



Future of work and present-day social protection

Trends and challenges in the OECD area

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Outline of the talk

➤ Future of work

➤ Present-day social-protection challenges

1. *Redistribution:*

Income support that benefits families in need

2. *Social protection and the cycle:* Cushioning income shocks in households and the economy

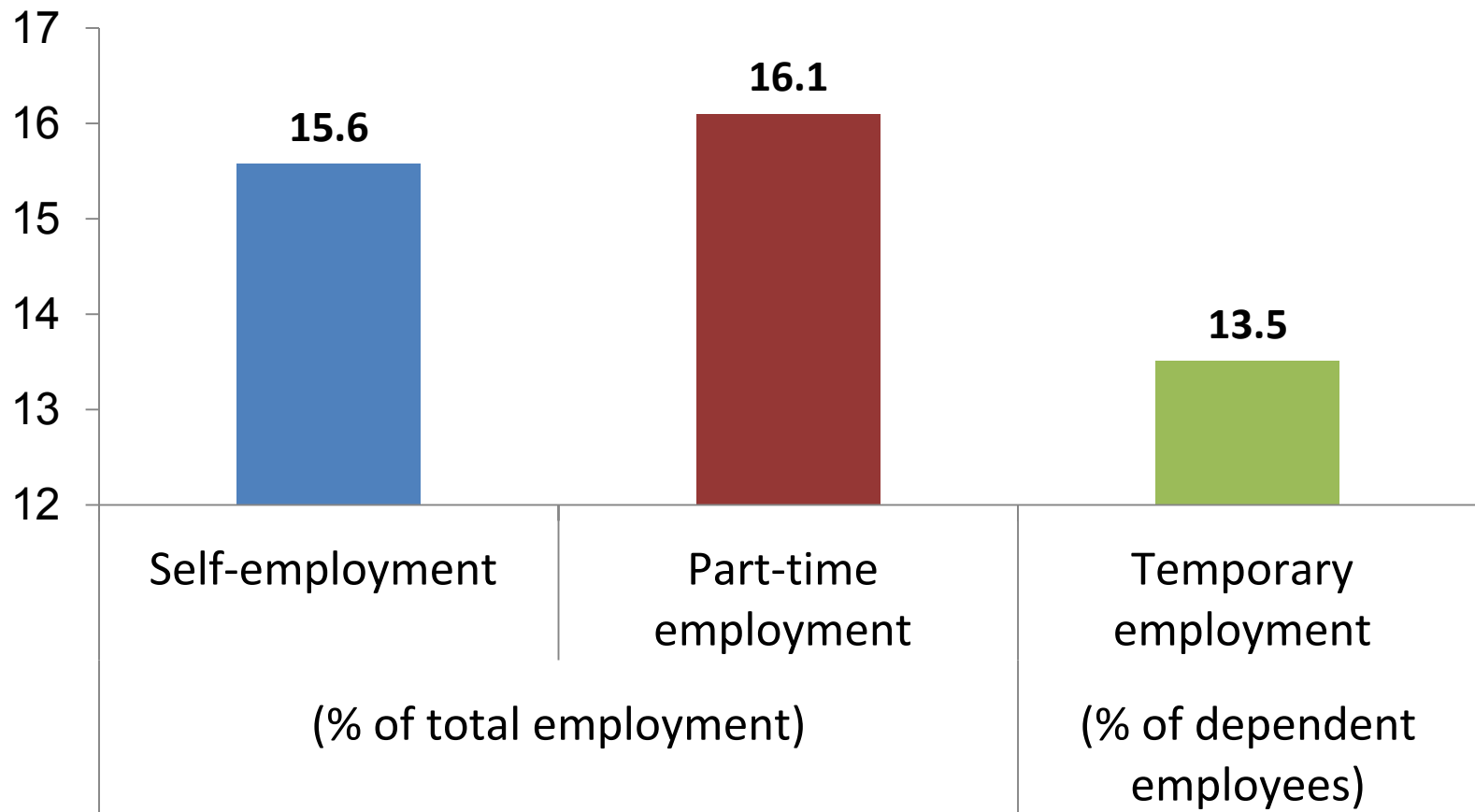
3. *Activation and employment support:*

Responding to people's employment barriers



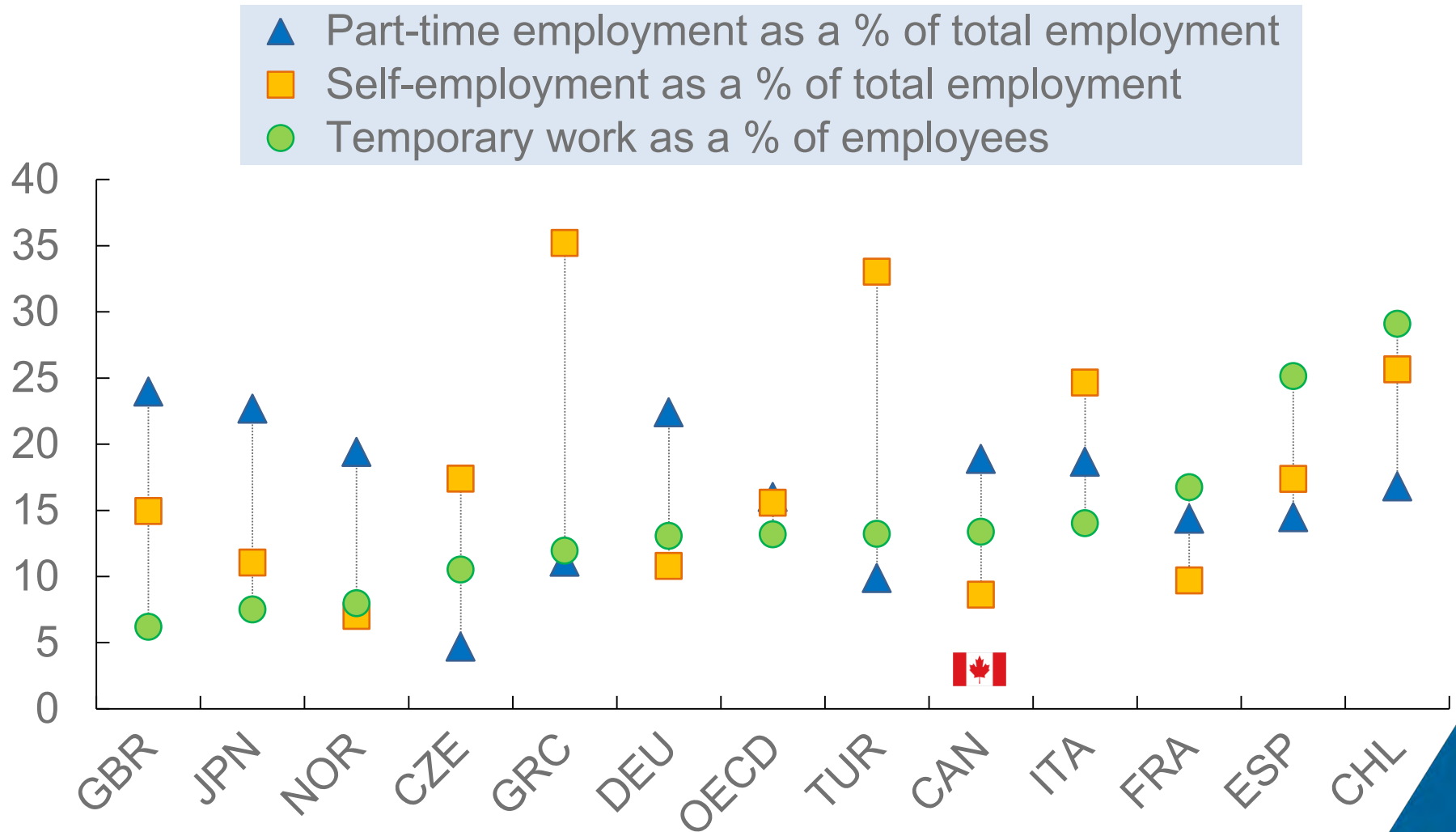
Non-standard employment is not marginal, new, or a thing of the future

OECD Average
2015, % of total employment





Non-standard employment is not marginal, new, or a thing of the future



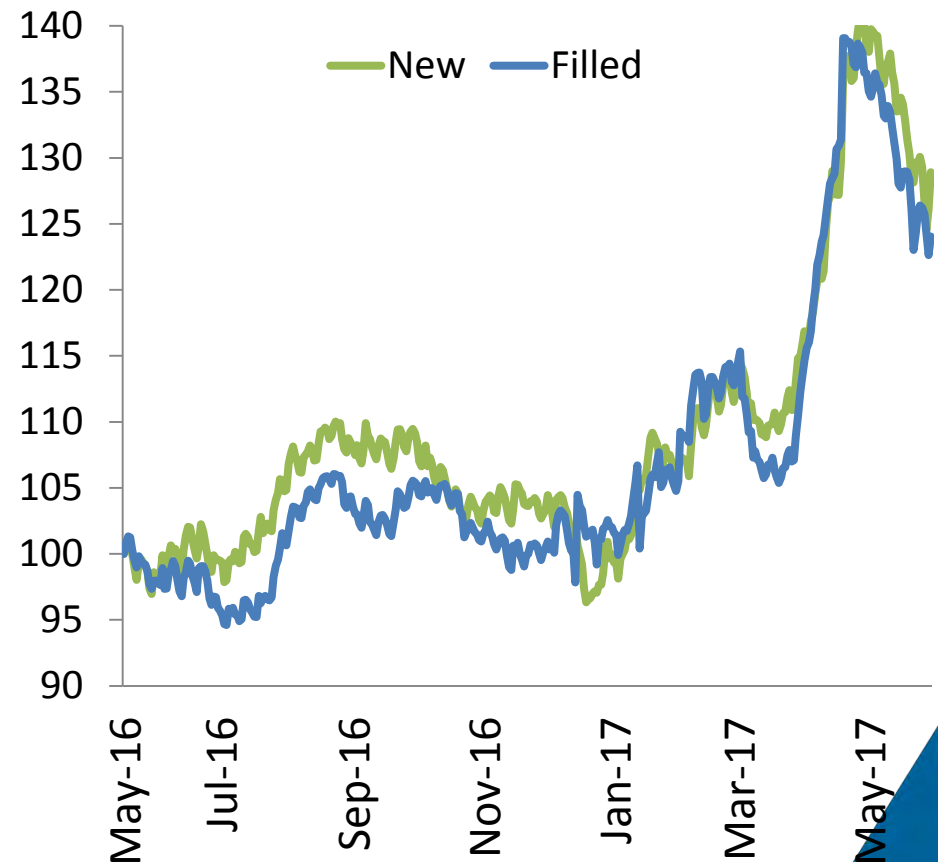


The platform economy remains small ... but it may be growing fast

3%
5%
0%
1%
5%
1%



New and filled platform vacancies
May 2016 to May 2017
28-day moving average, May 2016=100





