

# For a Future of Work with Dignity: A Critique of the World Bank Development Report, *The Changing Nature of Work*<sup>1</sup>

*Mark Anner, Pennsylvania State University, United States*  
*Nicolas Pons-Vignon, University of the Witwatersrand, South Africa*  
*Uma Rani, International Labour Organization, Geneva*

## ABSTRACT

Technological change has brought about rapid changes in the world of work over the past decade. The World Bank's *World Development Report 2019: The Changing Nature of Work* is a welcome contribution as it discusses the transformations that are taking place and tries to advise governments on how best to adapt to them. The report also brings out the concern related to the growing risks associated with tax evasion by large corporations that control the market power and have an ever-greater share of economic activity. However, the report is flawed in many ways as it portrays these changes in the nature of work as essentially benign, requiring "adaptation" and skills acquisition by workers facilitated by the provision of skills and "universal" social coverage by governments, with the latter understood as a prelude to labour-market deregulation. Such a narrow perspective ignores the growing body of research that points to very serious risks and challenges faced by workers in ensuring decent working conditions due to technological changes. This article provides a critique of the World Bank report by focusing on five areas related to technology and the future of work that are fundamental for ensuring minimum standards for workers and to ensure social cohesion: inequality, jobs, labour regulations, trade unions and social protection.

## KEYWORDS

future of work; technology; inequality; jobs; labour regulation; trade unions; social protection

## Introduction

As the International Labour Organization (ILO) enters into its hundredth year, a considerable amount of attention is being placed on what the coming decades might look like for workers in the global economy. Most observers seem to agree that technological advances will play an important role in this future, but there remains an important debate regarding how technology will impact work. The World Bank (2018b) made a notable contribution to this discussion when it released *World Development Report 2019: The Changing Nature of Work* (hereafter the Report or WDR). Opposing doom-and-gloom claims that jobs are about to be destroyed on a large scale, the Report

---

<sup>1</sup> Authors' name are listed in alphabetical order. The authors would like to thank two anonymous referees for their useful comments on the article, as well as colleagues from the Global Labour University who commented on an earlier draft. All errors of course remain our own. The views expressed in this article are those of the authors and not of the organisations they represent.

presents a notably optimistic view of the future, emphasising how fears about automation and digitalisation are unfounded and that technology will bring new opportunities to society by helping to create jobs, increase productivity and deliver effective public services. The key for such positive outcomes to materialise, according to the WDR, lies in *adapting* to the changes brought about by technological change, in particular through investment in education (for workers) and a transformation of social policy that would see governments provide “universal” coverage in order to relieve corporations from the burden of financing social protection.

This article presents a different interpretation of the potential impact of technology on work, one that is considerably more nuanced and leads to recommendations that go beyond adaptation, stressing instead the need to influence, and probably challenge, the direction of technological change. It is argued here that which technology is used, how it is used and to what end (e.g., its distributional consequences) are shaped by power relations in society. When workers are organised and given a voice in processes of work transformation, and when governments actively support that process of worker engagement, then technology has the potential to play a positive role in the future of work. In contrast, when worker organisation and participation are curtailed, and when employers prioritise (and the state facilitates) short-term economic gains over long-term, sustainable growth, then it can be anticipated that technology can exacerbate inequality, adversely affect the terms and conditions of employment, and have deleterious impacts on social protection. Indeed, this is what we have seen in many countries over the past several decades.

In the sections that follow, the article develops this argument by exploring five aspects covered by the Report: inequality, jobs, labour regulations, trade unions and social protection. The final section concludes by proposing alternative recommendations to achieve a future of work with dignity.

