

Multi-year Expert Meeting on
**ENHANCING THE ENABLING ECONOMIC ENVIRONMENT AT ALL LEVELS IN SUPPORT OF
INCLUSIVE AND SUSTAINABLE DEVELOPMENT,
AND THE PROMOTION OF ECONOMIC INTEGRATION AND COOPERATION**

Third session

25-26 February 2019

**Protecting Workers for the Benefit of Economies and Societies: The Role of Labour
Market Institutions**

by

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD

Protecting workers for the benefit of economies and societies



Janine Berg, ILO
UNCTAD T&D Board
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8 DECENT WORK AND ECONOMIC GROWTH



Social protection policies

Labour market regulations

Full employment policies

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



3 GOOD HEALTH AND WELL-BEING



10 REDUCED INEQUALITIES



Main labour regulations



- Employment contract
- Wage setting
- Working time (limits, schedule notification, leave policies)
- Dismissal protection
- Occupational safety and health
- Social security entitlements and benefits

These regulations are set by:

- Collective negotiation (trade union/emp orgs)
- the State

They are monitored and enforced by:

- Tripartite committees (e.g., OSH)
- Labour inspection/administration services/labour courts
- Social norms

Too often debates have focused on 'level' ignoring coverage and compliance



Coverage



Level

Compliance

Labour regulations spur productivity



=> When there is no risk of financial loss, there is no incentive to reorganize work to improve productivity.

Benefits for Productivity



"I would like to change how hard it is to find the jobs to work on. I often have some time to do a task, but cannot find anything to work on." - AMT worker

Berg et al. (2018) *Digital Labour Platforms and the Future of Work: Towards Decent Work in the Online World*.

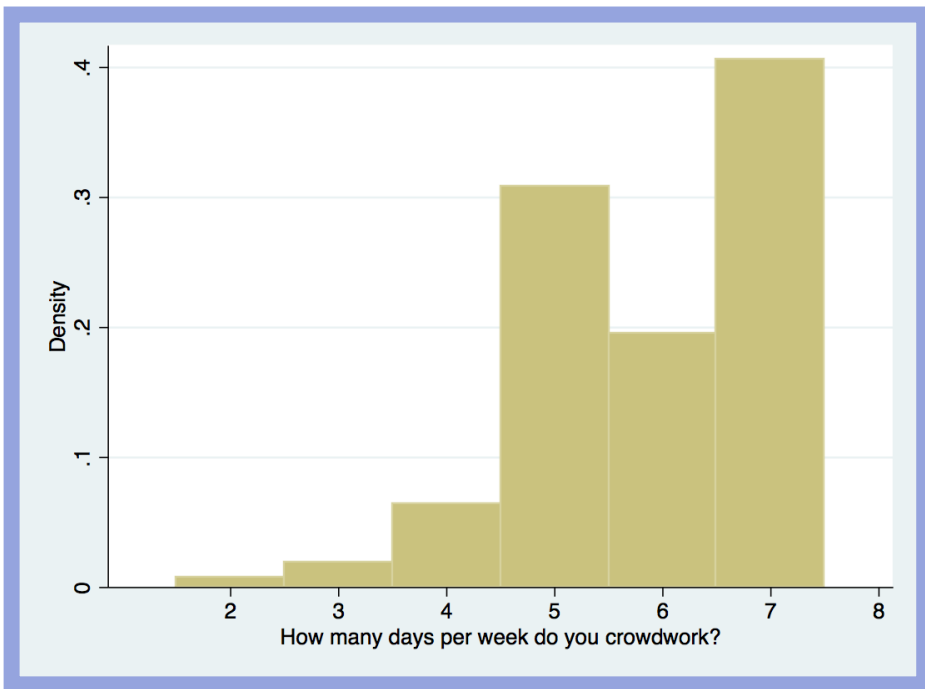
- Survey of 3500 online workers in 75 countries
- New, unregulated jobs powering Internet 2.0 and AI
- **20 minutes of every hour** spent on unpaid tasks



Unregulated digital labour platforms

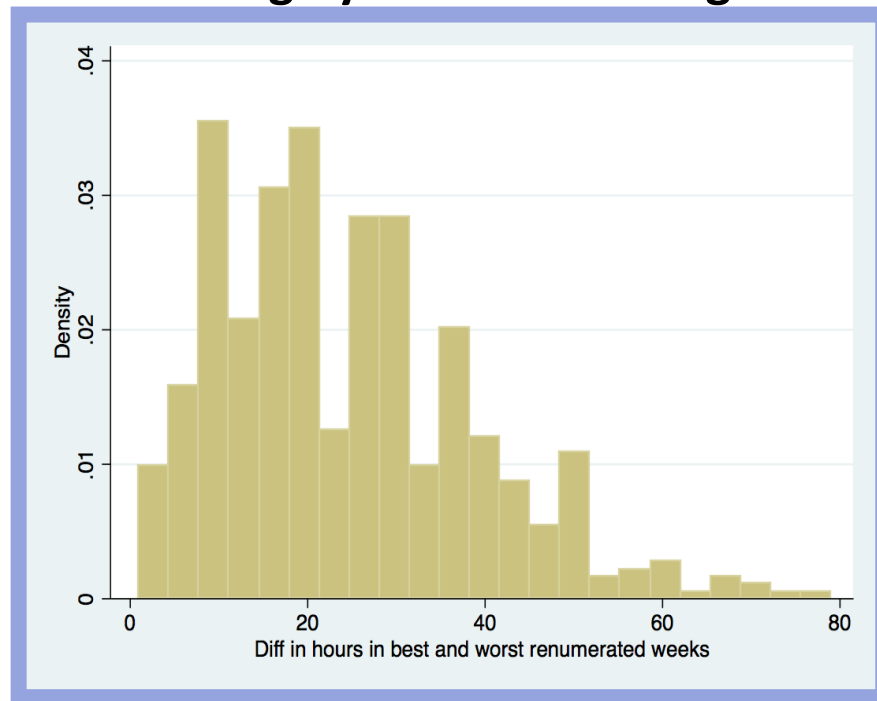


Long hours over many days



40% work every day; 60% work 6 days per week; 25% work for 10 hours a day or more on at least 5 days per month

Low and highly variable earnings



Average pay ~\$3. Spread in earnings between best and worst week is about 1.5 times typical earnings



“The enforcement of a common minimum standard throughout the trade not only stops the degradation, but in every way conduces to industrial efficiency.”

-Sidney and Beatrice Webb, Industrial Democracy, 1902

“The payment of high wages has the general effect of forcing employers to economise in other directions by raising the standard of management, employing more machinery, and eliminating waste. Badly run undertakings are either eliminated or forced to increase their efficiency” (p.212).

-ILO (1931): Study on impact of MW legislation around the world

Macroeconomic benefit of LMIs



- Wage-setting mechanisms (MWs/CB)
 - Increase purchasing power and aggregate demand
 - Distribute gains from productivity growth
 - Lessen need for redistribution (fiscal space)
- Automatic stabilizers (UI, but also social assistance) also increase aggregate demand.



100
1919-2019
SOCIAL JUSTICE
DECENT WORK



- When earnings are too low, State has to come in and finance benefits
 - Sometimes by subsidizing income (EITC)
- Often financed from VAT
 - Perverse situation of poor financing their own benefits



Thank you!

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