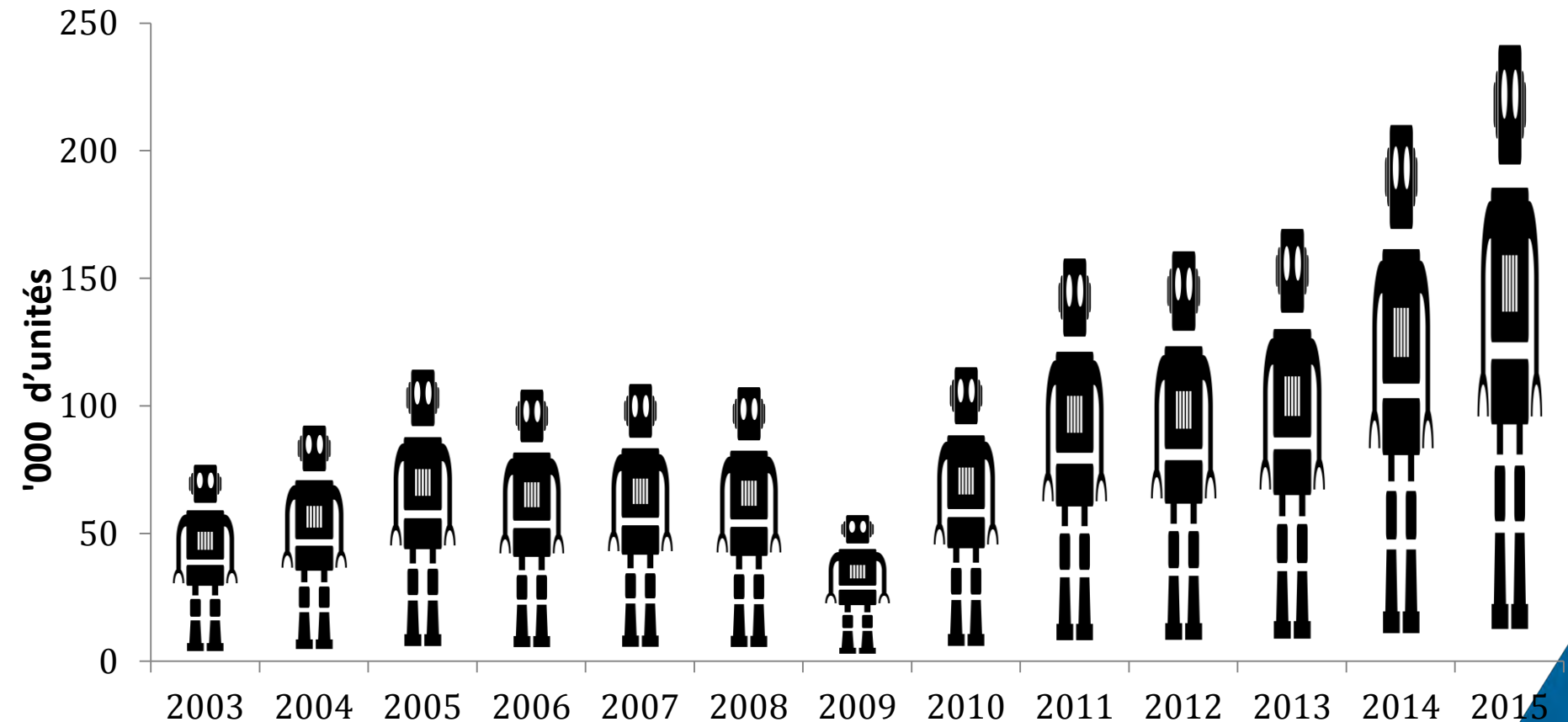
Workers or widgets? We still know very little about platform work

Earnings?
How long?
Choice? Who?
Primary or What?
supplementary?
Job (task?) quality
“Rank and yank”?



Automation: Les robots arrivent !

Estimated global provision of new industrial robots

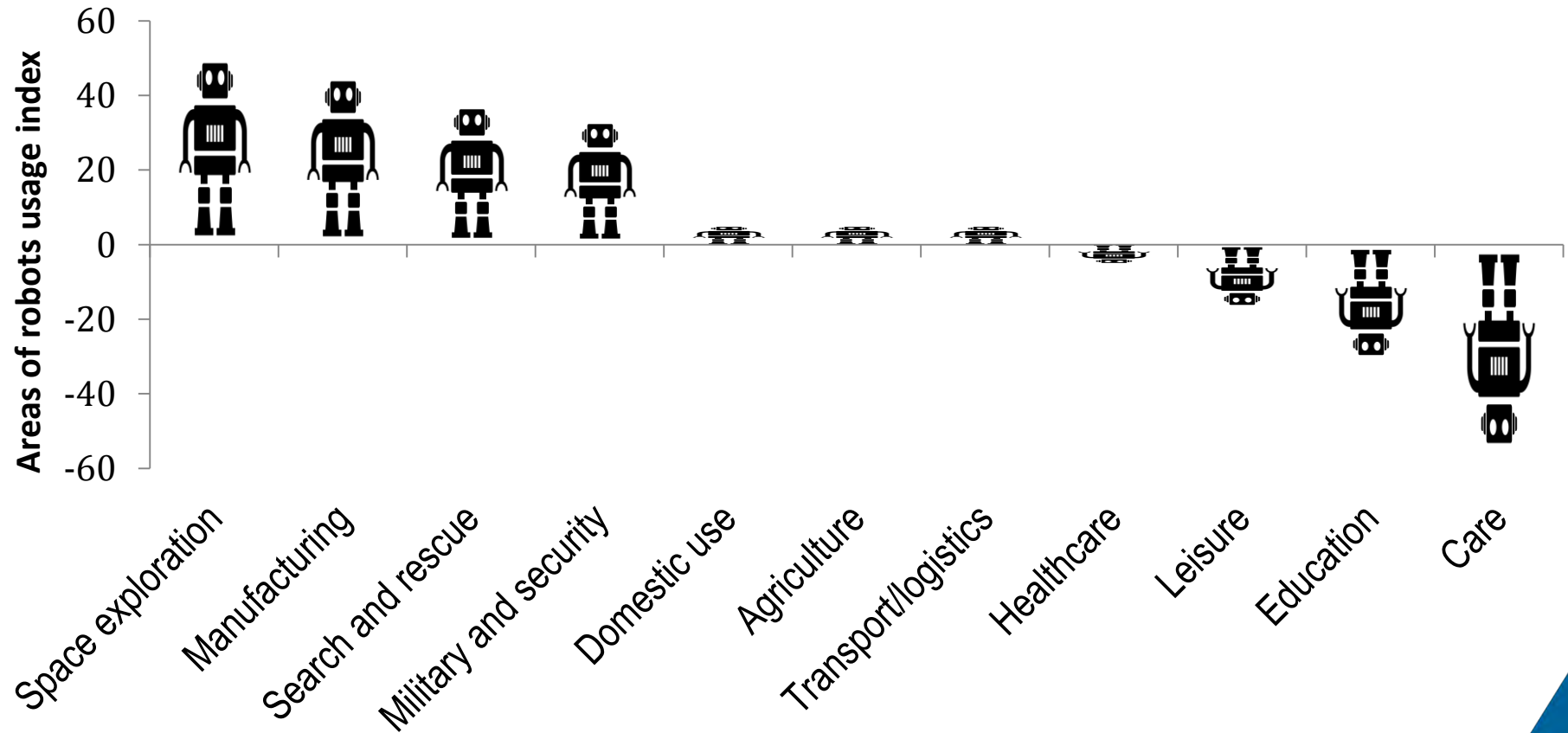




Technological progress: a force of nature or reflecting social and economic decisions?

Adoption of new technology is not inevitable:

In which areas is the application of robots most/least acceptable?