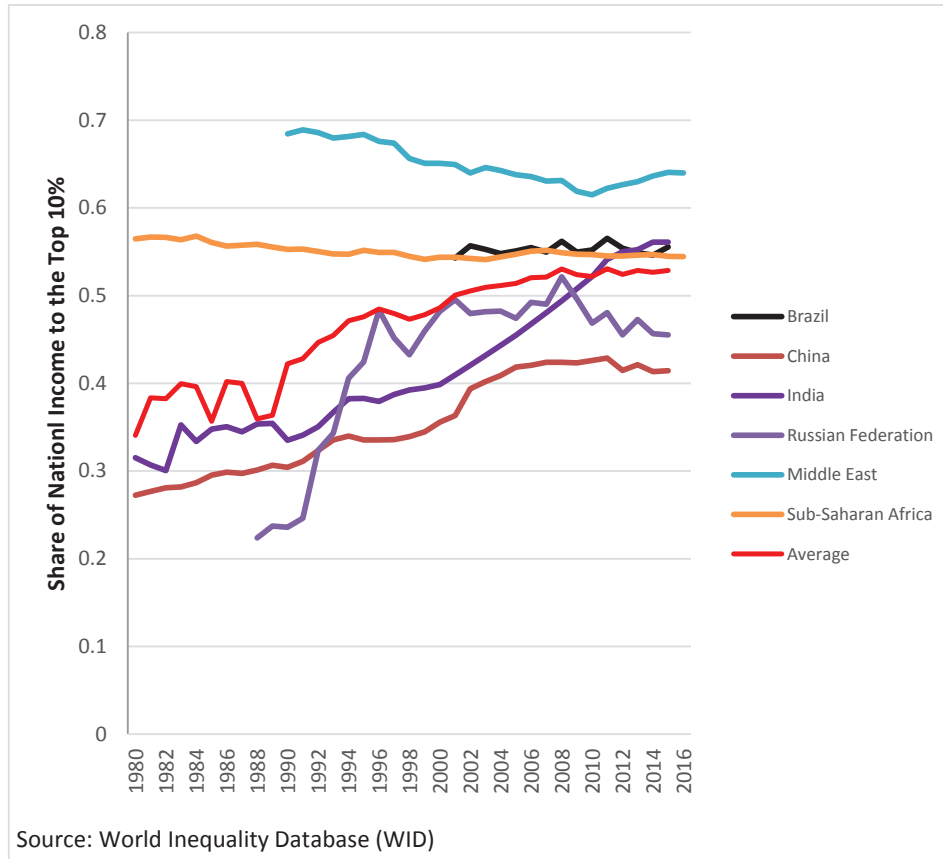
## Technology and Inequality

Perhaps no question is of greater urgency when analysing technology and work than who will gain and who might potentially lose. That is, what are the potential distributional consequences of new work-related technologies? The World Bank (2018b: 9) takes the optimistic view that innovation has transformed living standards and, as a result, “inequality in most emerging economies has declined or remained unchanged over the last decade”. This finding is based on an approach to inequality through the within-country lens of the Gini coefficient, which draws on household surveys. However, if one were to draw on tax data, then one would observe a sharp increase in functional income distribution between capital and labour in the last forty years, with a dramatic enrichment at the very top related to increased revenue derived from capital (Piketty, 2014).

More recently, and in direct contrast to the World Bank’s statement above, Piketty and his collaborators, through their World Inequality Database,<sup>2</sup> find that “in recent decades, income inequality has increased in nearly all countries, but at different speeds, *suggesting that institutions and policies matter in shaping inequality*” (Alvaredo et al., 2018: 5, emphasis ours). In terms of emerging economies, they find that since 1980 income inequality has increased rapidly in China, India and Russia. In the Middle East, sub-Saharan Africa and Brazil, “income inequality has remained relatively stable, at *extremely high levels*” (Alvaredo et al., 2018: 5, emphasis ours). Their data on income inequality in emerging economies (such as China, India and Russia) shows that the income share of the top 10 per cent has risen sharply over the past three decades (see Figure 1).

---

<sup>2</sup> See World Inequality Database at <<https://wid.world>>.



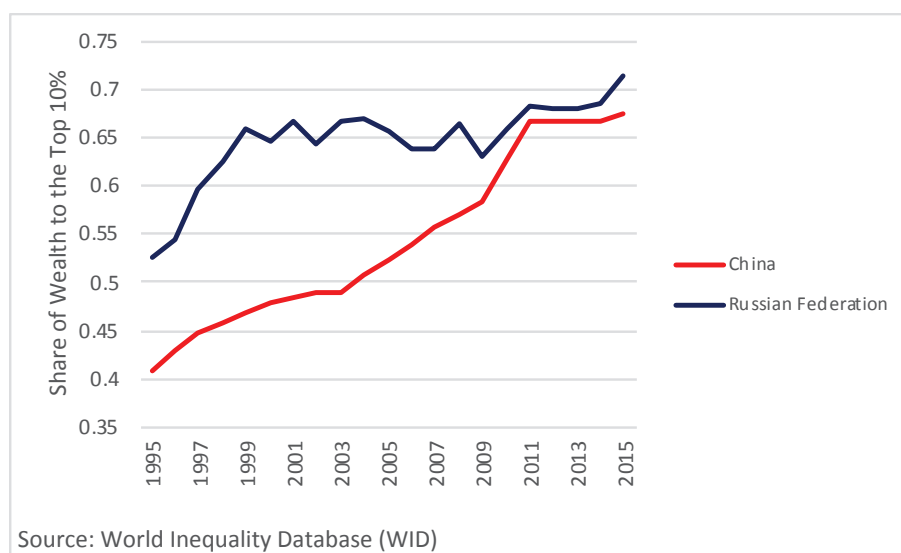
**Figure 1: Income inequality in emerging market economies**

In the case of Brazil (prior to the recent change in government), the stabilising of inequality was the result of government policies and institutions. Notably, the Lula government implemented an aggressive programme of transfers to the poorest segments of society, while supporting the process of labour formalisation, raising the minimum wage on a regular basis; in a context where trade unions remain among the strongest in the region, they were increasingly able to negotiate wage increases above the inflation rate (Anner and Veiga, 2013; Beccaria, Maurizio and Vazquez, 2014; Maurizio, 2014). During this same period, the government significantly enhanced the labour inspection system through considerable investments which resulted in increased number of workplaces being inspected for labour rights violations (Gindling, Mossaad and Trejos, 2013; Rani, Belser, Oelz and Ranjbar, 2013). That is, it was not neo-liberal reforms that stabilised inequality, but rather the policies of a labour-party government and the actions of strong trade unions.

The Report highlights declining inequality in Russia. It states, “In the Russian Federation ... between 2008 and 2015, the share of income of the top 10 percent of the population (based on pretax income) fell from 52 to 46 percent” (World Bank, 2018b: 9). The reason for this change, the World Bank argues, is rising employment in small firms. Yet, there are two concerns with this finding and argument. First, instead of reviewing data from the last decade, the World Bank picked as its starting point inequality in 2008, the year in which inequality *peaked* in Russia. If the World Bank had used its original timeframe to measure changes in inequality of the “last decade” and chosen 2005 to 2015, then the data indicate a starting point of 47 per cent and an end point of 46

per cent, hardly a dramatic drop. More important, this 1 per centage point decline takes place after inequality *doubled* in Russia from 1990. Moreover, the recent decline in inequality takes place in the context of economic crisis. From 2008 to 2009, inequality dropped in Russia from 52.1 per cent to 49.6 per cent. During that same period, GDP growth went from 5.2 per cent to  $-7.8$  per cent.<sup>3</sup> As Piketty (2014) has shown, inequality tends to go down during periods of economic decline because the rich lose more relative to the poor during crises. If we look at India, whose economy *grew* by 8.5 per cent in 2009 and has continued to grow by over 5 per cent every year since, the share of national income going to the top 10 per cent increased from 45.5 per cent in 2005 to 56.1 per cent in 2015.

