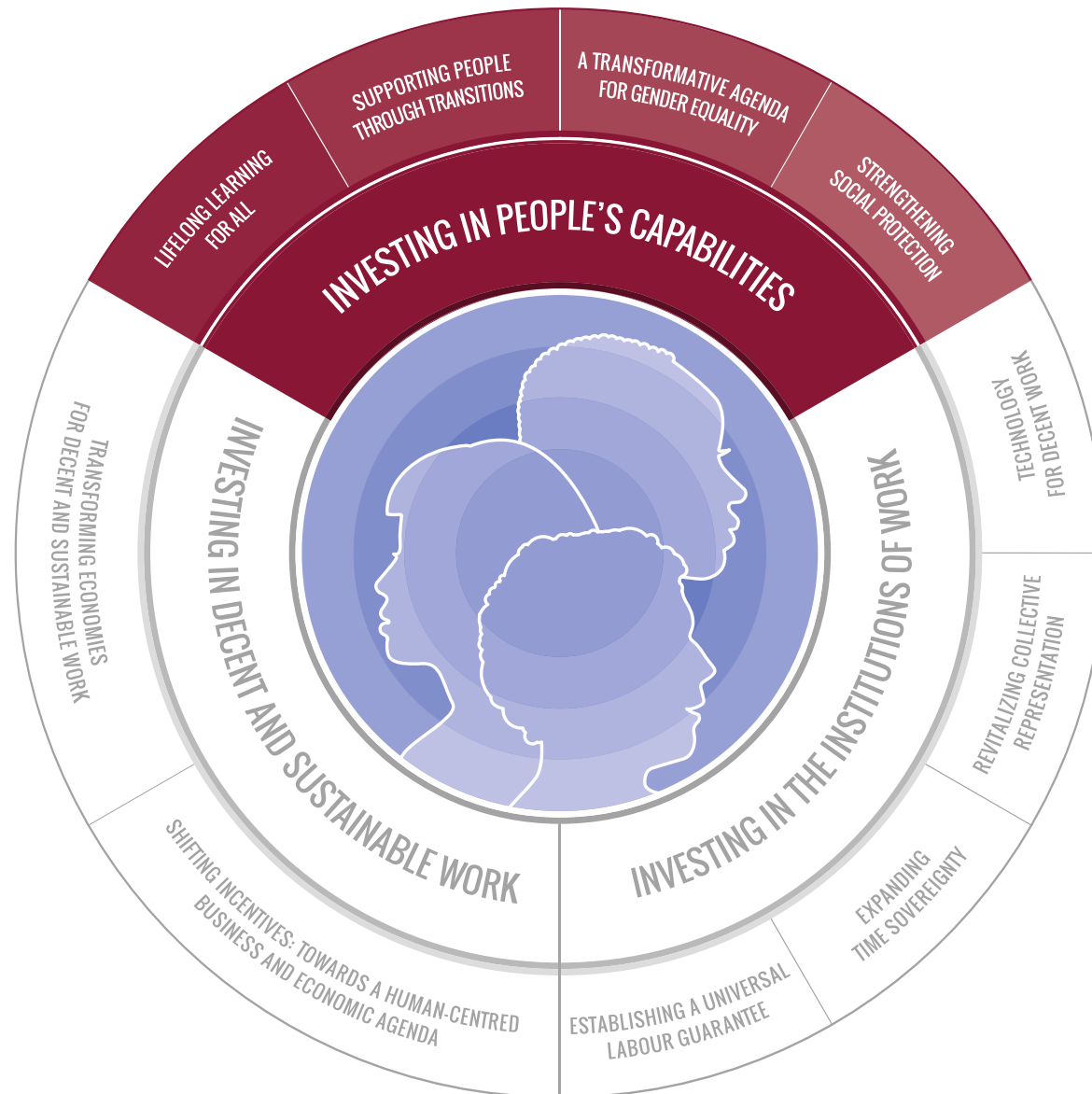
**Report of the Global Commission
on the Future of Work**