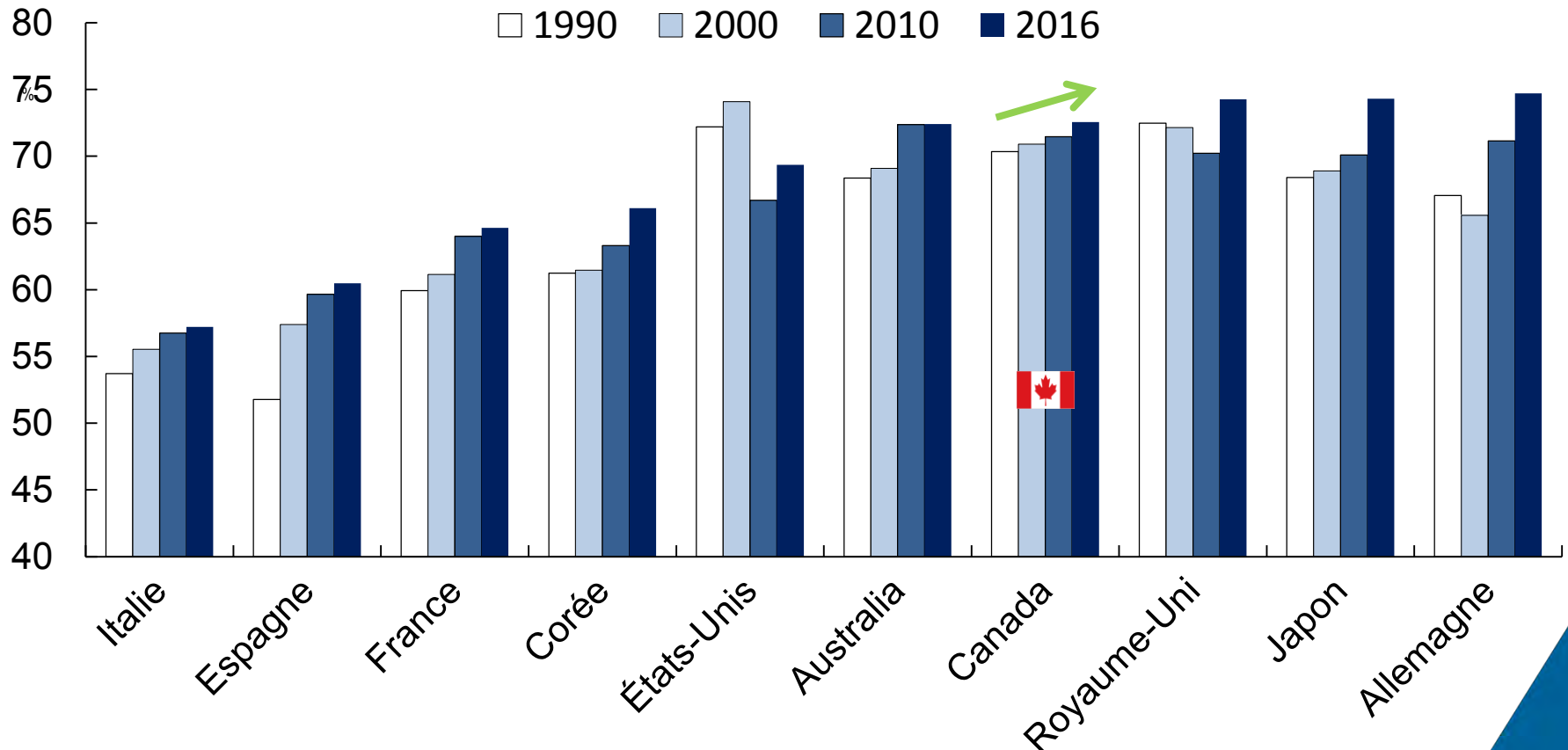




... but also long-term rise in employment

Évolution du ratio emploi-population

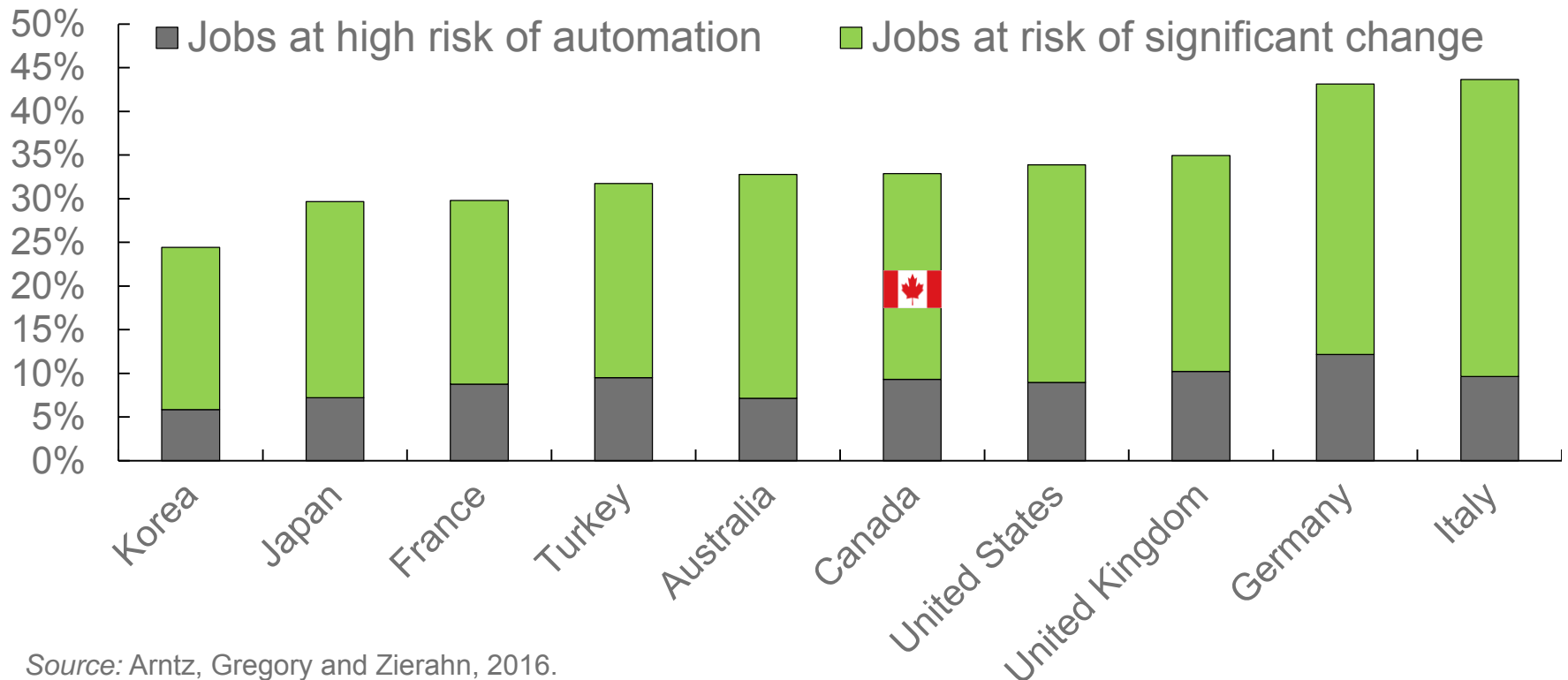
Pourcentage de la population en âge de travailler, 1990-2016





Fears about massive technological unemployment may be exaggerated

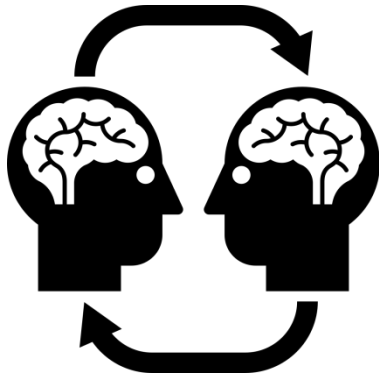
9% of jobs are at high risk of automation in G20 countries



However, many jobs will experience significant change!



What policy response?



Skills



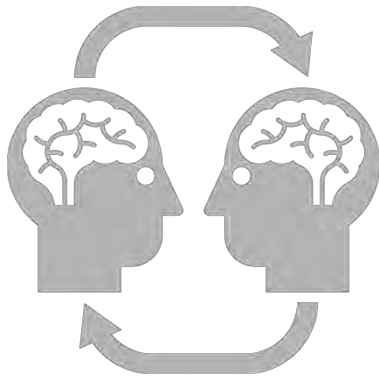
Social dialogue



**Social protection &
employment support**



What policy response?



Skills



Social dialogue



**Social protection &
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Non-standard workers are more likely to slip through the (social safety) net

Self-employed: Statutory access to social protection



Sources: EU: Spasova et al. (2017), Canada: OECD (2015), *In it together: Why less inequality benefits all*.

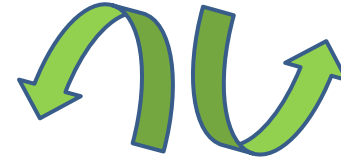


Options for improving coverage in the new labour market



Fix it?

- ✓ Reduce abuse and misclassification of workers
- ✓ Adapt access rules to changing work patterns:
 - Statutory access
 - Effective access
- ✓ Supplementary measures to limit coverage gaps



Replace it?

- ✓ A Basic Income for everyone
 - Simple, no one left behind
 - Less paternalistic, stigma
- ✓ Individual insurance / accounts
 - More individual autonomy in how they are used

Is replacing existing social assistance and insurance realistic?

- Costs
- Winners & losers



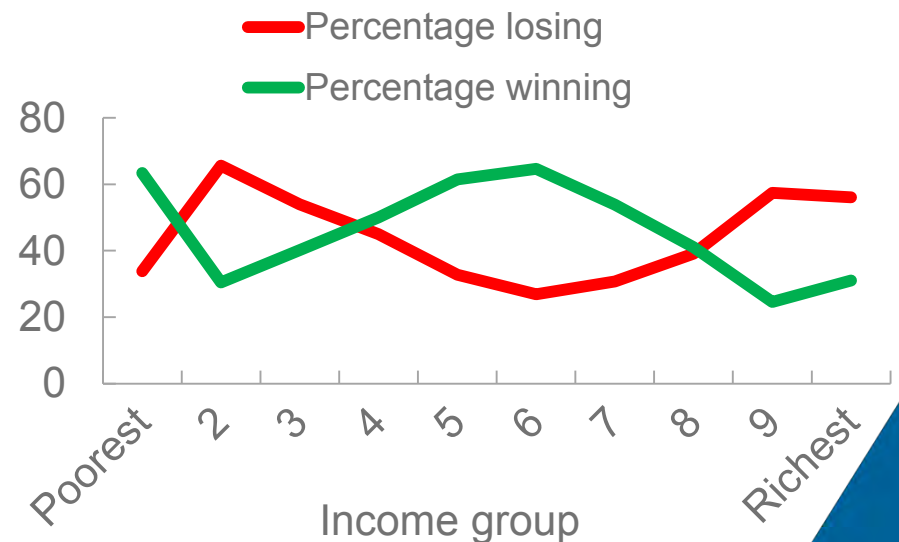
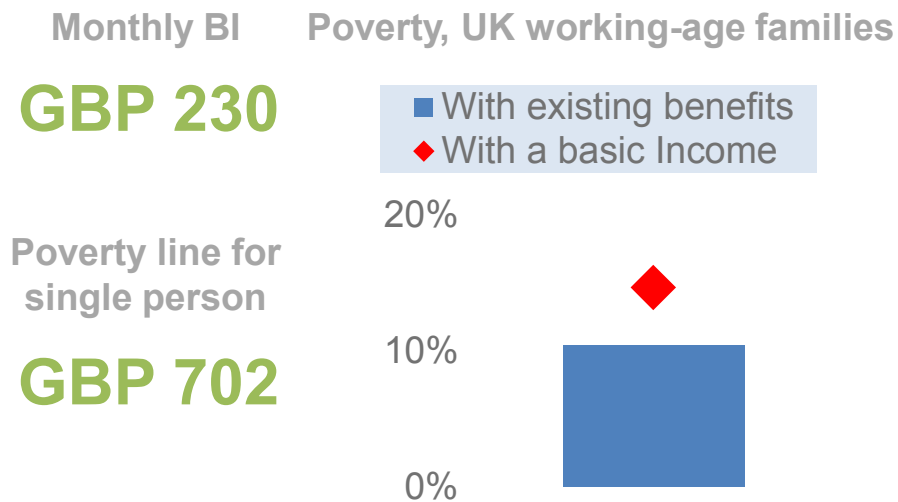
Replacing social protection as we know it?

*Some innovative pilots
of different forms of a “basic” income*



*But, a budget-neutral unconditional BI would
likely be well below the poverty line...*

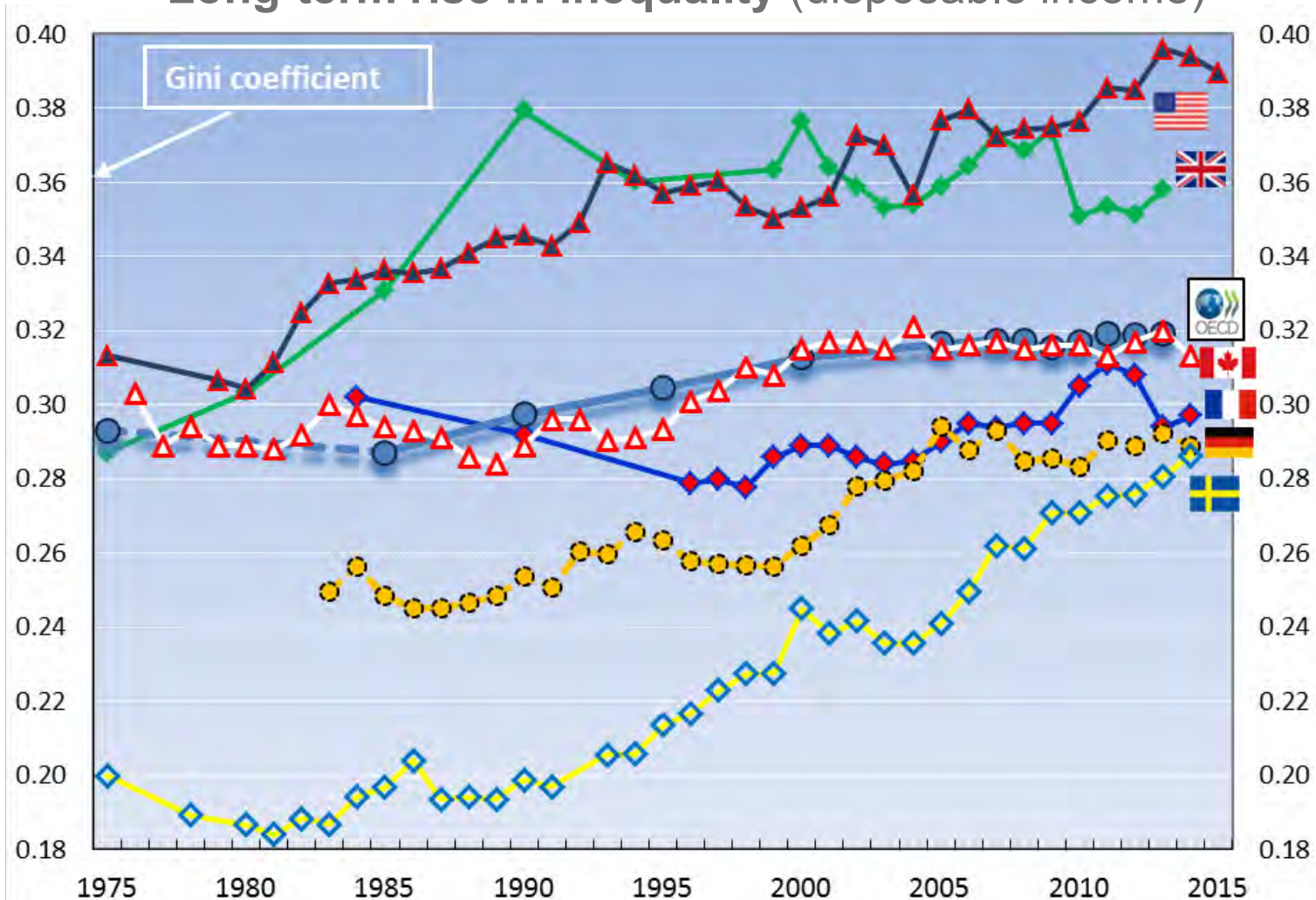
*...and there would be many
gainers and losers (here: UK)*





Future of social protection: Lessons from the past?