The change in wealth inequality is more significant and socially more important than that of income inequality, because the better-off in society rely less on income from a paycheck and more on other sources of wealth, including inherited wealth and returns on financial investments. Unfortunately, the World Inequality Database project has not yet been able to gather data on wealth inequality for most emerging and developing countries. However, the two countries for which wealth inequality data do exist are Russia and China. What the data show is a steady rise in wealth inequality in China, and this is during a period of rapid economic growth and technological development. In 1995 the top 10 per cent of the population held 40.8 per cent of the wealth, whereas in 2015 they held 67.4 per cent of the wealth. In Russia, there are fluctuations, with the overall trend toward an increase in wealth inequality. Most notably, we see a significant increase in wealth inequality over the past decade, with the top 10 per cent holding 65.7 per cent of the wealth in 2005 and 71.3 per cent in 2015 [see Figure 2]. Despite the existence of these data on wealth inequality in the Russian Federation, the World Bank fails to mention them in its Report.



**Figure 2: Wealth inequality in China and Russia**

Recent research from Oxfam International (2018) confirms this trend, showing that the richest 1 per cent control 82 per cent of global wealth. Moreover, a declining Gini index has in some cases

<sup>3</sup> See: World Development Indicators, <<https://datacatalog.worldbank.org/dataset/world-development-indicators>>.

co-existed with rising income and wealth concentration at the top, for instance in Brazil (Morgan, 2017). Even when focusing on the evolution of the Gini index alone, the ILO (2017a: 6–7) finds, “Within-country inequality, as measured by the Gini index, has also grown in most regions ... Additionally, with the exception of Latin America, all other regions have experienced an increase in income inequality along with a decline in labour income share”.

The WDR has little to say about inequality and gender. Yet, as an IMF Staff Discussion Note report indicates, gender inequality is strongly associated with income inequality (Gonzales et al., 2015). Indeed, gender wage gaps are found to contribute directly to income inequality (Gonzales et al., 2015: 6). The World Bank Report has even less to say about inequality and race, caste and ethnicity. However, as Naila Kabeer (2016) has shown, gender inequality interacts with race, caste and ethnicity, resulting in persistent and lingering effects of “intersecting inequality” .

And while the World Bank (2018b: 18) observes, “Technology has brought higher labor productivity to many sectors by reducing the need for workers for routine tasks”, the ILO finds,

---

Labour productivity growth outpaced the growth of real wages in all but a few years between 2006 and 2015.... This means that although workers have become increasingly productive, the benefits of their work have increasingly accrued to capital income and to those at the top of the income distribution (ILO, 2017a: 6).

What the World Bank Report ignores are the implications on market power and how technology is enabling some of the big players to increase their monopoly power (Mazzucato, 2016). This apolitical perspective on technological change conceals the crucial and fierce struggles that are taking place behind the facade of “market adjustments”.

Of course, there are important variations across countries and regions. ILO data indicate that in several countries, labour’s share of national income has increased since 2005.<sup>4</sup> This includes many eastern European countries, as well as in Norway, Switzerland, France, Luxemburg and Sweden. It is notable that many of the countries with an increase in income share going to labour have strong unions and/or high rates of collective bargaining coverage. Countries with weaker unions, a lower rate of collective bargaining coverage and/or significant declines in collective bargaining coverage – such as Greece, Mexico and the United States – saw a decline in labour’s share of national income

Neo-liberal capitalism may have brought periods of growth to certain sectors of the global economy, but, in the absence of strong trade unions and progressive state intervention, it has done so at the cost of growing inequality. And, as the Asian financial crisis of 1998 and the global recession of 2008 illustrate, it has also exacerbated economic instability. This is the logical consequence of an economic system that has failed to provide economic and social security to the majority of the world’s population. At the root of this is a growing power imbalance between capital and labour. This is particularly noticeable in global supply chains in which multinational lead-firms have amassed enormous market value while workers at the bottom of these chains are paid less than their subsistence costs (Anner, 2011; Selwyn, 2017). Recent economic trends have led the International Monetary Fund (IMF) itself to question its core policies (Ostry, Loungani and Furceri, 2016). Many of these policies’ victims have had no choice but to emigrate, with, for example, as much as a quarter of Salvadorians leaving their country in search of a better future. Indeed, some countries have experienced declines in poverty not because neo-liberal policies have worked, but rather because neo-liberal policies have forced so many workers to emigrate and the remittances

---

<sup>4</sup> See <<https://www.ilo.org/ilostat>>.

of these migrants have reduced poverty in their home countries. The World Bank (2018a) itself has estimated that remittances to low- and middle-income countries totalled over USD 465 billion in 2017. World Bank (2019) data also indicate that for over thirty countries, family remittances account for more than 10 per cent of GDP. In sum, a more thorough exploration of inequality trends suggests that neo-liberal policies have *not* contributed to declining inequality in most countries.

This observation in turn suggests that the Report's optimistic perspective regarding the likely impact of technology on inequality may be inaccurate. Indeed, as Hyman (2018) observes in his study on the rise of "temp" work in the United States, "new" technologies and forms of employment are not separated from past trends. He locates in the early 1950s the beginning of a (corporate-driven) "second industrial revolution" that paved the way for the subsequent fragmentation of work, with the rise of temporary and insecure work, mediated through ever-leaner corporations and subcontracting arrangements. Technology, in other words, is not an exogenous force, but one shaped by human decisions. As we will see in the next section, there is growing evidence that the "changing" nature of work is deepening the precarious character of employment.

---

## Technology and Jobs

The WDR argues that fears of job loss due to automation and digitalisation are misplaced, and it cites numerous examples of jobs being created by automation. Two observations are in order. First, the assumption is that past impacts of automation are able to predict future trends. However, the impact of automation and robotisation on job creation is ambiguous and the empirical evidence is quite mixed. Frey and Osborne (2015) show that 47 per cent of workers in the US are at high risk of having jobs replaced by automation, while the Organisation for Economic Cooperation and Development (OECD, 2016) shows that on average only 9 per cent of jobs are at risk of automation. They further show that between 50 per cent and 70 per cent of jobs will not be substituted entirely, and that a substantial share of these tasks might be automated, transforming the way these jobs are carried out and changing the occupations. There is also some firm-level evidence which shows that automated robots (such as the kiva system) for logistical purposes in company warehouses such as Amazon require far fewer workers to handle goods than before (Brynjolfsson and McAfee, 2014). So, the extent to which there will be job loss depends upon the country and sector.

