

# JOBS AND SUSTAINABLE DEVELOPMENT HOW DO LABOR POLICIES AND INSTITUTIONS FIT IN?

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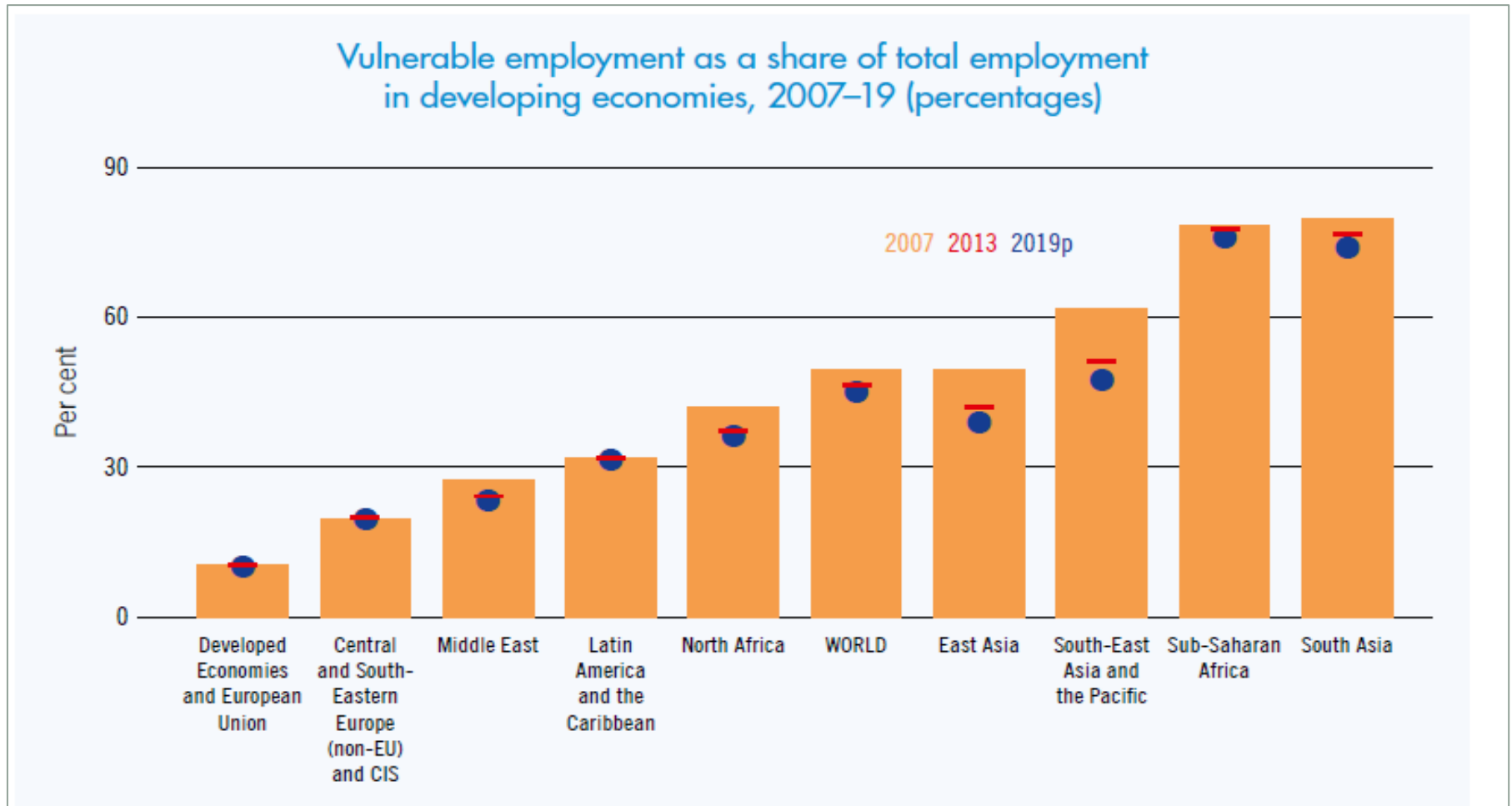
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# How should employment outcomes be measured in lower-income countries?

	Unemployment rate (%) 2014
World	5.9
Developed economies	7.8
Central/SE Europe and CIS	7.7
Middle East	11.0
North Africa	12.5
Sub-Saharan Africa	7.7
Latin America	6.6
East Asia	4.6
SE Asia and Pacific	4.3
South Asia	3.9

# How should employment outcomes be measured in lower-income countries?



Source: ILO (2015)

## Some reasons for optimism ...

- Working poverty has declined
- In some regions, quality of jobs has been upgraded
- Some narrowing in labor productivity across countries
- Increases in educational attainment

## ...But reasons for pessimism

- Gains have been modest and not in all regions
- Widening inequality in earnings
- Formal wage sector not expanding
- Education still has a long way to go
- Worker rights/health and safety

“Disruptive” processes of tech change and globalization, plus demographic divide

# WDR's Policy Pyramid



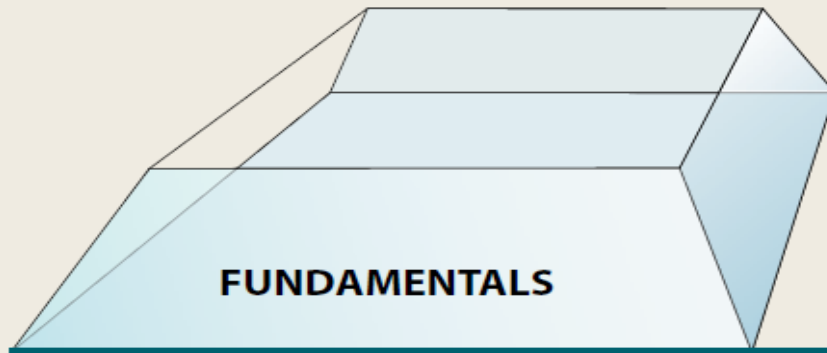
Know your jobs challenge  
Remove or offset the constraints

