

THE FUTURE OF WORK

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- ▶ Convergent factors of transformation, megatrends. Technological innovations, Globalization, demographic changes, geopolitical conflicts.
 - ▶ Irreversible trends but effects not predetermined. Different reactions of different national systems.
 - ▶ Unprecedented speed, intensity and diffusion.

 - ▶ Technological innovations: digitalization of the economy. Artificial intelligence. I o T
- Growth of ICT capital services per hour worked:
- ▶ 1995 index 100 - 2014 index 500 Uk, 400 Germany, 200 Italy France;
 - ▶ Industrial robots worldwide annual supply: in 2004 100000 units, in 2015, 250000.

▶ *Source OECD

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- ▶ Global Trade and competitive pressures
- ▶ Regulated, restrained by protectionism. Multilateral cooperation within open, rule based trade system - necessary for expansion (world Ec. Forum, July 2018)
- ▶ More Jobs depend on demand from abroad: Germany 40%, Italy 30%, France 28%, USA 15%

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- ▶ Rapid demographic changes.
- ▶ Aging of population and reduced birth rate. EU fertility rate 1,6 (2.1 substitution rate), Africa, 4,7.
- ▶ EU population 511,5 million:
 - over 60: 25% in 2016 ; in 2050 (35%)
 - over 65: 19% in 2017; Italy 22,3%, Germany 21,2 %
 - over 80: from 5.5% (2017) to 13% (2050)
- ▶ Working age population (2015-2050): divergent trends
Italy -23%, Japan -28%, Germany -23%, France +1%, UK +6%,USA +10%,
Australia +27%.
- ▶ Old age dependency ratio: EU (2015) 29,8%, Italy 33,6%, France, 29,2%, Ireland 34,8%.
EU (2050) 50.3%..
- ▶ Total dependency ratio: EU (2010) 46,6%, (2030) 64,7%, (2050) 74,9%.
Serious impact on welfare systems
- ▶ Implications of divergent trends in different geographic areas: migrations, geopolitical conflicts and turbulence, increased impact on growth and stability.

4 Migrations: a metaphor of global revolutions

- ▶ Drivers: polarization of resources. Yearly income: Qatar 1.300.000\$. Burundi 800\$, France 42.800, Germany 49.100.
- ▶ Population change: World 7,5 billions (2016); 9,8 (2050), 85% of growth in poor countries (India, Nigeria, Congo). Africa 2.5 billion in 2050.
- ▶ International Migrants (World): 250 million - U. N. estimates 469 mill. in 2050
- ▶ Mainly from Asia, 40% of total; Africa 20% growing
- ▶ Internal migrations: from countryside to large cities
- ▶ Potential migrants to Europe 200 mill. (Gallup)

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- ▶ Immigrants to Europe (2015) 4.7 mil, 2.7 from outside Europe, 1.9 within Europe
 - Men 56% - Women 44%
- ▶ Median age 27.5 years (Europe 42.6)
- ▶ Immigrants to Germany (2015) 1.543.800 - UK 631.500 - France 363.900 - Italy 280.100
- ▶ Residents in EU born outside EU 35,1 mill.; born in another EU State 19,3 -
- ▶ Foreign citizens in EU 20.7 mill.
 - Germany 8.7 mill.- UK 5.6 mill. - Italy 5.0 mill. - France 4.4 mill. - Spain 4.4 mill.
- ▶ New citizens recognized in EU (2015): total 841.200

- ▶ Asylum applications: (2014), 627.000 - (2015) 1.300.000 - (2016) 1.250.000 - (2017) 705.000.
 - first time applicants (2016): 650.000; Germany 31% of total; Italy 20%; France 14%; Greece 9%.
- ▶ Asylum seekers applications accepted (2017): 538.000 (46% of applications).
- ▶ Migrations not handled with common strategy. Nationalistic reactions. Negative impact on economy and democratic politics.