The second observation regards the quality of work that will be generated, as there is an assumption in the WDR that they would be of higher quality on average, as they would entail greater cognitive skills. The past decades have already witnessed a rising trend towards non-standard forms of employment and informal employment in both advanced and developing economies (ILO, 2016, 2018). In developing economies, traditional forms of informal labour continue to persist, and in most of these countries over half of all workers are informally employed as casual day labourers, contract workers, industrial outworkers or home based workers; without a clear employer–employee relationship, they do not receive any labour or social protection from their employers (ILO, 2018). In the advanced economies, there is a rise in non-standard forms of work such as outsourcing, and flexible and temporary work. Temporary employment levels have increased by 5.5 and 6.4 percentage points over the past two decades in the European Union and Canada and part-time employment, which is involuntary in nature, increased two-fold in Spain and Slovakia over the past decade. Part-time work has not only grown in importance over the past decade, but there has been diversification in its form based on hours of work such as "short part-

time”, “marginal part-time” and “on-call work”. On-call work, including zero-hour contracts, has brought in variability and unpredictability in work and hours, and is more prevalent in the service sector (transport, public administration and health), construction and agriculture. On average, 2.5 per cent of employees in Europe had on-call work, with the highest incidence recorded in the Netherlands and Slovenia in 2004 (ILO, 2016). In addition, there has been a rise in temporary agency work and “disguised employment”, wherein employees are falsely classified as “independent” or “self-employed”, with the consequence that they do not enjoy their rights as employees (ILO, 2016).

Finally, and very much building on the latter trend, the past decade has observed the growth of “on-demand” or “gig economy” workers, who are classified as “independent contractors”; estimates of such forms of employment vary between 1 per cent and 10 per cent of the adult population in the European Union (European Parliament, 2017; Pesole et al., 2018). In addition, businesses are increasingly adopting a diversified workforce, which includes workers on formal contracts (core), temporary contracts, short-term contracts, on-call and gig or platform economy (Deloitte, 2017); this trend raises a significant issue with regard to the quality of employment that will be generated. Hence, in the absence of adequate opportunities, “many of those who are at risk of job loss may be forced to take lower skilled and lower paying jobs” (ILO, 2017a: 26). In other words, while technological innovation may or may not result in a net loss of jobs in society, we need to consider the quality of jobs that will emerge. Much of the evidence that points to a decline in the quality of work is ignored by the World Bank report.

The declining job security along with the low incomes that many of these workers receive increase precariousness and force them to accept any jobs. In the on-demand or gig economy, there is empirical evidence that shows that a large pool of the educated workforce are performing microtasks<sup>5</sup> on platforms, often in the absence of employment opportunities, or to complement income from other paid jobs (Rani and Furrer, 2019). These jobs are heralded for their flexibility, and are assumed to provide an opportunity for workers to undertake tasks from any location, whenever they want, but in reality a majority of these people work long and unsocial hours, with a negative impact on their work–life balance (Berg et al., 2018). The incomes they earn on average are quite low. The levels of precarity and vulnerability experienced by these workers are worrying as the work is irregular and they spend on average one-third of their time just looking for tasks or doing unpaid work (Rani and Furrer, 2019).

The gig economy represents just one form of what David Weil (2014: 8) refers to as the “fissured workplace” in which companies shift “activities once considered central to operations to other organizations in order to convert employer–employee relationships into arm’s-length market transactions”. Fissuring takes on three forms that have been growing over time: outsourcing, franchising and supply chains. The result, Weil argues, has been deteriorating wages and working conditions and an increase in precarious and insecure employment. More broadly, fissuring is associated with redistribution away from workers and toward investors, contributing to a widening income gap in society (Weil, 2014). Hence, there are valid reasons to fear that recent trends, such as the declining share of wages in total income, will be exacerbated by the changing nature of work unless current tendencies are counter-balanced by a mix of greater regulation and stronger voice by workers.

And yet, the way in which technology is transforming work appears to be limiting workers’

---

<sup>5</sup> Microtasks include image identification, transcription and annotation, content moderation, data collection and processing, audio and video transcription, and translation.

voices. The advances in information and communications technology, with the help of advanced algorithms and analytical tools, have revolutionised surveillance mechanisms, through which every action and behaviour of workers can be monitored. The argument for such control through surveillance mechanisms is to improve efficiency, performance and productivity. There has been an increasing trend of tracking employees through sociometric badges or biometric scanners, monitoring computer keystrokes, and surveilling with video cameras. Large companies such as Amazon and Walmart use such technologies to monitor workers' productivity in warehouses (Head, 2014). The decision-making power of such technological adoption is wielded by employers, weakening the power of the workers and diminishing any avenues for resistance. Workers are not only excluded from decisions about how technology is deployed; technology is often used to monitor their activities so as to limit their ability to organise collectively. Some of these monitoring technologies at the workplace can thus violate the fundamental rights to dignity, freedom of association and autonomy. As Figueroa points out,

In the workplace data is used to resolve problems *for employers*. It could be used to make work processes more pleasant ... but in capitalism technology is usually used to make a process cheaper, not safer or more pleasant, as there is no money in that (Figueroa, 2018: 4, emphasis ours).