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Stay on the efficiency plateau  
Avoid misguided interventions  
Provide voice and extend protection

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Macroeconomic stability  
An enabling business environment  
Human capital  
Rule of law and respect for rights

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## Two opposing perspectives on labor policies and institutions

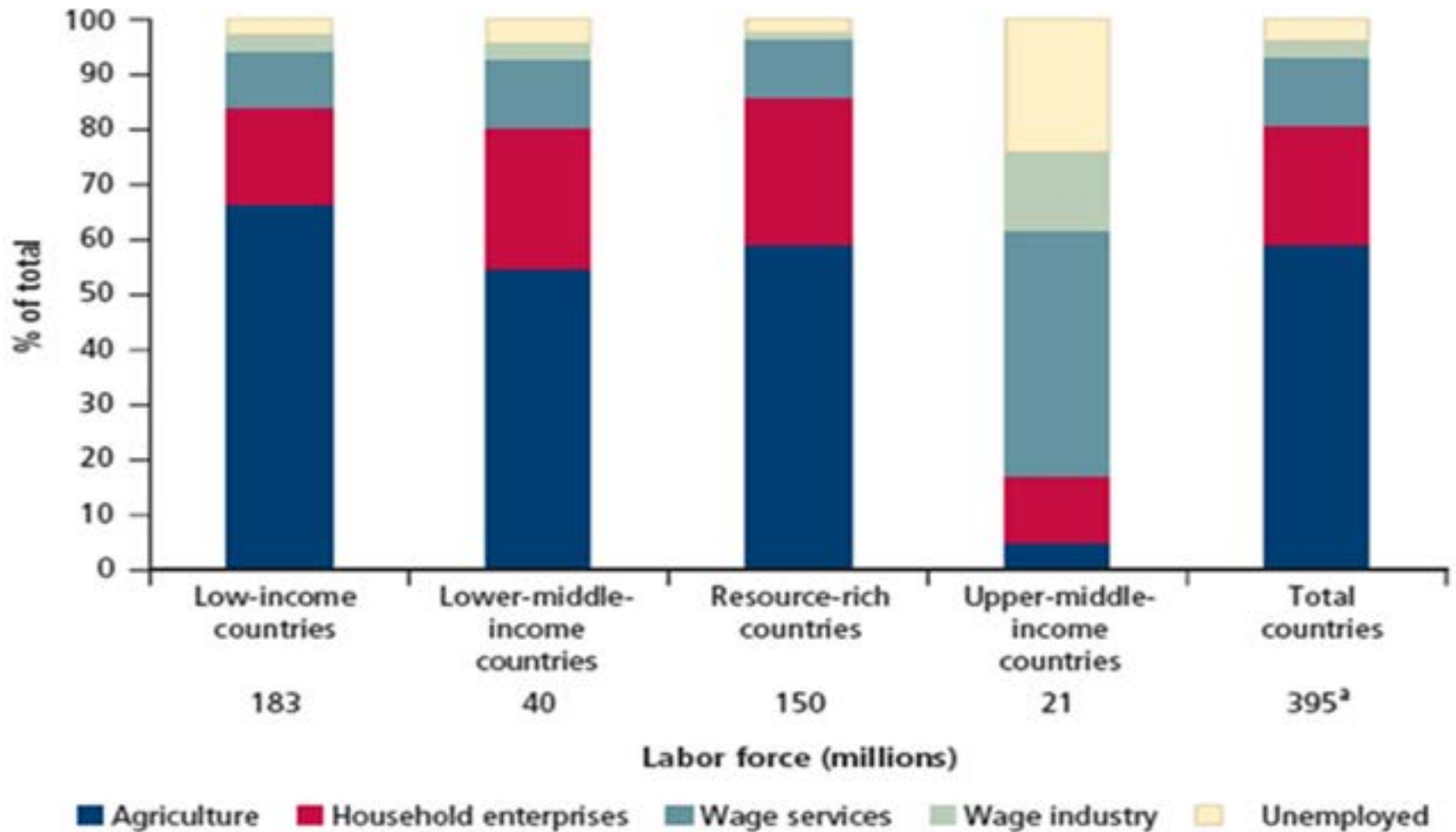
Pro-institutional	Classic market
<ul style="list-style-type: none"><li>• They improve equality, address power imbalances, offer security;</li><li>• They can also improve economic outcomes by reducing inefficiencies in the labor market and encouraging productivity-enhancing measures</li></ul>	<ul style="list-style-type: none"><li>• They create “distortions” that hurt the efficiency of the labor market and decrease output, productivity, and employment;</li><li>• They do not provide the desired equity and security effects because they can have unintended negative impacts on targeted beneficiaries</li></ul>

# What are the impacts of higher minimum wages?

	Minimum wages
On aggregate employment	Modest negative or no impact
Employment effect on particular groups	Groups most likely to have negative employment impact are youth and less skilled
On wages	Positive effect on wage levels; Reduces wage inequality
On poverty	Mixed effects, but not efficient anti-poverty instrument
On productivity	Unclear

Source: Betcherman (2015)

# Employment Structure in Sub-Saharan Africa



Source: Fox et al. (2013)