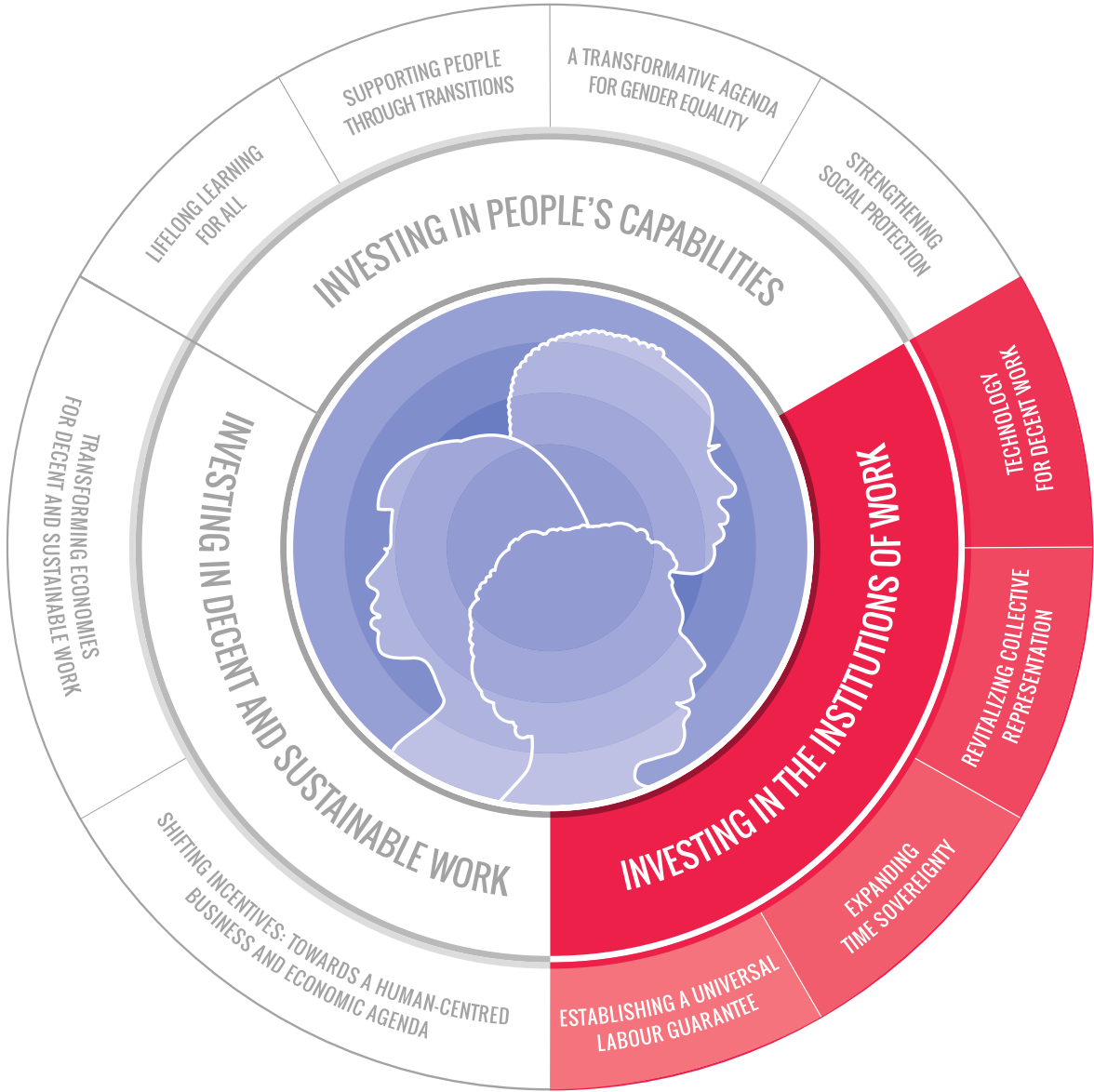
Human-centred agenda for the future of work