This leads us to a further remark relating to the kind of skills that will be needed by workers in future. Digitalisation and automation also allow the possibility to fragment tasks and deskill workers, as most of these tasks require minimal expertise and prevent workers from honing their skills or having career mobility. This can be observed in the gig economy, wherein a majority of the microtasks on digital platforms are simple and repetitive, and do not require any specific skills, and do not provide an prospects for future career development (Rani and Furrer, 2019). The WDR takes for granted the problematic way (as we have shown) in which the new gig economy operates; it therefore emphasises the need to develop the skills currently demanded by leading corporations. Socio-behavioural skills, for instance, are indeed crucial, but they raise the possibility of exacerbating mechanisms of worker control. If an Uber driver, or a babysitter employed through a platform, complains about unpaid overtime, customers are likely to rate them badly, thus compromising the worker's ability to find work in future. Yet, is being treated fairly an unreasonable expectation? It is easy to see that the answer may be yes in the not so distant future unless workers are empowered to shape the development, adoption and adaptation of new technologies. Moreover, there is a gender aspect to digitalisation. As the ILO's Global Commission on the Future of Work has found, "Left to its current course, the digital economy is likely to *widen* both regional and gender divides" (Global Commission, 2019: 18, emphasis ours). This is in part because "algorithms used in job matching have been shown to perpetuate gender bias" (Global Commission, 2019: 35).

## Technology and Labour Regulation

One of the more worrisome aspects of the Report is the call for greater labour-market flexibility. This is in contrast with the earlier nuanced view of its *Report on Jobs*, wherein the Bank advised that labour policies "should remain on a range – a plateau – ... and should avoid two cliffs: the distortionary interventions that clog the creation of jobs ... and lack of mechanisms for voice and protection" (World Bank, 2012: 22) so that "regulations and institutions can at least partly address labour-market imperfections" (World Bank, 2012: 27). Instead, WDR 2019 argues that:

.The adoption of productivity-enhancing technology is negatively associated with the strictness of



some labor regulations, specifically those with burdensome dismissal procedures.... More stringent regulations are also associated with lower entry and exit of firms – especially small firms – in industries in which labor moves more frequently between jobs (World Bank, 2018b: 116).

The Report continues:

Firms could be given more flexibility in managing their human resources contingent on the law mandating proper notice, the presence of an adequate system of income protection, and efficient mechanisms to punish discrimination (World Bank, 2018b: 117).

There are two problems with the proposed approach. First, most governments only hear the first part of this message, which is often supported by employers: “Firms should be given more flexibility to hire and fire workers.” This practice is then implemented through labour law reforms without regard to the adverse consequences for the more vulnerable segments of the labour market. Second, evidence based on firm-level studies shows that stringent dismissal laws foster innovation, both in a cross-country and within-US context (Acharya, Baghai and Subramanian, 2010). The argument is basically that these laws provide workers with an opportunity to pursue value-enhancing innovative activities in the long term, while they are not punished for the short-term failures. Further, the approach that the World Bank seems to argue fails to engage seriously with the need to adapt worker protection to economic and technological transformations. “Proper notice” is far too vague a term to provide meaningful protection, while discrimination has no specific relation to technological change. As far as “adequate” income protection is concerned, it amounts to shifting the responsibility and associated costs to protect workers against loss of income from companies to society (we return to this point in our last section on Technology and Social Protection).

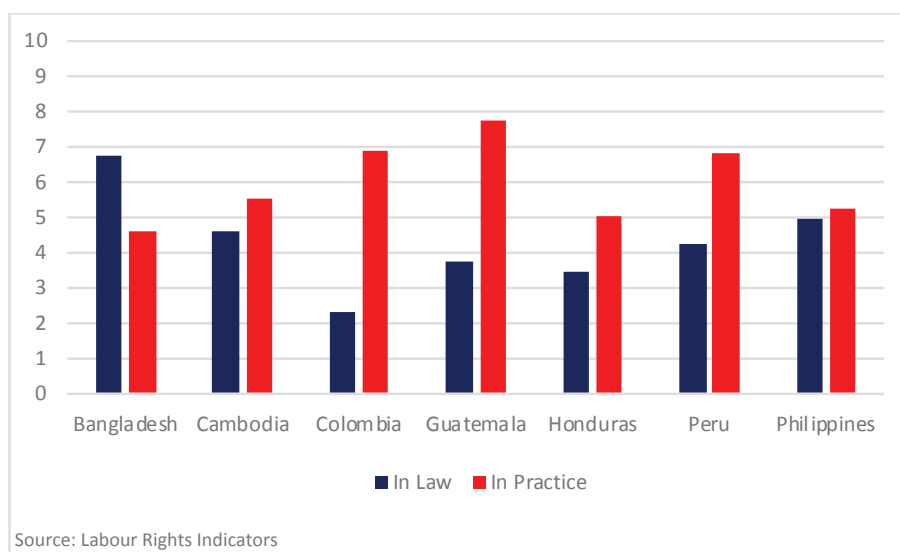
Rather than increasing flexibility, we argue that labour regulation must be strengthened in light of a detailed understanding of the implications of technological change in order to level the playing field and protect workers from abusive employer practices that instrumentalise technology. For instance, the widespread use of “gamification” (or the use of game elements such as point-scoring, levels, competition with others, and ratings) outside of game contexts as a labour management tool in the gig economy exposes workers to a serious risk of self-exploitation (Mason, 2018). Unfortunately, as we pointed out in the previous section, the Report does not discuss the evidence that deals with how work is being transformed.

The WDR furthermore ignores the abundant evidence that links labour-market regulation with a range of positive socio-economic outcomes. Looking at the relationship between income inequalities and labour market regulation, Förster and Tóth (2015) find very robust results across a range of studies focusing on OECD countries, showing that a decline in regulation increases inequality. There is also evidence that shows that a rise in non-standard, precarious and informal employment, as a result of a decline in regulation, leads to increased labour-market inequality across a wide range of countries (Berg, 2015; OECD, 2015; Rani and Furrer, 2016). Moreover, Blanchard and Philippon (2004) have shown that the quality of labour relations, and the strength of trade unions in particular, were crucial factors in limiting the effects of changes in the economic environment on unemployment – or, to put it differently, countries with bad labour relations tend to have higher unemployment.