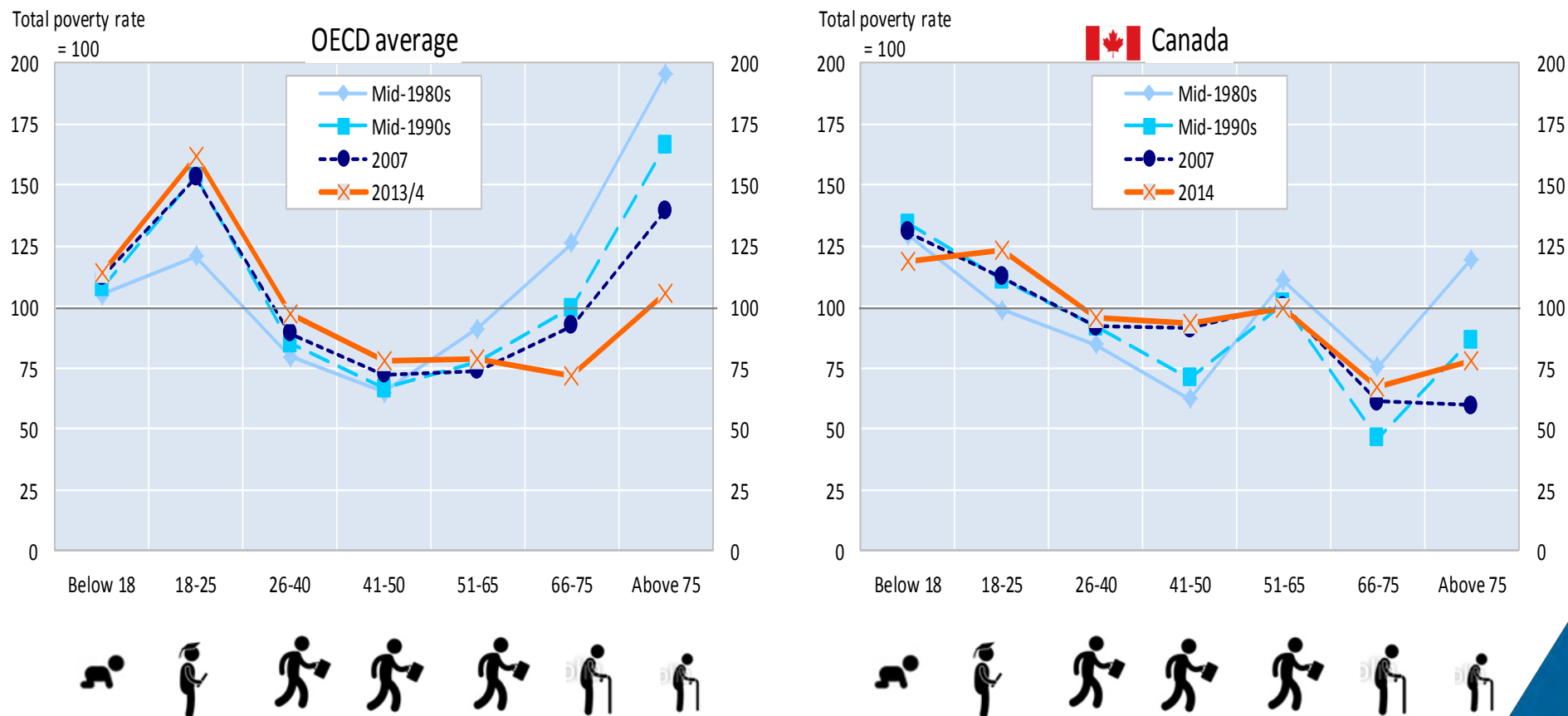
Long-term rise in inequality (disposable income)





Poverty risks tend to be greatest for children and working-age groups

Relative poverty rate of the entire population in each year = 100, mid-1980s to 2014 or latest available year



Note: OECD average: unweighted for 18 OECD countries: Canada, Denmark, Finland, France, Germany, Greece, Israel, Italy, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Sweden, Turkey, the United Kingdom, the United States.

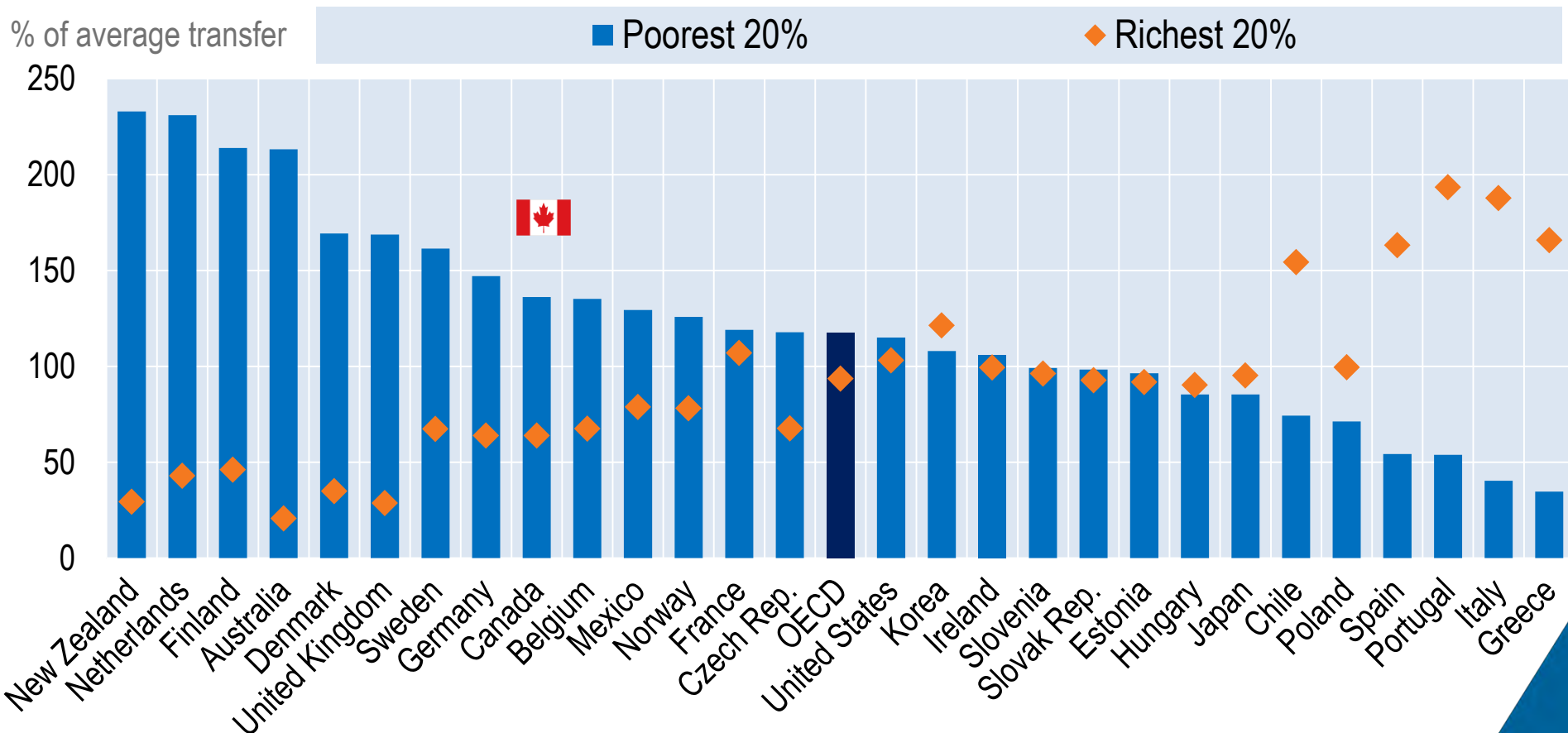
Source: OECD Income Distribution Database (via www.oecd.org/social/income-distribution-database.htm)

* Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.



Present-day challenge #1: Cash support can be patchy, weakly targeted to the poor

Transfers received by working-age individuals in low and high-income households
2013 or latest year available



Notes: Age group 18-65, 18-62 in France. Public social cash transfers at the household level, adjusted for household size.

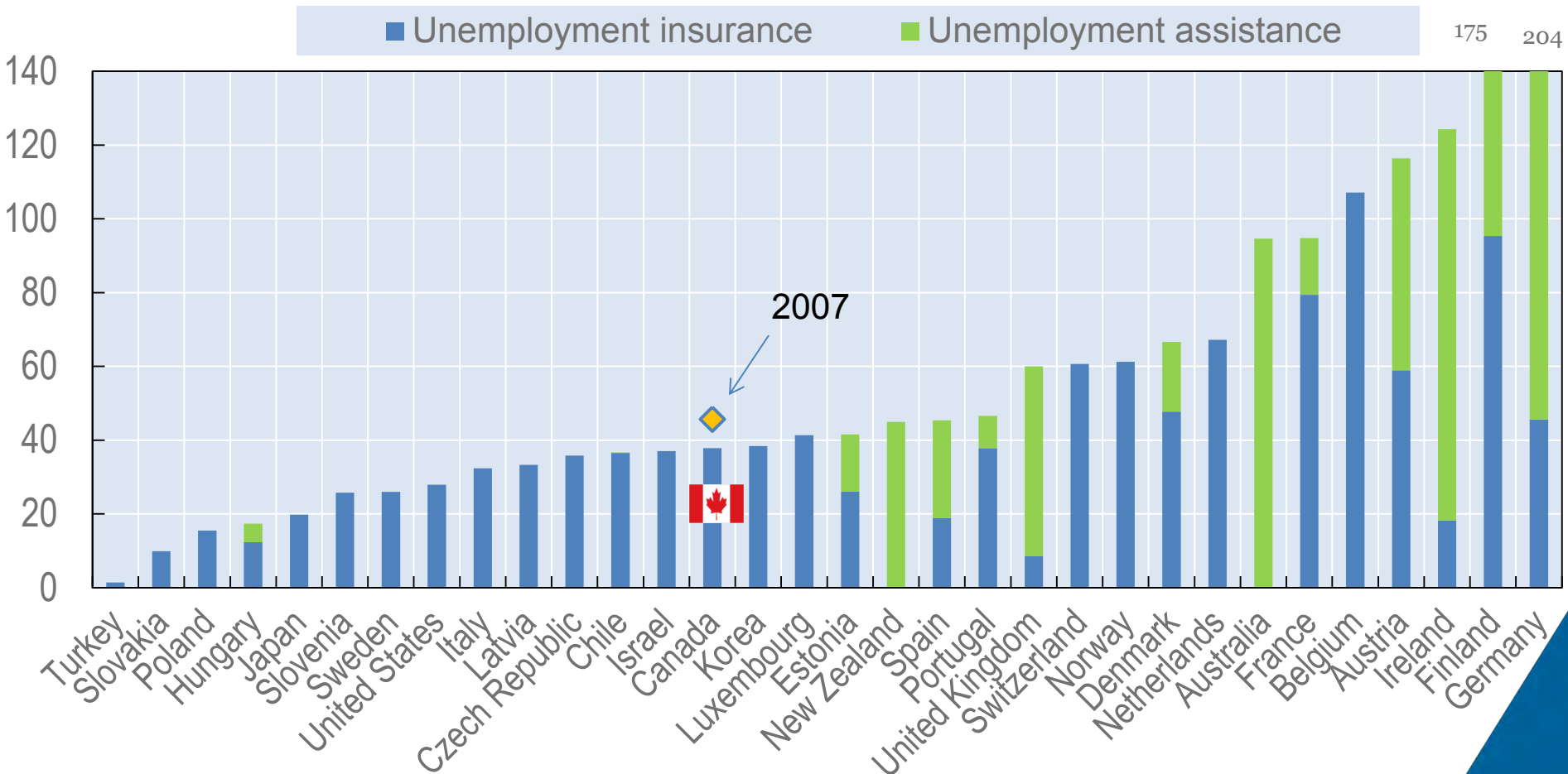
Income groups refer to disposable incomes. Additional data provided by France show that, without counting old-age and disability pensions, the bottom 20% in France receive about three times as much as the top 20%.

Source: OECD (2017), [Basic income as a policy option: Can it add up?](#), using OECD Income Distribution Database.