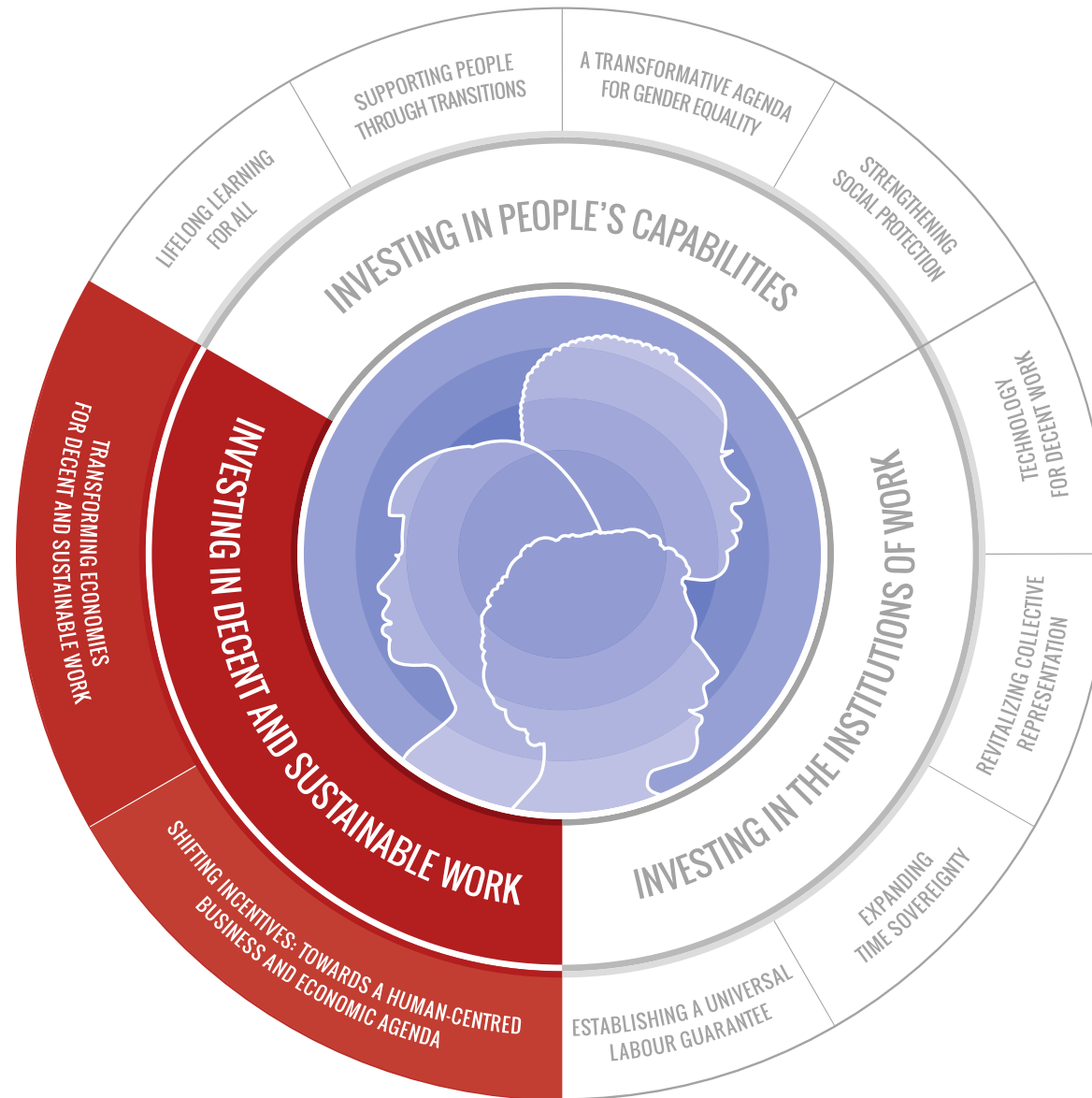
Investing in people's capabilities



Investing in the institutions of work

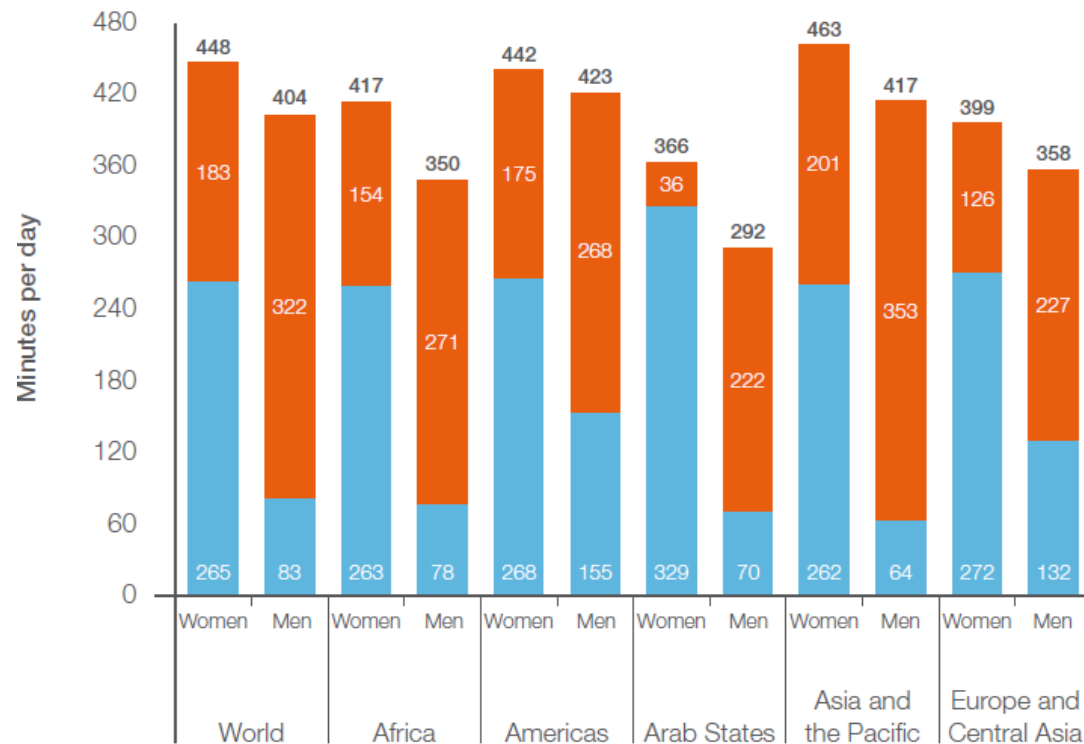