The World Bank’s argument is also that fewer regulations lead to lower unemployment. Though this might be true in the short run, through a reduction in frictional unemployment, from the perspective of societal well-being the important questions to ask are whether it leads to more

equitable outcomes, whether unemployment alone is the right indicator to assess, and whether the quality of employment should also be considered. Finally, the issue of stringency of labour-market regulation depends on how it is measured. Most of the empirical studies that look at stringency of labour regulations use *de jure* and not *de facto* measures, namely what is applied in practice. In spite of the complexity of laws, there is a tendency to measure rigidity in an aggregate manner, often resulting in only partial analysis and relations between different factors rather than an appropriate assessment of the situation.

By coding ILO supervisory mechanisms and related sources, the Labour Rights Indicators (LRI) provides a picture of labour standards violations in law and in practice (Kucera and Sari, 2018). On a scale of 1 to 10, where 10 indicates a complete lack of compliance with international labour standards, we can see extremely high levels of non-compliance in law and in practice in several prominent cases of countries producing for the global economy. This includes Bangladesh, Cambodia, Colombia, Guatemala, Honduras, Peru and the Philippines. [See Figure 3.] What the Indicators suggest is that many countries do not need more flexible labour laws; rather, they need to *strengthen* their labour-relations regulations in order to come into compliance with international labour standards. This includes ensuring that laws do not limit the ability of workers to form unions, bargain and strike. It also includes – as noted above – ensuring effective compliance with the law, which entails having a well-staffed and trained labour inspectorate with the ability to impose sanctions that are sufficiently dissuasive in order to prevent future violations.



**Figure 3: Labour rights violations in law and in practice**

Labour regulations also need to address the challenges presented by the current economic context. In Latin America, many countries reformed their labour law to be more protective of workers in the wave of democratisation that swept the region in the 1980s and 1990s (Cook, 2007). Yet, often these reforms only marginally adjusted old laws; they did not, for example, address the challenges faced by workers in global supply chains that came to dominate many economies in the region (Anner, 2008).

The challenge for labour regulation is complex given the powerful trends discussed above that tend to categorise workers as self-employed or entrepreneurs; such trends are exacerbated by the

way in which technology has been deployed by companies. This is acknowledged in the WDR, which advocates that “labor codes should define more clearly what it means to be an employee in current labor markets” (World Bank, 2018b: 118). This argument is however framed in a problematic way, as it relates to the provision of social rights independently from employers, through a state-sponsored level playing field (see our critique in the section on Technology and Social Protection). A more promising initiative (which is not mentioned by the WDR) comes from a group of French labour-law scholars, the research group for an alternative labour code (PACT, in the French acronym).<sup>6</sup> They have collectively developed a proposal for a complete overhaul of the French labour code; one of its key characteristics would be to assert the responsibility of employers towards the workers who depend on them, regardless of the formal link between them, explicitly including outsourced and contract workers. Taking the opposite view from that expressed in WDR 2019, the proposed code asserts the responsibility of employers towards workers; article L. 11-14. thus states, “The client is the employer of the outsourced worker, even if they use an intermediary”. The crucial point is therefore to establish the legal and financial responsibility of employers, rather than to exonerate them. The potential for such a necessary reform to be adopted will hinge on the mobilisation of social forces, in particular trade unions. Yet, as we will see in the next section, the WDR is rather dismissive about unions.

Hence, while WDR 2013 warned against the consequences of a social race to the bottom, the most recent Report returns to the well-known argument in favour of a barely mitigated deregulation of labour markets. Individual workers ought to do well in the brave new economy, we are told, as long as they are properly skilled. Such a perspective ignores the unequal nature of labour relations and the evidence that employer–employee inequality appears to be getting worse, not least through the purposeful atomisation of workers employed via corporate-controlled platforms.<sup>7</sup>

## Technology and Trade Unions

The World Bank Report suggests that trade unions and collective bargaining are becoming a less important mechanism for addressing the conditions of labour. The authors write:

Strengthening the enforcement of labor laws and mechanisms to expand workers’ voices is a worthy goal... Moving to a simpler core contract would require stronger collective bargaining structures as fewer protections are pre-specified in the law. However, the significance of such structures is declining: across high-income countries the share of workers covered by a collective agreement fell, on average, from 37 percent in 2000 to 32 percent in 2015. Also in 2015, 24 percent of employees were members of trade unions, down from 30 percent in 1985 (World Bank, 2018b: 108).

In other words, rather than see the decline in union density and collective bargaining coverage as a call for concern that needs to be addressed with better laws and stricter enforcement, the World Bank seems to suggest the need to accept this decline and to look for other mechanisms to protect workers’ interests in times of technological change.

This calls for a number of responses. Firstly, the important role of collective bargaining in ensuring more adaptable and more inclusive economies has been demonstrated by a number of

---

<sup>6</sup> See <<http://pct.parisnanterre.fr>> (in French).

<sup>7</sup> On how this issue plays out in crowdwork and attempts at building resistance from below, see Miland (2016).

studies focused on emerging countries (Hayter and Lee, 2018). This includes examples of alternative forms of collective bargaining that improve the protection of informal-economy workers, as has been the case in India (Rani and Sen, 2018). There is ample evidence showing that the changing forms of work are undermining workers' voices; it is crucial to respond to this through a combination of effective regulation and efforts to promote representative workers' organisations. Collective bargaining constitutes an institutional mechanism through which such organisations can work with employers and states to ensure a broadening of the protection they have obtained for their members (Hayter and Visser, 2018).

Secondly, the Report's observation that union density has been in decline conflates two different issues in order to downplay the potential role of trade unions. On the one hand, it is beyond doubt that many trade unions that became powerful under Fordism have struggled to respond to changes in the world of work – and may well struggle even more with recent changes such as platform labour. On the other hand, the evidence of union renewal and labour activism, often in response to increasingly precarious forms of work, is compelling, if one cares to take it seriously. This is for instance what a project sponsored by the Friedrich Ebert Stiftung and called 'Trade Unions in Transformation'<sup>8</sup> has done; the numerous case studies reveal an impressive dynamism and suggest that there is an appetite from workers to be part of shaping the transformations that affect them (Herberg, 2018). New evidence is emerging which shows how unions build solidarity across different groups of workers in precarious work situations using a variety of creative campaigning and organising tactics (Doellgast, Lillie and Pulignano, 2018). Indeed, whether they are driving an Uber or delivering meals on bikes, workers around the world seem to believe that some form of trade union (that may differ from traditional ones) can best serve their interests by articulating their voice collectively. (Johnston and Land-Kazlauskas, 2018, address some of these issues.)