Present-day challenge #1: Cash support can be patchy, weakly targeted to the poor

“Pseudo” coverage rates: Benefit recipients relative to no. of unemployed
2014 or latest year available



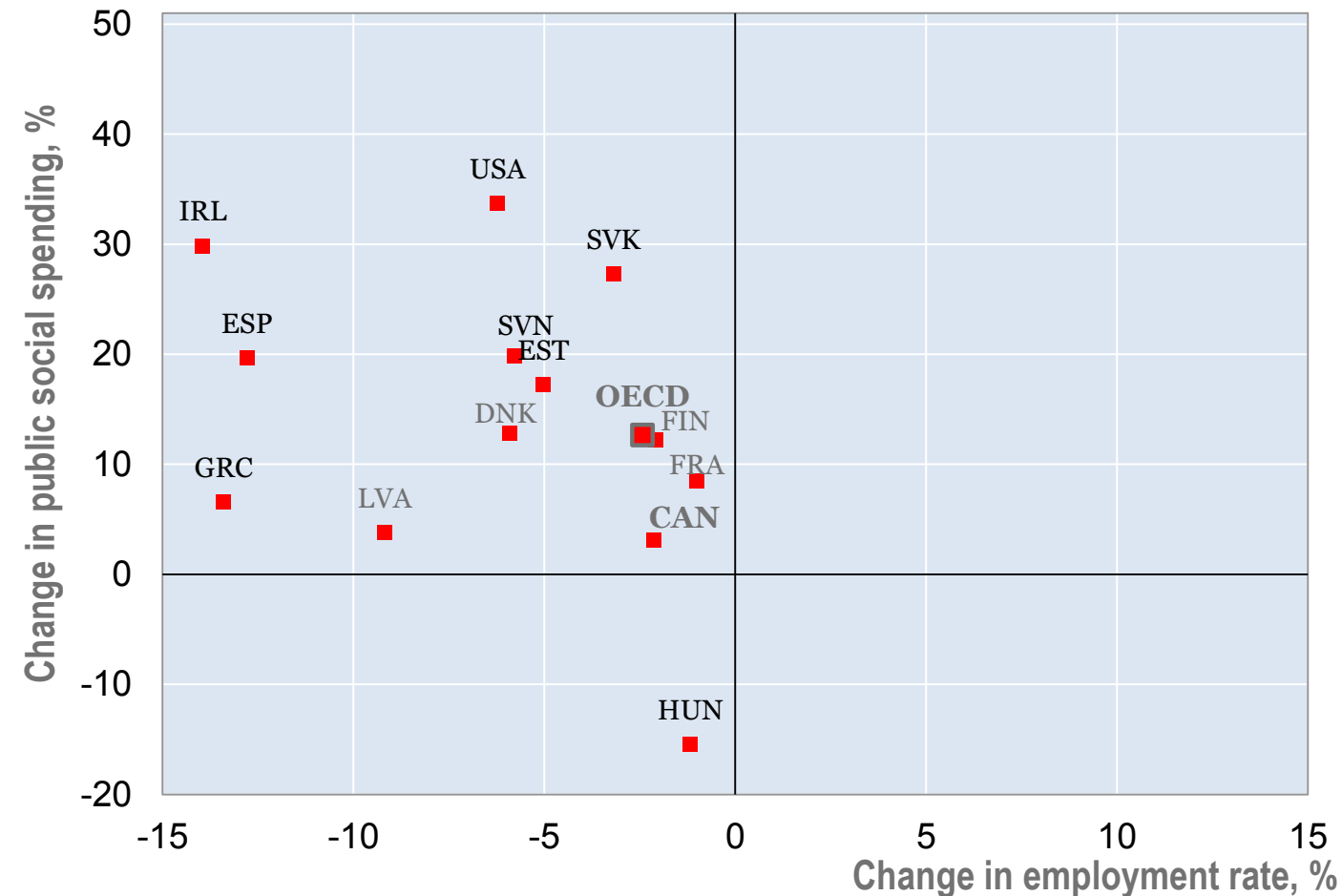


Present-day challenge #2: Crisis proofing

Large parts of SP are designed to be responsive to changing social and economic conditions...

Change in employment and “working-age” social spending: boom and recession

■ "Post-crisis" change 2007/08 to 2011/12



Public social spending excluding health, old-age and survivors pensions.

Source: OECD Reviews of Labour Market and Social Policies: Latvia 2016, dx.doi.org/10.1787/9789264250505-en using OECD Social Expenditure Database (SOCX).

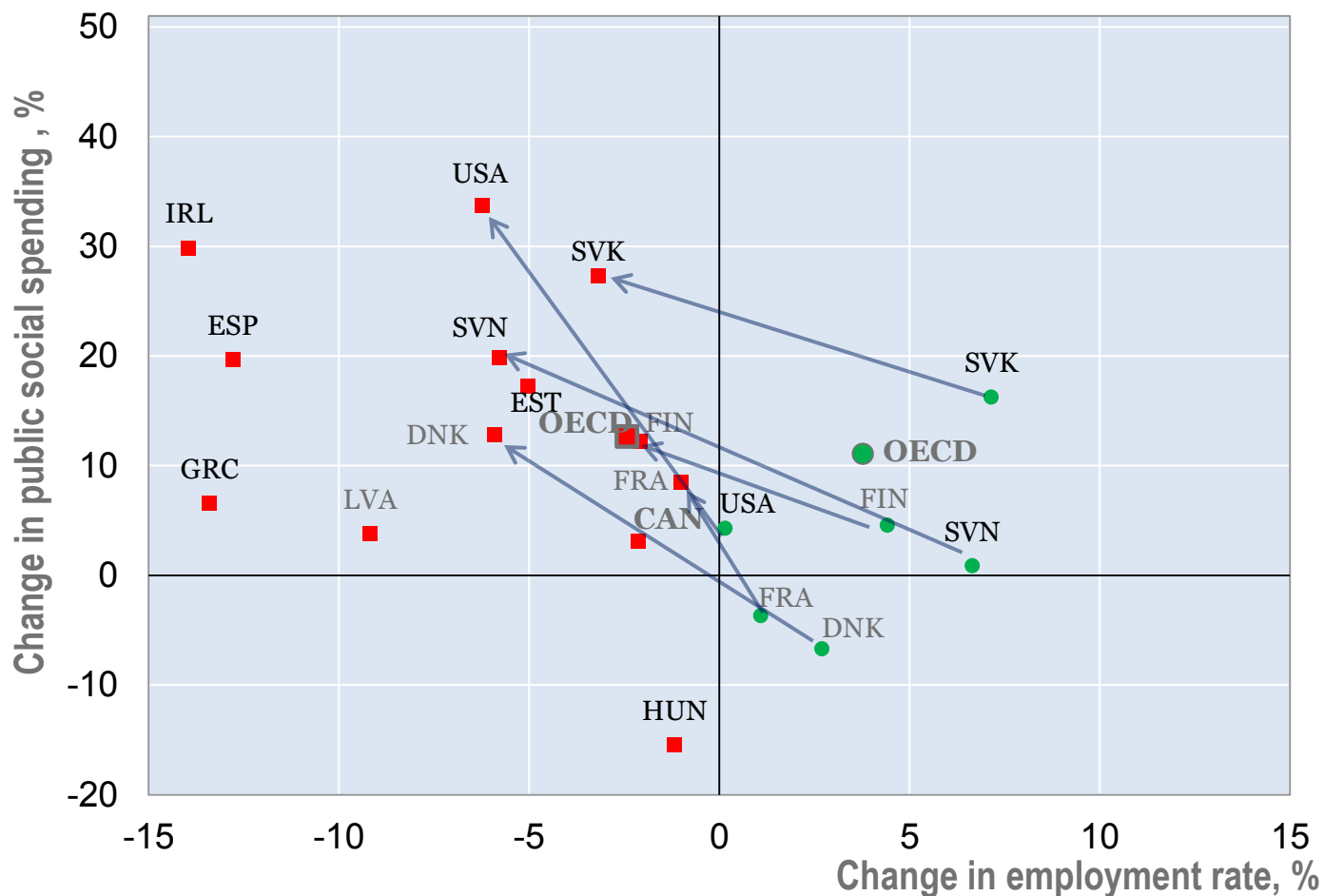


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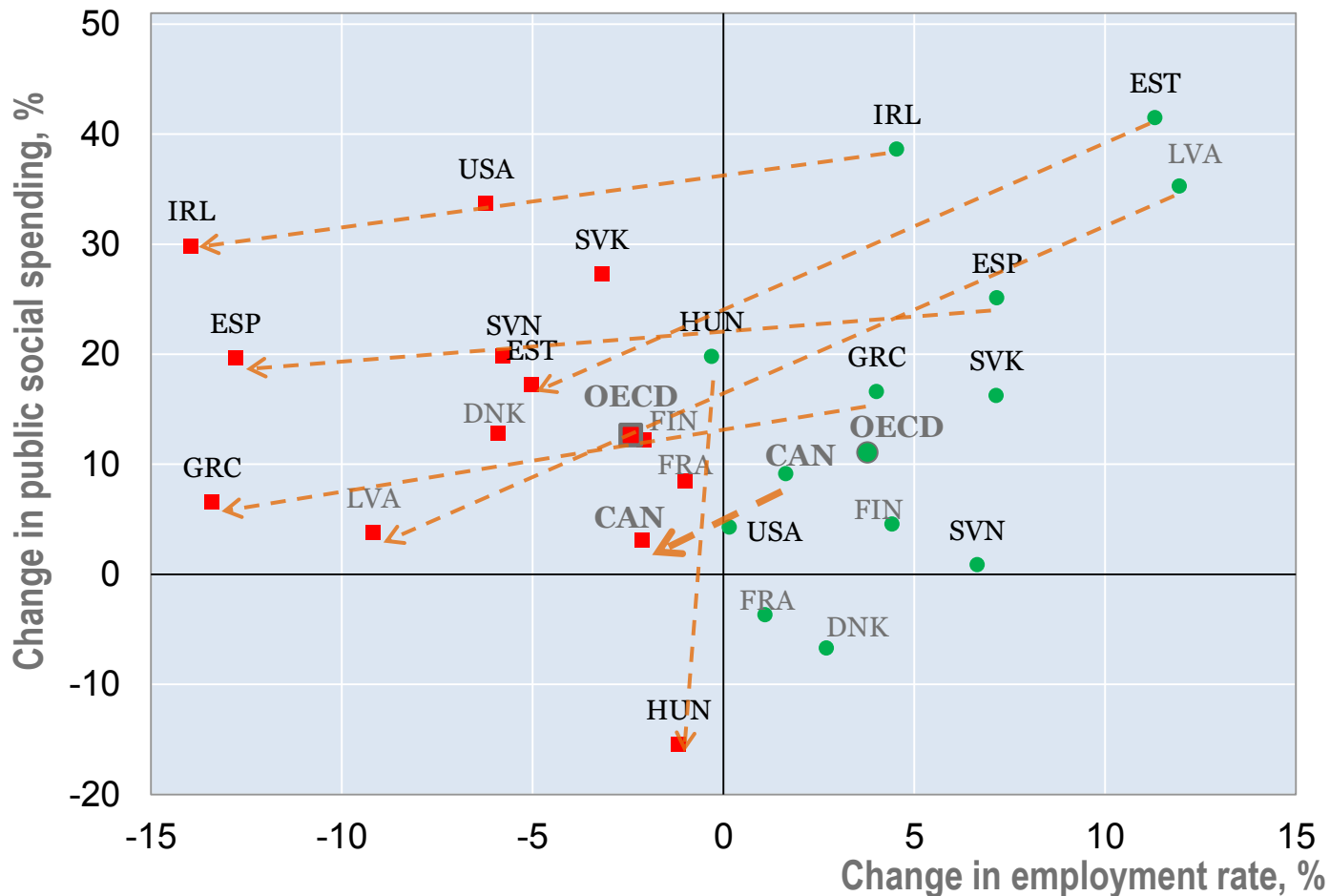


Present-day challenge #2: Crisis proofing

...yet spending is frequently *pro-cyclical* or does too little to stabilise household incomes or the economy

Change in employment and “working-age” social spending: boom and recession

■ "Post-crisis" change 2007/08 to 2011/12 ● "Pre-crisis" change 2003/04 to 2007/08