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- ▶ Intermittent and uneven growth. In OECD countries. In emerging countries fast but often unregulated growth often with scarce attention to social and environmental sustainability.
- ▶ Productivity slowdown, increased gap between globally most productive firms and other firms.
- ▶ Between 2001 and 2013 the former have increased productivity by over 30% in manufacturing and by 45% in services.
- ▶ Productivity of the laggard firms has stagnated.
- ▶ Young generations risk to be worse off than parents. Increasing generations divide

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- ▶ In OECD countries peak of employment rates (68,2%), young people 41,9%.
- ▶ Unemployment back to precrisis level (5,2% average).
- ▶ Divergent trends. Average European activity rate 71,2%, Germany 78,6%, Italy 61,6%.
- ▶ Average European unemployment 7,7% - Germany 4% - Italy 11,5%.
- ▶ High rates of unemployment of youth (15-24 years) average OECD 10,9%; Italy 31,9% - Spain 33,8% - Greece 43%.

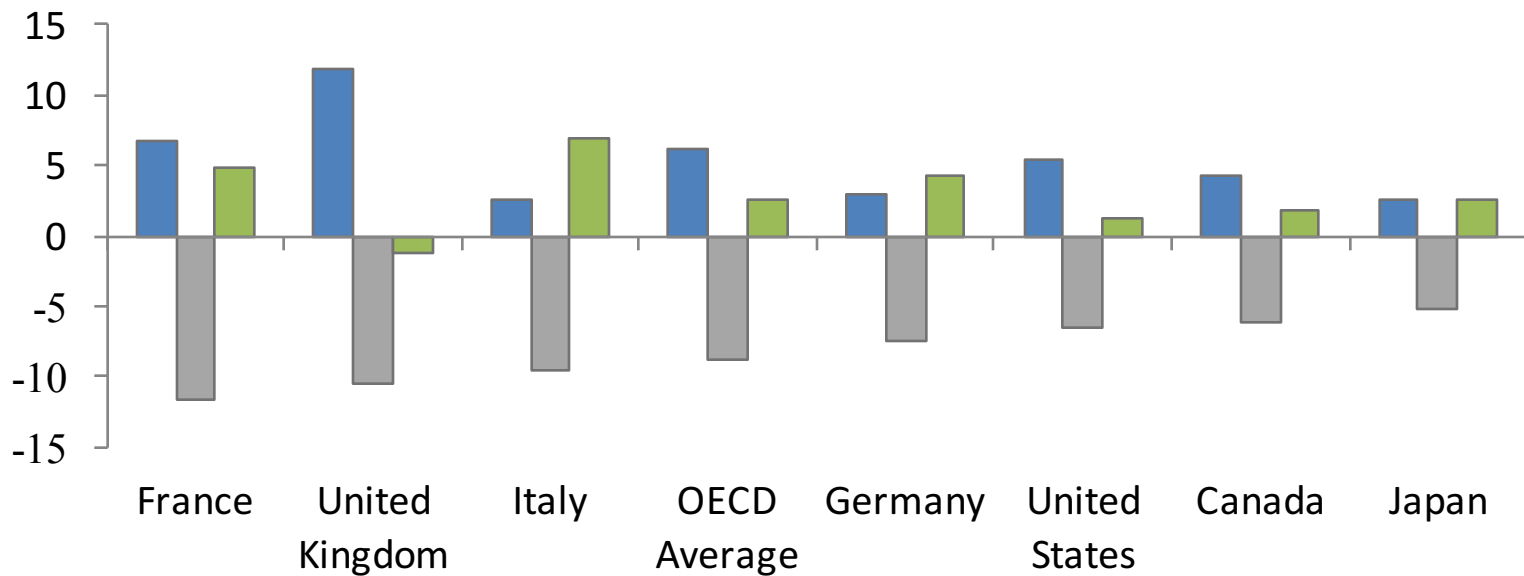
8 Labour market trends: selected OECD countries, 1995 to 2015

- ▶ Decline of labor share. Slow wage growth in spite of fall in unemployment.
- ▶ Low paid jobs and working poors.
- ▶ Income distribution gap between young and aged population.
- ▶ Polarization

*Percentage point change in share of total employment**

*(*source S. Scarpetta)*

■ High skill ■ Middle skill ■ Low skill



- Middle skills mostly affected. In general reduced opportunities for middle class. Impact on political life and democracy