Investing in decent and sustainable work

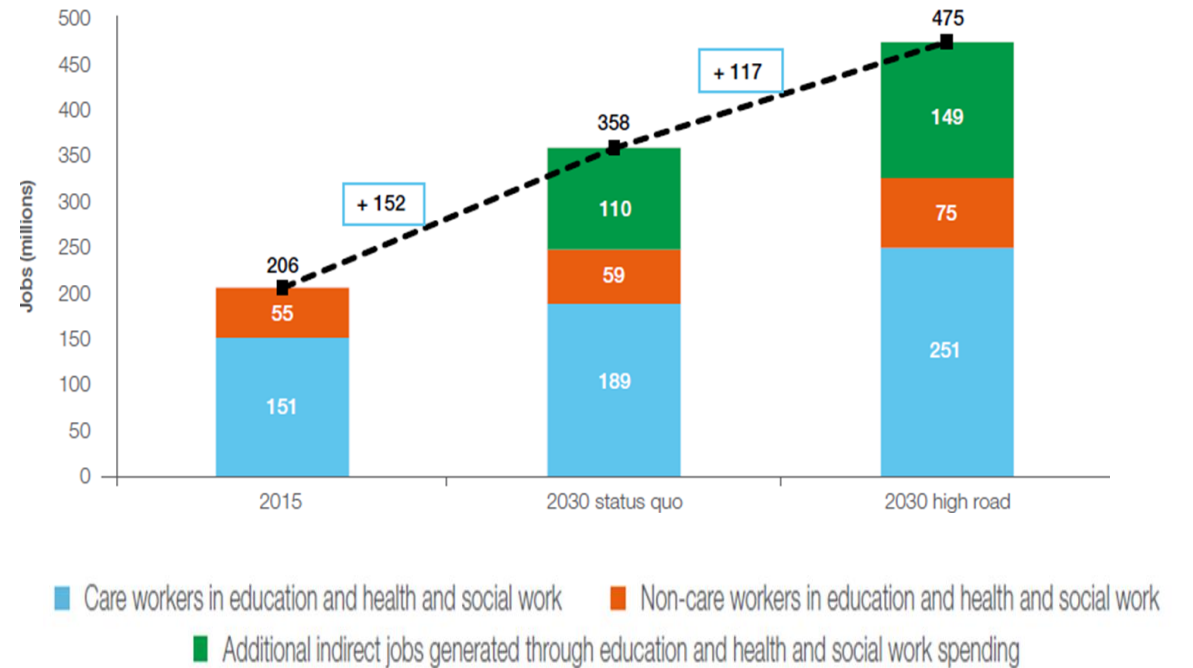
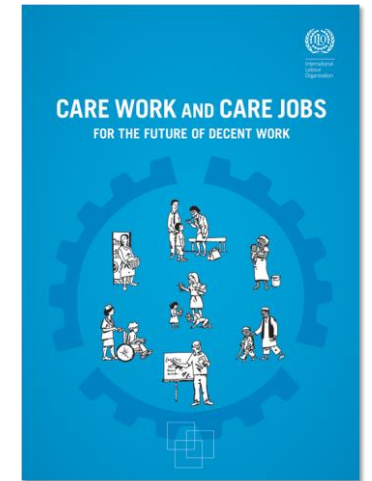