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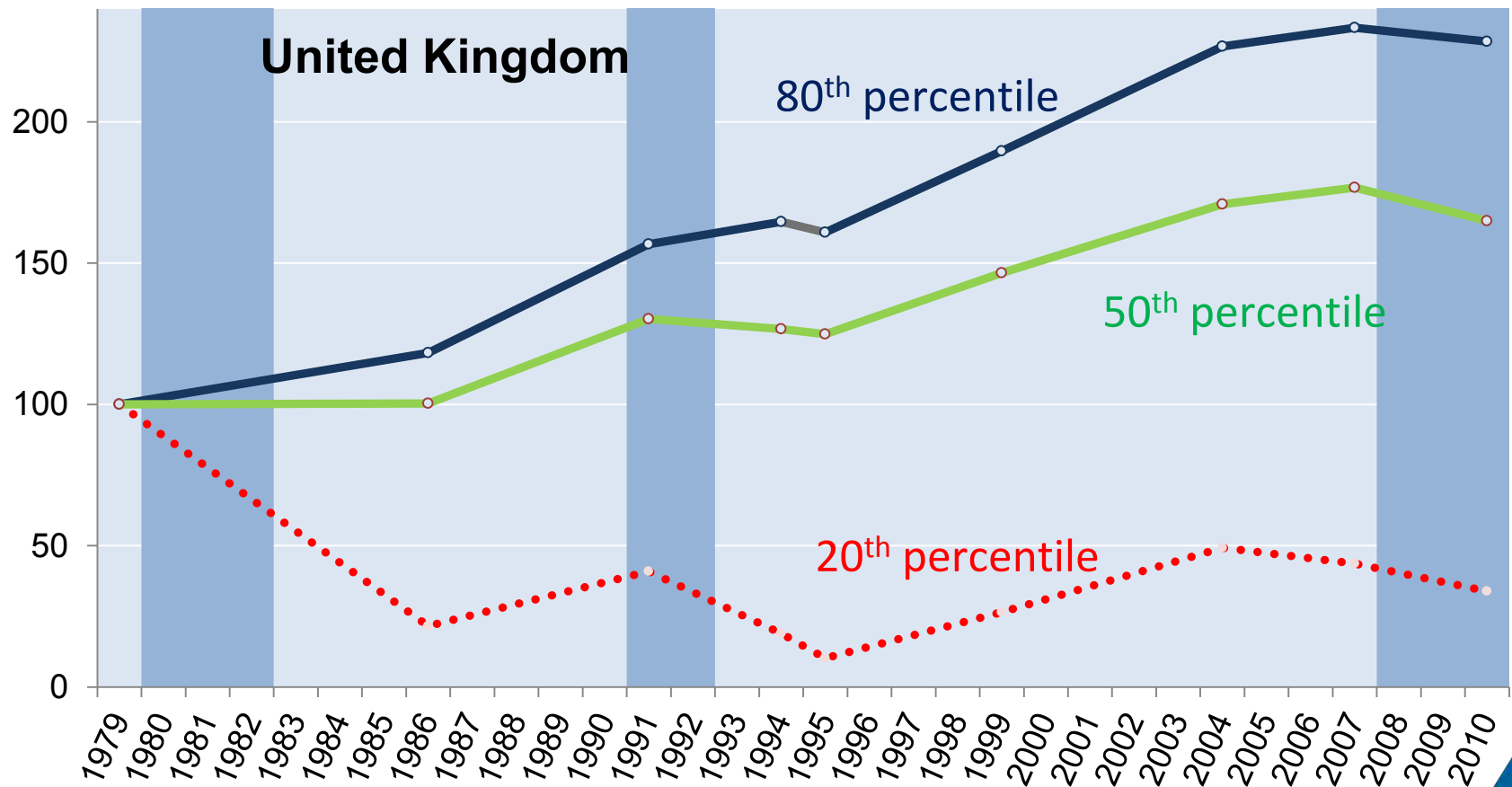
Source: OECD Reviews of Labour Market and Social Policies: Latvia 2016, dx.doi.org/10.1787/9789264250505-en using OECD Social Expenditure Database (SOCX).



Present-day challenge #2: Crisis proofing

Weak support following downturns may be one factor behind growing inequalities

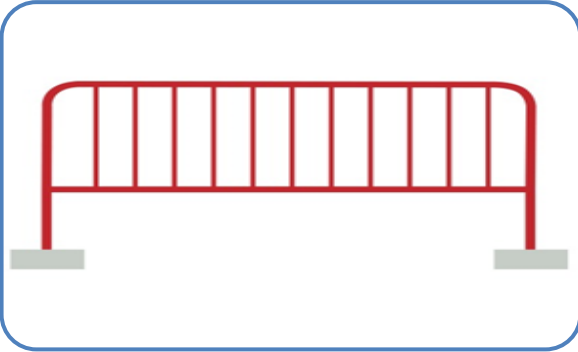
Longer-term trends at different points in the income spectrum
Market incomes, working-age households, constant prices, 1979=100





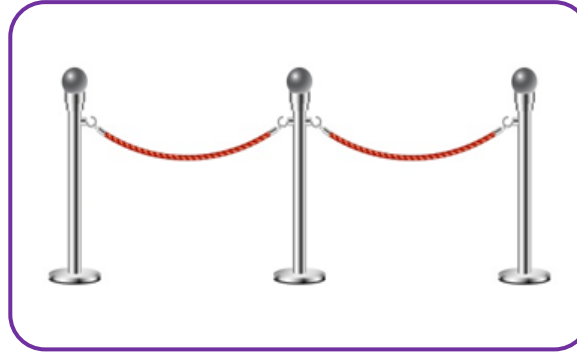
Present-day challenge #3: **Employment support.** Tailor measures to individual barriers

A typology of employment barriers



Work-related capabilities

- Education / skills;
- Work experience
- Health problems
- Care responsibilities



Incentives

- Earnings replacements: out-of-work benefits
- Tax burdens on in-work earnings
- Non-labour incomes
- Incomes of other household members



Opportunities

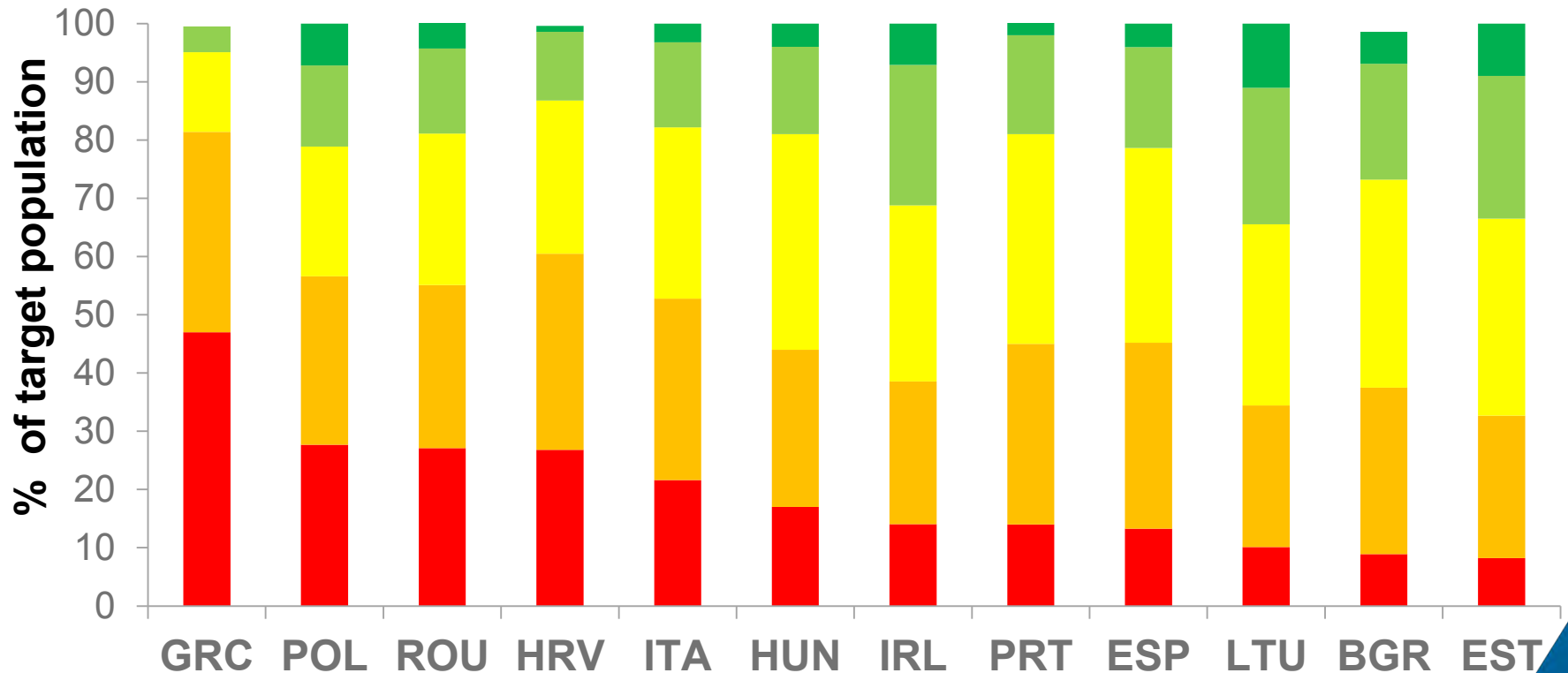
- Cyclical labour-market weakness
- Limited hiring in relevant labour-market segment (eg, region, education)



Present-day challenge #3: **Employment support.** Coordinate support within and across institutions

Most jobless people face several simultaneous employment barriers

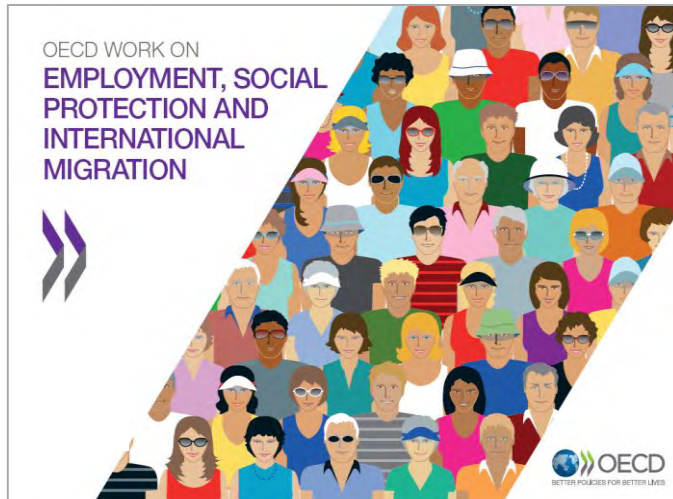
■ 4 or more barriers ■ 3 barriers ■ 2 barriers ■ single barrier ■ No major barrier





Thank you

Contact: Herwig.Immervoll@oecd.org



More about employment, labour and social affairs at OECD:

www.oecd.org/els/newsletter

www.oecd.org/employment/future-of-work.htm

www.oecd.org/social/faces-of-joblessness.htm

www.oecd.org/social/benefits-and-wages.htm

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Additional material





What policy response?



