



Indian car factory

that surely also applies to blindly assuming that future trends will rerun those of the past. The rate of change created by technology seems to be exponentially increasing – driverless cars, Artificial Intelligence, robots that can produce T-shirts, potentially wiping out Bangladesh’s main export industry overnight. To ride this wave, and make sure new jobs replace the extinct old ones, the WDR makes some heroic assumptions:

Firstly it claims that sectors like tourism, healthcare, care of the elderly and the gig economy will produce the new jobs necessary. The evidence for this seems to be little more than a lot of gee whizz anecdotes about start-ups and platforms around the developing world. To be fair, I’m not sure what more convincing evidence for this claim would even look like.

Secondly, just in case the market doesn’t step up on its own, the report proposes a central role for the state. The chapters on the state, and the call for a new social contract are fascinating. The WDR argues that ‘the three basic components of social protection systems – a basic minimum (with social assistance at its core), social insurance, and labor market institutions – can be adapted to help manage the strong headwinds of labor market challenges’. It praises the ‘recent spectacular growth in social assistance in developing countries [which is] a testament to a direction of travel towards ensuring such a minimum.’ There are 5 upbeat pages on the introduction of a Universal Basic Income, and a call for big increases in indirect taxation on carbon, digital companies and VAT (we’ll see if those survive sign off).

‘Where livelihood disruption is a new norm, even with the most resilient income support arrangements in place, active labor measures will become more important. Governments will need to ensure that first time job-seekers, workers who lose their jobs, or those who are

working on low productivity jobs have access to proper counseling, training, information about new job opportunities, job search assistance, and migration support.’

Which all suggests that the Bank has moved massively on from the ‘state bad, market good’, 90s heyday of budget-slashing structural adjustment programmes. But as the diagram suggests, the reason for all this state activity is to amp up ‘labour market flexibility’. Ah, looks like we may be back to the 90s after all. ‘As all workers become better protected through reformed social assistance and insurance systems, labor markets can be made more flexible to facilitate work transitions..... stronger social protection systems can go hand in hand with more flexible labor markets. This flexibility would need to also be coupled with more effective job search support as well as new arrangements for expanding workers’ voice.’



I’ll come back to that ‘expanded workers’ voice’ bit in a minute, but first, what happens if the state is not up to the job? ‘If not updated, social protection and labor market policies will de facto leave many workers unprotected, with many firms and workers unable to adapt to the changing times.’

So there we have it, all this Panglossian optimism is based on the assumption of a pretty massive can opener – an effective, well intentioned state that can step in and smooth over the pain when people lose their jobs or get trapped in shitty zero hours contracts, and which can constantly retrain and reskill workers for new jobs as the economy evolves. All those unemployed van drivers are off to become coders and care assistants, right?