This calls for a further comment, namely that the gig economy's tendency to blur the line between micro-entrepreneur, self-employed and employed constitutes an obstacle to allowing workers to gain a meaningful voice (we return to this point in the next section). The widespread anti-union bias of many gig economy companies, in particular Amazon (Dubois 2016), suggests that such blurred lines may be created on purpose. It is therefore disappointing that the Report remains silent on the problem of the disempowerment of workers by companies, when it otherwise emphasises the importance of empowering citizens to make demands on states for improved service delivery.

Third, supporting workers to organise and shape the future of work is not only a question of democracy; it has direct relevance to the way in which technological change is adopted and how it influences efficiency and social well-being. Canadian ergonomist Karen Messing (2014) shows how the "invisibility" of many low-paid workers in service sectors (mostly women) has led to ways of organising production that harm the workers' health in a significant yet unnecessary manner – think of retail employees who are required to stand all the time, with dramatic consequences for their spines.

Finally, the need to include workers in shaping technology in order to improve their well-being at the same time as improving efficiency (as there is no reason why the two cannot be positively correlated) points to the central importance of giving workers a voice as a socio-economic priority. The question the Report seeks to answer – How can the changes affecting work be influenced to

---

<sup>8</sup> For more information on this project see <<https://www.fes.de/internationale-gewerkschaftspolitik/themenschwerpunkte/trade-unions-in-transformation>>.

have a positive impact? – largely hinges on this. It is therefore extremely worrying that issues of concentration and authoritarian control over the direction of technological change are not addressed, except to warn against the risk of massive tax evasion, which is primarily a consequence of the liberalisation of financial flows, a reform the World Bank has enthusiastically embraced.

## **Technology and Social Protection**

The World Bank Report emphasises the importance of moving towards universal social coverage in the face of changes in the nature of work. This might be appealing as a solution as it tries to be inclusive by taking into consideration those people who are not covered by contributory social protection, as well as including those in the informal sector. While the objective of extending social protection is a welcome idea, we argue that the World Bank's analysis and recommendations are problematic with regard to four key respects.

Firstly, the affordability concerns raised in the Report beg the question of what “universal coverage” actually means. There is an important difference between providing a lifeline and affording a decent level of socio-economic security. Recent trends, notably the growing participation of private providers in healthcare provision, have increased the unevenness of social welfare, since service provision to the poor is less profitable and, as a result, secondary. The Chilean case also shows how privatised pensions have led since the 1980s to concentration of incomes and profits in the hands of pension fund administrators, with the retirees earning insufficient or unequal pensions. The government then had to intervene by introducing the social component pillar to pensions to complement the insufficient pensions to lower-income groups, young workers and women (Borzutzky and Hyde, 2016). Going beyond a minimalist approach to social protection requires a different approach from the one presented in the Report, as we argue below.

Secondly, the report underscores some of the initiatives that have been taken in developing countries to expand the coverage of social insurance systems. In some countries, such as Viet Nam, the thresholds have been lowered with regard to the duration of employment so that diverse groups of workers can access social insurance. In some Latin American countries such as Argentina, Brazil and Uruguay, the introduction of simplified payment mechanisms for own-account workers and micro entrepreneurs for taxes and social insurance mechanisms has led to significant extension of coverage. Social insurance mechanisms have also been extended to some vulnerable groups of workers such as agricultural workers (Ecuador) or domestic workers (Bolivia, South Africa) (ILO, 2017b).

Thirdly, what is proposed in the World Bank Report effectively amounts to shifting the entire burden of financing social protection to the national states. The Report is also quite explicit in saying that the expanded social coverage would pave the way for labour-market deregulation. Yet, such a suggestion is extremely problematic for two main reasons. From a fiscal point of view, requiring states where workers are located to pay for their social protection is tantamount to asking them to subsidise the profits made by corporations that are often located abroad; emphasising, as the Report does, the possibility of raising domestic excise taxes on sugar, tobacco or other goods and imposing indirect taxes is regressive and would hurt low-paid earners even more. Such a solution entails placing a huge burden on countries at the expense of the companies that are effectively employing workers and benefiting from their labour. Contributory systems have made it possible to involve corporations in the financing of healthcare; compared to tax-based systems, they also make it harder for political decision-makers to strip people of their entitlements in the name of austerity. If anything, the current changes in labour relations call for a re-assertion of

companies' responsibility towards their dependent workers, as we have argued above. Researching the growing global platform economy, Rani and Furrer (2019) show that platform providers circumvent the existing regulatory framework and externalise the risks and responsibility on to the workers. Recognising these providers as employers and holding them accountable is all the more necessary for developing countries since platform-mediated work is associated with a marked geographical disconnect between the location of companies and that of workers.

Last but not least, in line with most recent discussions of social policy, the World Bank Report focuses on financial issues rather than on provision systems, taking it for granted that the private sector will ensure efficient delivery. Yet, one can wonder what level of services the poor, in particular, are likely to receive under such a system. The emphasis on private provision or public-private partnerships as an alternative to state provision of services for the many has come under intense scrutiny due to poor results. As Languille (2017: 15) puts it, "the key predictions of the PPP doctrine – cost-efficiency for improved service delivery to the poor – are hardly fulfilled in practice". Conversely, contributory systems have historically allowed the construction of nationally owned healthcare systems that have delivered affordable, quality healthcare for the many. It would seem crucial, therefore, to link a discussion of social protection financing with one focused on provision; indeed, perhaps the contributory system has more to offer than meets the eyes of the Report's authors.