Skills



Social dialogue



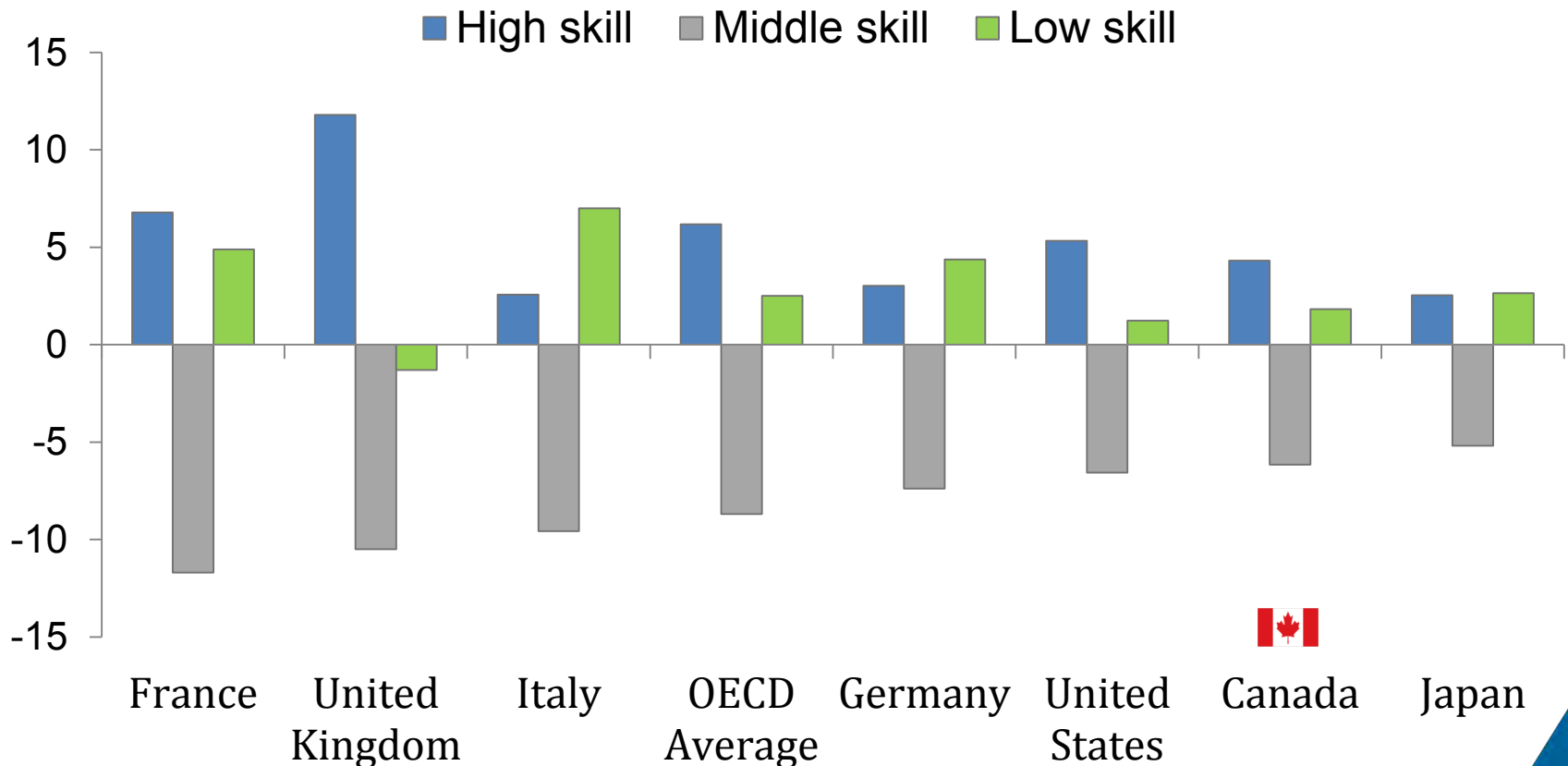
**Social protection &
employment support**



In most advanced countries, the occupational structure is “polarising”

Labour market polarisation, selected OECD countries, 1995 to 2015

Percentage point change in share of total employment

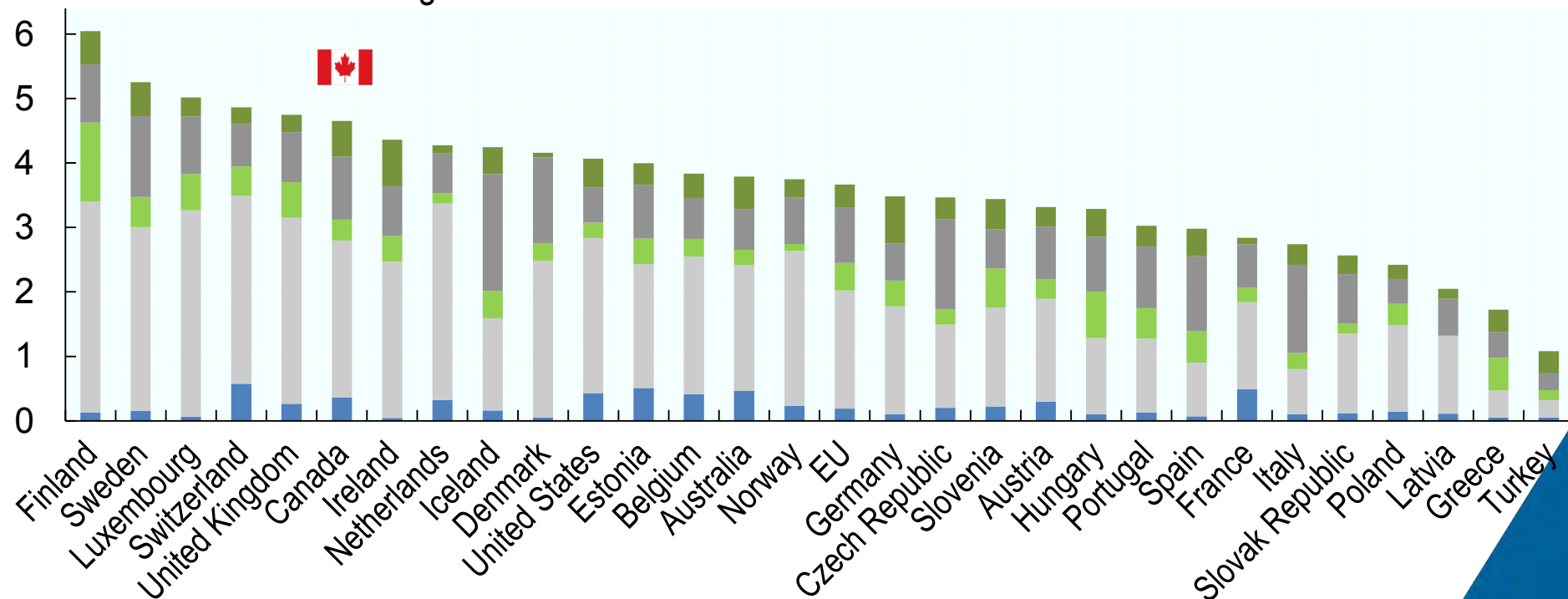




ICT experts continue to account for relatively small shares of the workforce

ICT specialists in OECD economist, share of total employment

- Electronics and telecom installers and repairers
- Electrotechnology engineers
- ICT service managers
- ICT technicians
- ICT professionals

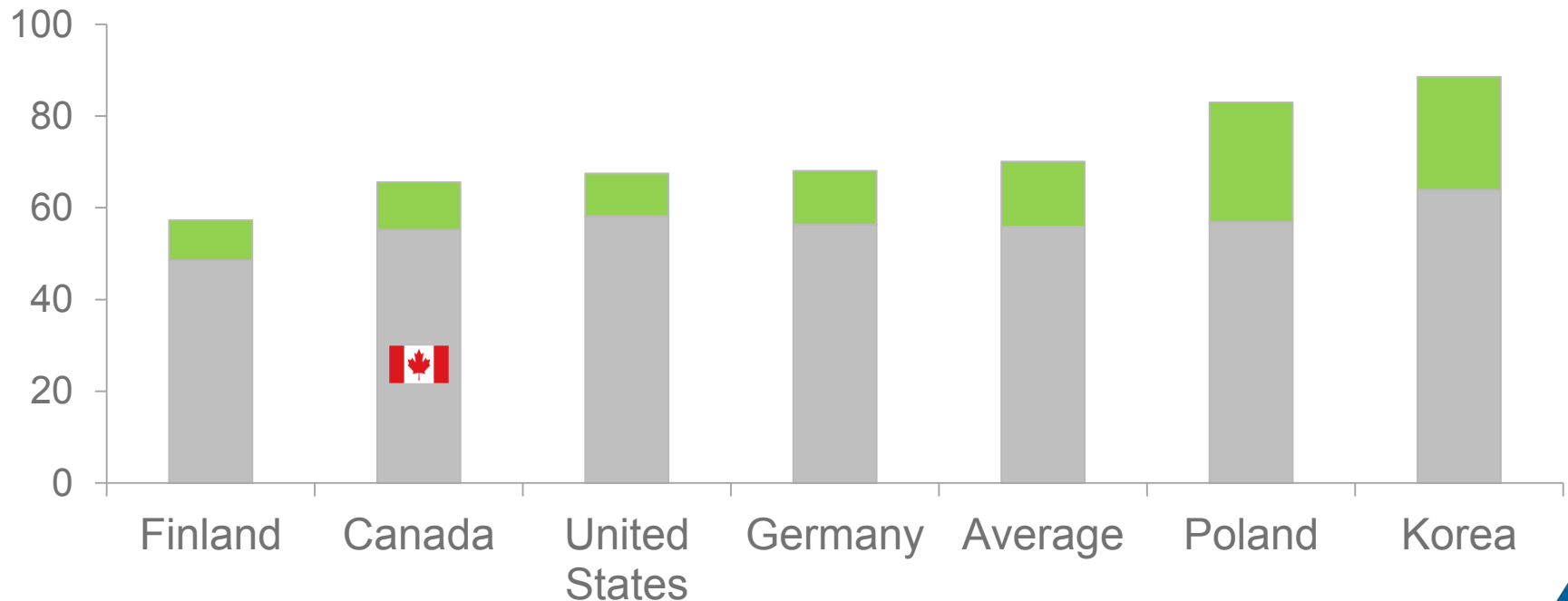




Many workers do not have the right skills for the new jobs

Problem-solving skills in Technology-Rich Environments *Percentage of the working-age population (aged 15/16-64)*

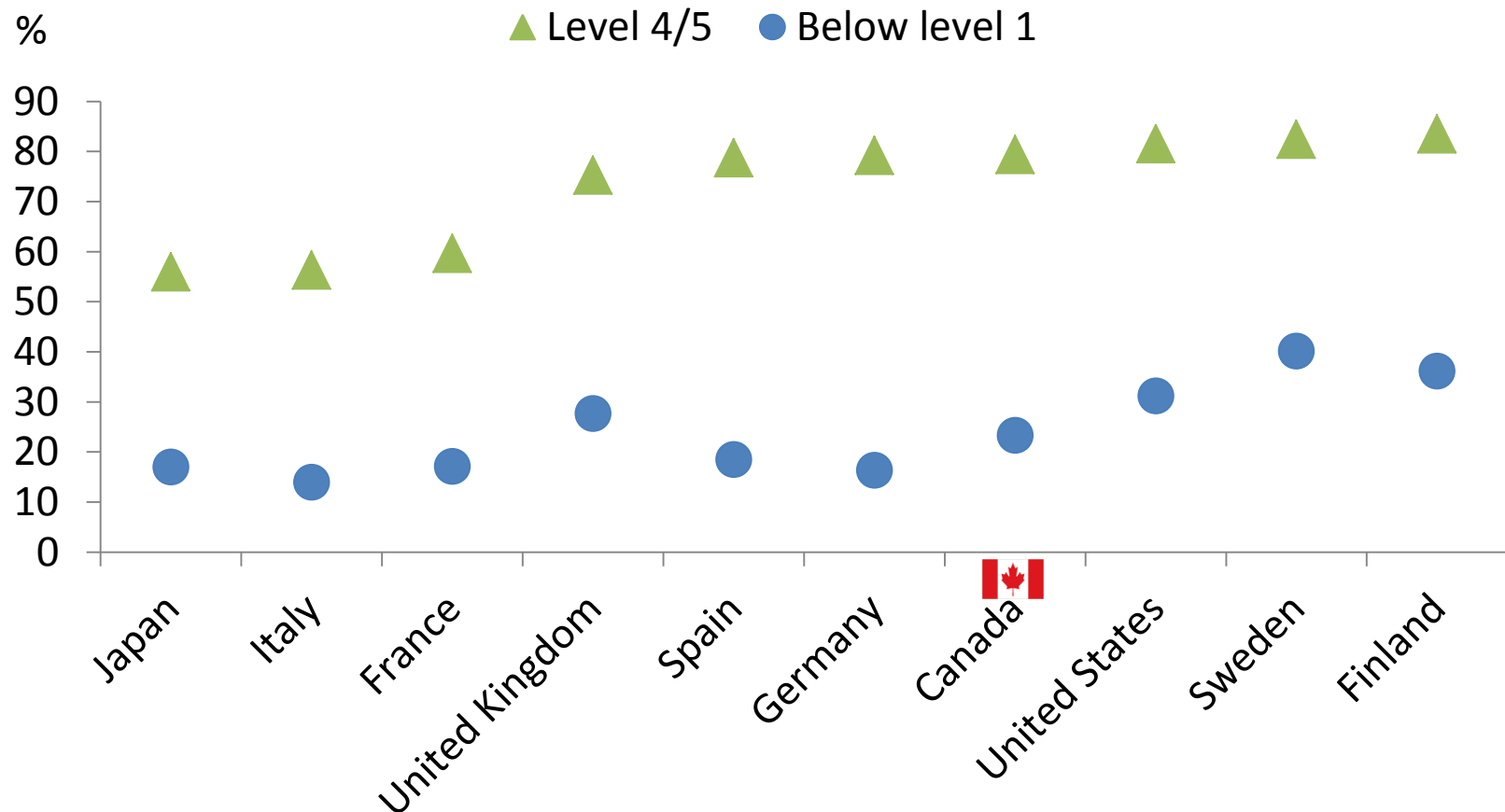
- Failed ICT core or had no computer experience
- Lacks basic skills to fulfill simple tasks (Level 1 or below)