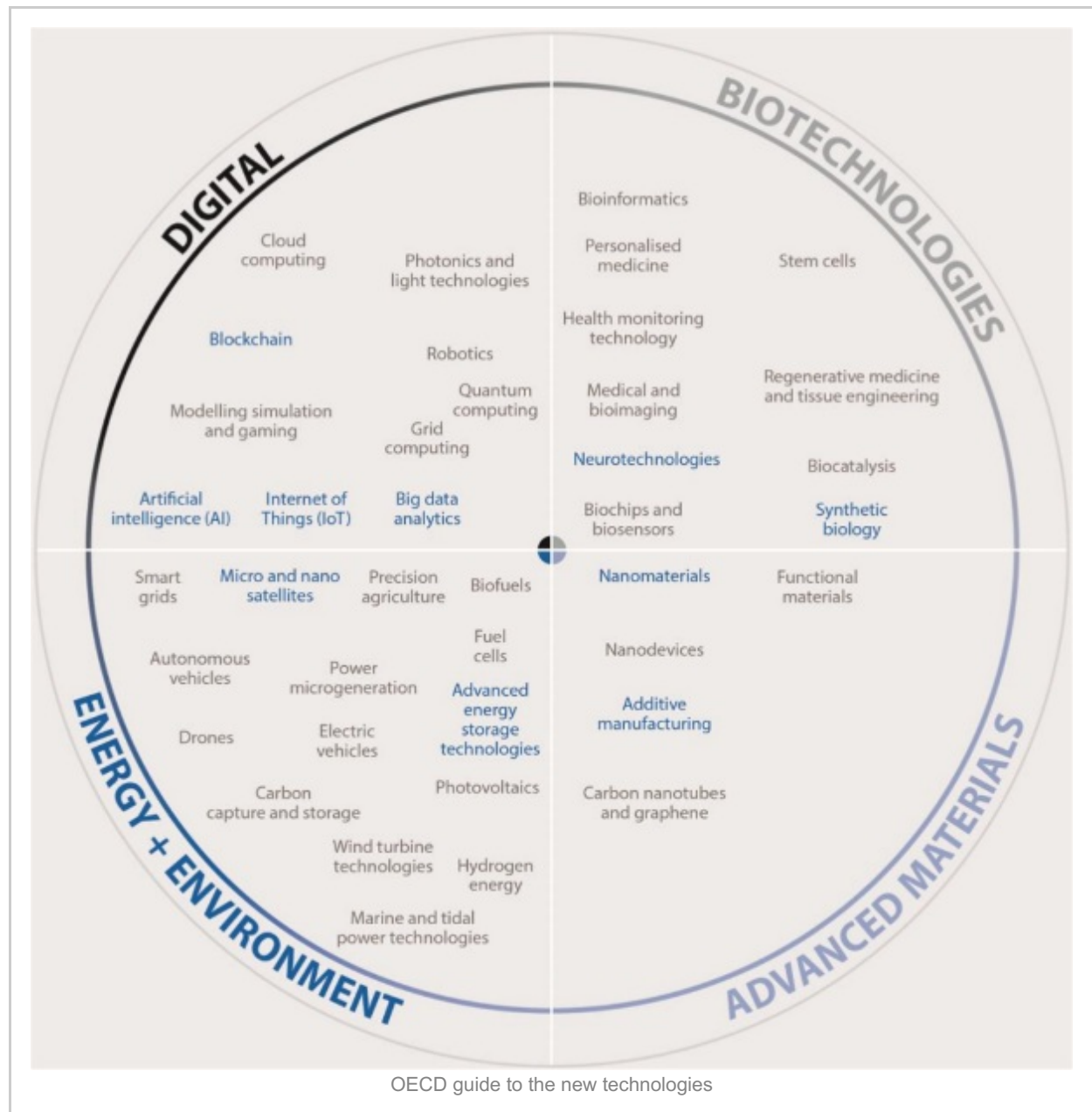
In other words, we seem to be squarely in ‘Getting to Denmark’ territory. If one of the key causes of poverty and conflict is an absent or malign state, what is the point of simply assuming a state as part of the proposed solution?

Now back to the workers’ voice. Trade unions are not completely absent, as they often are in World Bank documents, but they are presented largely as part of the dying Fordist order (the WDR even seems to think NGOs do a better job at giving voice to workers. Really?)

‘Labor institutions can no longer rely on the agency of the employer to provide protection to workers given the erosion of the traditional employer-employee relationship in more advanced countries and the irrelevance of this model for the rest of the world where informality dominates. Current institutions are ill-fitting to more flexible work and to new work arrangements.’

Promoting something akin to flexibility-on-speed, the WDR argues against minimum wages (it even argues that ‘labor unions—with a broader constituency and membership— are a better way to set wages’). It supports making it easier to dismiss workers (aka more

flexibility), prefers state benefits to severance pay, and thinks zero hours contracts are just dandy. More from a trade union perspective [here](#) from a very unhappy Peter Bakvis of the ITUC.



Which brings me to the biggest blind spot of all – power. In the technocratic lala land of the WDR’s authors, the best results coming from the enlightened philosopher kings who are assumed to be in charge around the world stepping in to adroitly enable everyone to ride the technology tiger, as the market and its new gizmos rip through the status quo. What about imbalances in bargaining power, vested interests, political capture and their consequence, rising inequality? Not much on any of those, I’m afraid.

All in all, a fascinating document (when was the last time a WDR quoted Marx, Nehru *and* Lenin?), and well worth close study (I’m sure I’ve missed lots of gems). My overall take? History may be on the side of the optimists, but boundary conditions on growth, and technological acceleration could mean that this time really is different. Doomsters are always accused of crying wolf, but in the story the wolf comes in the end, and it’s not good news for the sheep.



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This is a conversational blog written and maintained by Duncan Green, strategic adviser for Oxfam GB and author of 'From Poverty to Power'. This personal reflection is not intended as a comprehensive statement of Oxfam's agreed policies.