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- ▶ Fragmentation of work patterns. Multiplication of contracts: fixed term, temporary agency work, part time, job sharing, occasional, on call (zero hours), platforms based works, crowdwork.
- ▶ Growth of non standard work.
- ▶ Full time - permanent jobs still the majority
- ▶ Part time growing EU Average: 15.3% (2003), 18.7% (2017), Men 5,4% (2003) - 8,1% (2017)
Wom. 27,9% (2003) - 31,1% (2017)
Netherlands 41.5% (2003) 46.6% (2017) Men 17,2% (2003) - 22,6% (2017)
Wom. 72,5% (2003) - 74,1% (2017)
Germany 21.6% (2003) - 26.9% (2017)
France 16.6% (2003) - 18.00% (2017)
Italy 8.4% (2003)- 18.5% (2017)
- ▶ Share of involuntary part timers of total employment 2005–2015: France 3,5% to 5%; Italy 4% to 9,5%; Spain 3,5% to 9%; Germany 4% to 3%;
- ▶ Fixed term (growing): EU average 11.5% (2003) -13.3% (2017)
Spain 30.9% (2003) - 26.4% (2017)
Germany 9,6% - 11.1% (2017)
France 12.2% - 15.5% (2017)
Italy 9.5 % - 15.1 % (2017)

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- ▶ (Temporary) Agency work: (uncertain estimates) EU average (approx 1,5%), France (2,4%), Netherlands (8%), Italy (1,8%), France (2,4%), Luxemburg (3,0%). Mainly younger workers and less skilled
- ▶ Self employment: 30,6 Mill. (2016), 14% of total. Greece 29.0% - Italy 21%, Germany 9%, Denmark 8%, France 12%.
- ▶ False self employment - economically dependent workers (dependent on single client; low income); special status and protection (Germany, UK, Spain, Italy)
- ▶ Apprenticeship (employment and education contract). In some countries (Germany) main entry og youngster into regular labor market.
- ▶ Zero hours contracts (or «on call work»): UK extimates 1 million, Italy, limited to youngsters and aged workers;
- ▶ Occasional workers. Different definitions: Italy, less than 5000 Euro a year
- ▶ Mini -jobs: (Germany) different forms. Estimates 4.9 mill. max duration 15 h. weekly mostly used by youth, minimum wage 8.5 Euro. Basic social security
- ▶ Occasional non standard work temporary source of income or poverty trap.

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- ▶ Impact of digitalization on employment.
- ▶ Divergent estimates. Some (M. Osborne, Oxford) forecast up to 50% of jobs at risk. World economic forum: 5 million jobs replaced by machines (2020) - mainly routine tasks
- ▶ OECD estimates only 9% but many jobs, (up to 40% in Germany and Italy) likely to experience significant changes; including white collars, intellectually intensive jobs.
- ▶ The platform economy is small (0,5% in EU) but growing fast.

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- ▶ Major impact on skill requirements; 40% of adults lack problem solving skills and skills to fulfill simple task in technological advanced environments
- ▶ The least skilled benefit less from training. Risk of digital divide
- ▶ New skills required to meet continuous transformations: critical thinking, problem solving, creativity, cognitive flexibility
- ▶ Skills developed through social and emotional learning (SEL)
- ▶ Challenge to traditional way of teaching and learning

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- ▶ International guidelines on the future regulations of work: ILO (decent work agenda), EU (social Pillars) OECD; 2030 Agenda for sustainable development;
- ▶ Uneven implementation. Still major role of national states;
- ▶ More divergence than convergence; different national reactions to economic and competitive pressures (growth, employment, income distribution, welfare)

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- ▶ Quality and quantity of employment depend on rate, stability and quality of growth
- ▶ Decent work is an important element of sustainable growth.
- ▶ This link is denied by the decoupling of financial, economic and social policies
- ▶ Common practice, in spite of art. 9 social clause of the European treaty (“all economic decisions should consider impact on employment, social inclusion, health and safety”)
- ▶ Financial stability priced over economic growth
- ▶ Short term major impediment to effective policies which require medium term approach

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- ▶ Factors and indicators of sustainable growth:
(not only gdp), education, health and safety, life expectancy, equal opportunities, quality of services, etc.
- ▶ Some recognition of welfare indicators in legal systems.
But indifference and resistance
- ▶ Indicators of sustainability should become guiding principles also for management strategies, good for business