The least skilled benefit less from training

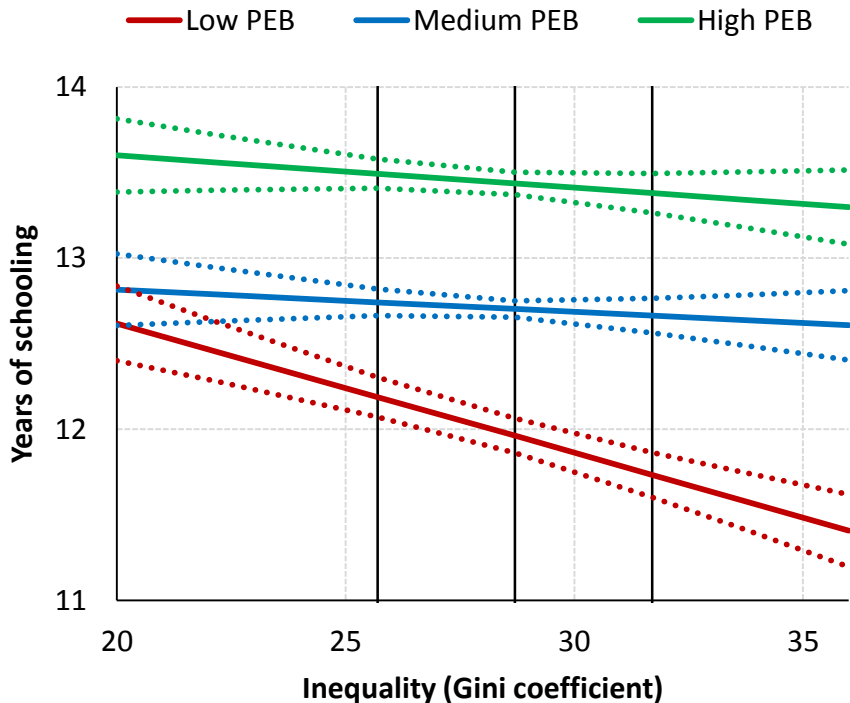
Percentage of adults who participated in adult education and training during year prior to the survey, by level of literacy proficiency



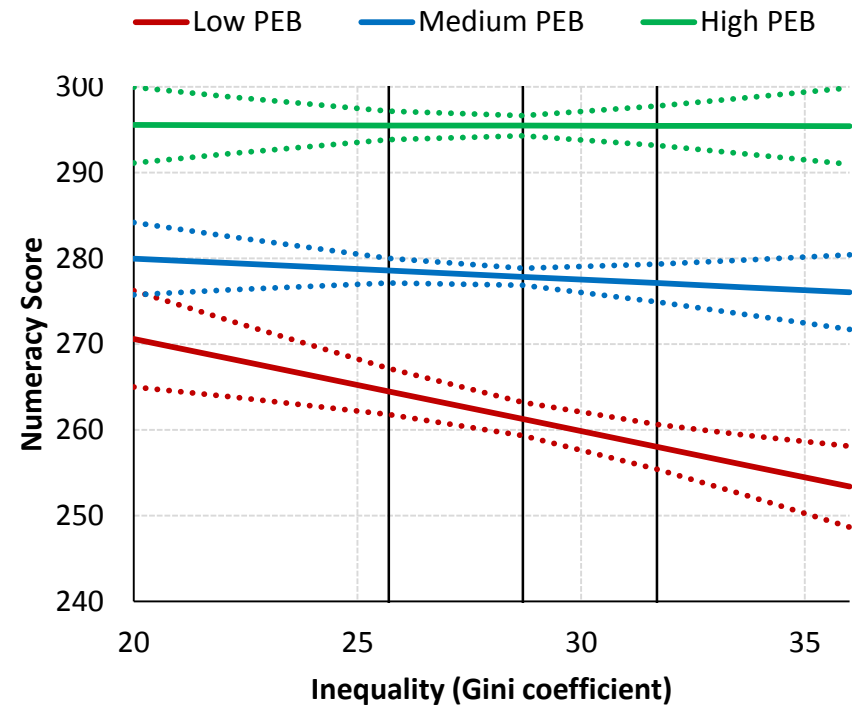


High inequality hinders skills investment by the lower middle class

Average years of schooling
by parental educational background (PEB) and
inequality



Average PIAAC numeracy score
by parental educational background (PEB) and
inequality

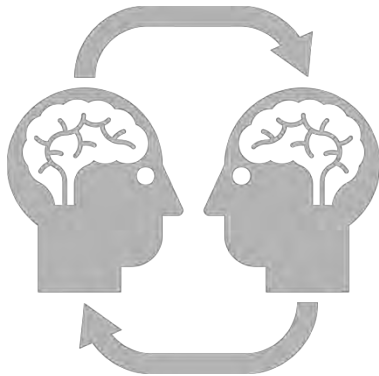


Source: OECD (2015),
"In It Together"

Note: Low PEB: neither parent has attained upper secondary education; Medium PEB: at least one parent has attained secondary and post-secondary, non-tertiary education; High PEB: at least one parent has attained tertiary education. The bars indicate 95% confidence intervals.



What policy response?



Skills



Social dialogue



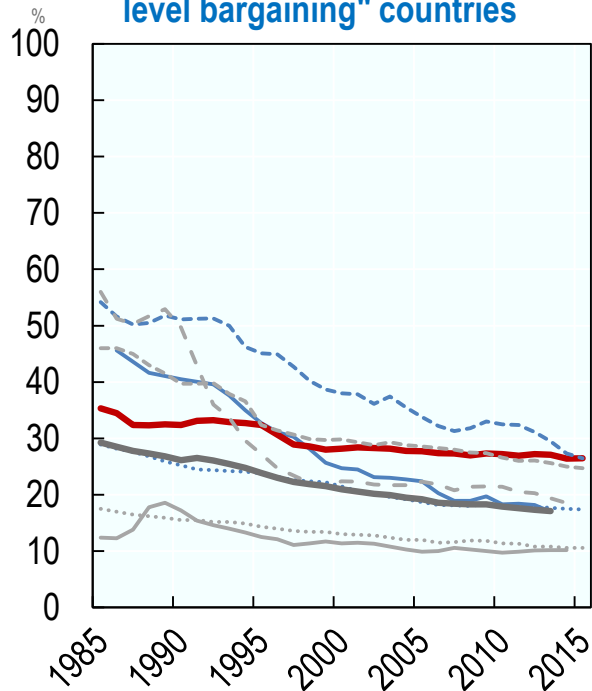
**Social protection &
employment support**



Giving a voice to workers?

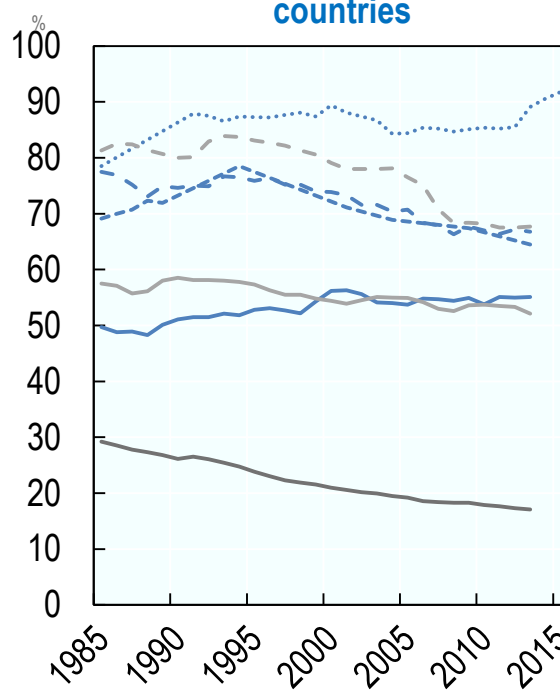
Trends in union density, % of employees, 1985-2015

A. English-speaking and "firm-level bargaining" countries



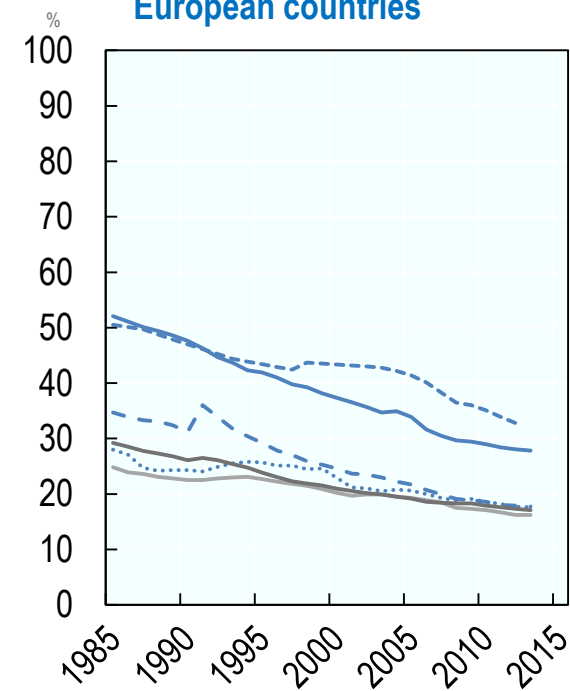
— Australia — Canada
 - - Ireland Japan
 — Korea - - - New Zealand
 - - - United Kingdom United States
 — OECD

B. Nordic and "Ghent system" countries



— Belgium - - - Denmark
 - - - Finland Iceland
 — Norway - - - Sweden
 — OECD

C. Northern and central European countries

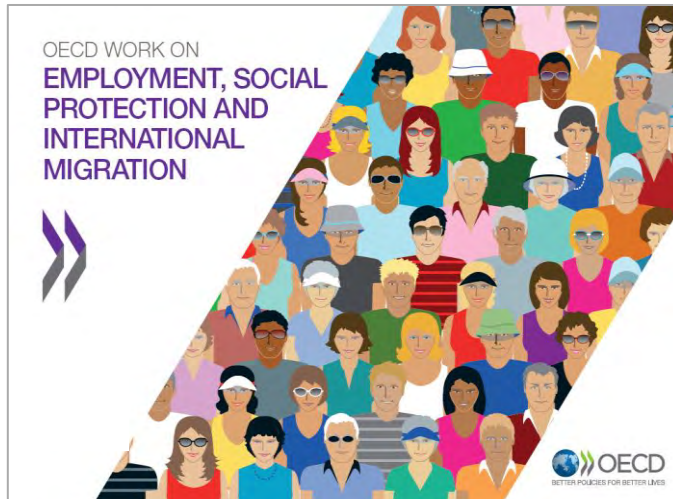


— Austria - - - Germany
 - - - Luxembourg Netherlands
 — Switzerland — OECD



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