V. Investing in new sources of jobs: the care economy

Care work: Unrecognized and predominantly done by women (76.2 per cent of the total amount of unpaid care work)

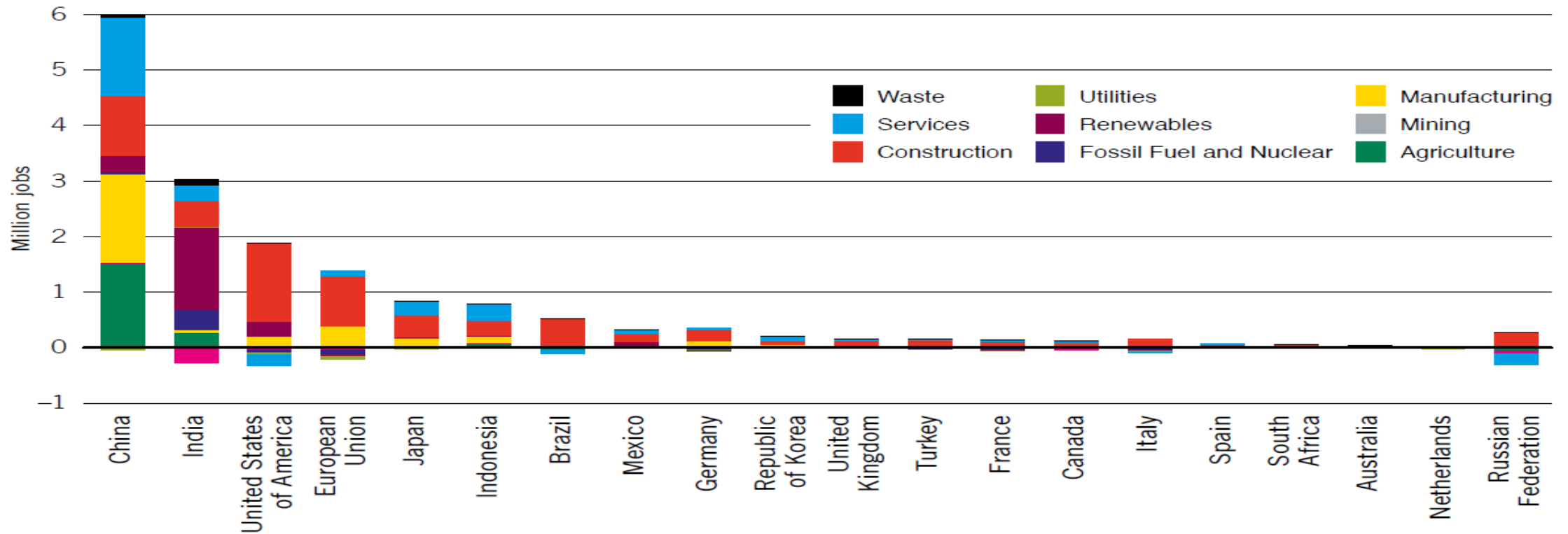


Investment in the care economy (with more and better jobs) to achieve the SDGs means 475 million jobs by 2030



V. Investing in in new sources of jobs: the green economy

Achieving energy sustainability and its impact on employment in 2030 in G20 countries (millions of jobs)



Source: ILO 2018