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- ▶ Major role of economic policies for inclusive and sustainable growth (n.8 of U.N. 2030 Agenda).
- ▶ Public private investments in innovative production systems, in infrastructures (in particular digital)
- ▶ Organizations in line with new technologies
- ▶ Support to creativity, to small-medium firms, to innovative start ups, access to financial services.
- ▶ Reconcile economic growth with safe environment (the case of steel mills in Taranto).
- ▶ Promotion of job rich growth: high value added and labor intensive sectors. High tech - high touch
- ▶ Green jobs, renewable energy, energy efficiency
- ▶ Job growth in environmental economy: 2000, 2.8 mill. full time equivalent; 2015, 4.1 million (faster than average)
- ▶ OECD: 7 industries that produce up to 80% of pollution employ less than 10% of workforce
- ▶ Green jobs use more intensively high level and interpersonal skills (than non green)

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- ▶ Inclusive quality education (n.4 of U.N. of 2030 Agenda). European targets: reduction of drop- outs, of number of NEET.
- ▶ Coping with new forms of illiteracy, not only lack of technical skills but of basic capacity of written and oral communication, impact on private and public life.
- ▶ Mix of basic skills and flexible specialization.
- ▶ Broad range of cognitive capacities, soft capital.
- ▶ Skills and trust needed to master a digital economy and society.

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- ▶ Education and work: how to bridge school and business approach.
- ▶ Work-experiences during school years. Personal guidance to employment choices prevent skill mismatch, risk of over qualification.
- ▶ Make education pay. Reward skills. Retention policies.

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- ▶ The role of regulation of work. Protective labor regulations accused of reducing growth and employment. Quality regulation a necessary response to the failure and imperfection of markets (World Bank).
- ▶ Regulation and stability encourage firms to invest in productivity -enhancing technologies.
- ▶ Diversification of work patterns requires change of traditional labor laws based on the blue collar workers model.
- ▶ More selective regulations according to characters of employment and needs of workers.

- ▶ Attempts to reduce precarious works:
- ▶ Legal limitations of fixed term contracts
- ▶ Regulated flexibility: internal (professional mobility, smart working), external (costs of dismissals)
- ▶ Not only fair regulations also quality and stability of growth

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- ▶ Basic standards of treatment for all workers. New rights for the digital economy (privacy protection).
- ▶ The case of platform-based workers (Uber, riders): variety of forms.
- ▶ These workers defy legal categories.
- ▶ Taylor made approach needed
- ▶ Different legal solutions by judges and legislators.
- ▶ Real antidote to precariousness.

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- ▶ Role for collective agreements. Organized decentralization
- ▶ How to revitalize collective action and solidarity
- ▶ New unions strategies. More transparency, internal democracy, less political patronage, alliance with other social movements, more services to facilitate access of workers to social services.
- ▶ State support to workers representatives

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- ▶ Transitions and security on the labor markets. Protection of specific jobs insufficient
- ▶ National activation policies to support continuity of employment in different job positions
- ▶ Proactive strategies - public services and enterprises - to foster successful mobility among jobs
- ▶ Legal minimum wages and basic standards to prevent poverty among workers

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- ▶ Recalibration not decline of public welfare: total social expenditures stable: average Europe 26-28% of GDP (influenced by GDP fall). Public welfare major investment for social cohesion and sustainable growth
- ▶ Extend social security safety net to all workers, including self-employed. Basic pensions, unemployment benefits, health care
- ▶ The role of supplementary funds
- ▶ From insurance-based schemes to universal systems financed by general taxation

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- ▶ Various forms of minimum income
- ▶ Targeting and conditionality
- ▶ Redistribution of working time: the case of German 28 hours work -week
- ▶ Part time, a general system of redistribution (the case of Netherlands)
- ▶ Less work more productivity

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- ▶ Regulation of international employment relations: a network of rules in absence of supranational authorities
- ▶ Codes of practice by MN enterprises
- ▶ Transnational collective agreements
- ▶ Social clauses in international trade agreements
- ▶ Weak effectiveness: involvement of social organizations in enforcement procedures
- ▶ Commitments of national states necessary to enforce supranational rules
- ▶ New testing ground for the mission of social regulation and policies
- ▶ One century to build European national welfare states. Present challenge is to extend social policies to different countries of the world according to national identity and cultures