## Concluding Remarks

The analysis presented in the *World Development Report 2019* has the merit of anchoring its perspective on the changing nature of work in a discussion of evidence that helps mitigate the sometimes teleological views that have dominated many predictions on the impact of technology on society in general and labour in particular. However, the Report tends to cherry-pick data that suits well-known arguments derived from endogenous growth theory, emphasising the need to invest in technology (mainly to facilitate Internet access) and, especially, in skill formation in order for all countries to reap the benefits of the arguably far-reaching technological changes that are taking place.

We have, through a detailed discussion of a number of key claims of the Report, sought to present a more nuanced picture of the likely impact of technological changes. Crucially, we have emphasised that *adaptation* to corporate-driven technological developments is by no means sufficient to ensure broad socio-economic benefits. We argue that it is vital for governments and workers to *contest* the rules of the game in order to reduce inequality and promote decent work. This means struggling for different policies from the ones advocated by the World Bank, for instance by emphasising public rather than private provision of social services, as well as proactive efforts to protect workers who are increasingly precarious – a trend that predates recent technological developments and is, by all accounts, accentuated by them.

Contesting the rules of the game also requires, crucially, challenging the narrow and toxic corporate control over how technology is developed and deployed, an issue that is entirely ignored by the World Bank, who chooses again to focus only on opportunities. Data in particular is fast becoming the oil of the twenty-first century, a resource whose control is key to future wealth and power – and is as a result the subject of fierce, albeit partly hidden, battles over its control. The current use of data by large tech firms is presented as a way to make "the world" better but, unless their control over technological change is dramatically curtailed, it is likely that these firms will continue to focus on serving their own (and their shareholders') interests. Indeed, "the problem

for workers is that they generally have no participation in deciding what technology should be used ... nor any say in what it does. Nor do they own the data, despite it being ‘produced’ by them while they are working” (Figueroa, 2018: 4).

Control over data, and other forms of humanly-engineered technological change, is therefore a political issue that goes far beyond the world of work (Hugues, 2016; Srnicek, 2016). However, the collective agency of workers, probably more than any other group, has the potential to impose a debate on the direction of technology and its social usefulness. Yet, unless workers and unions lead the fight for decent work, they will indeed have to adapt and hope that the World Bank’s benign outlook will materialise.

## REFERENCES

- Acharya, V.V., R.P. Bhagat and K.V. Subramanian (2010) *Labour Laws and Innovation*. NBER Working Paper Series No. 16484. Cambridge, MA: National Bureau of Economic Research.
- Alvaredo, F., L. Chancel, T. Piketty, E. Saez and G. Zucman (eds.) (2018) *World Inequality Report 2018*. Cambridge, MA: Belknap Press of Harvard University Press.
- Anner, M. (2008) Meeting the Challenges of Industrial Restructuring: Labor Reform and Enforcement in Latin America. *Latin American Politics and Society*, 50(2): 33–65.
- Anner, M. (2011) The Impact of International Outsourcing on Unionization and Wages: Evidence from the Apparel Export Sector in Central America. *Industrial & Labor Relations Review*, 64(2): 305–322.
- Anner, M. and J.P. Veiga (2013) Employment Regulation in National Contexts: Brazil. In *Comparative Employment Relations in the Global Economy*, edited by C.M. Frege and J. Kelly. Abingdon: Routledge.
- Beccaria, L., R. Maurizio and G. Vazquez (2014) *Recent Changes in Wage Inequality in Argentina. The Role of Labor Formalization and Other Factors*. MPRA Paper No. 56701. Munich: Personal RePEc Archive.
- Berg, J. (2015) *Labour Markets, Institutions and Inequality: Building Just Societies in the 21st Century*. Cheltenham and Geneva: Edward Elgar and ILO.
- Berg, J., M. Furrer, E. Harmon, U. Rani and M.S. Silberman (2018) *Digital Labour Platforms and the Future of Work: Towards Decent Work in the Online World*. Geneva: ILO.
- Blanchard, O. and T. Philippon (2004) *The Quality of Labor Relations and Unemployment*. NBER Working Paper No. 10590. Cambridge, MA: National Bureau of Economic Research.
- Borzutzky, S. and M. Hyde (2016) Chile’s Private Pension System at 35: Impact and Lessons. *Journal of International and Comparative Social Policy*, 32(1): 57–73.
- Brynjolfsson, E. and A. McAfee (2014) *The Second Machine Age: Work, Progress, and Prosperity in a Time of Brilliant Technologies*. New York: W.W. Norton & Company.
- Cook, M.L. (2007) *The Politics of Labor Reform in Latin America: Between Flexibility and Rights*. University Park, PA: Pennsylvania State University Press.
- Deloitte (2017) *Rewriting the Rules for the Digital Age: 2017*. Deloitte Global Human Capital Trends. UK: Deloitte University Press.
- Doellgast, V., N. Lillie and V. Pulignano (2018) *Reconstructing Solidarity: Labour Unions, Precarious Work, and the Politics of Institutional Change in Europe*. Oxford: Oxford University Press.
- Dubois, L. (2016) Work Struggles at Amazon in Germany and Beyond. *Global Labour Column* No. 237. <<http://column.global-labour-university.org/2016/05/work-struggles-at-amazon-in-germany-and.html>> [accessed 27 January 2019].
- European Parliament (2017) *The Social Protection of Workers in the Platform Economy*. Brussels: European Union.
- Figueroa, V. (2018) Data and its Impacts on Workers and Citizens. *Medium.com*, 29 August.

- Förster, M.F. and I.G. Tóth (2015) Cross-country Evidence of the Multiple Causes of Inequality Changes in the OECD Area. In *Handbook of Income Distribution*, Vol. 2B, edited by A. Atkinson and F. Bourguignon. Oxford and Amsterdam: Elsevier.
- Frey, C.B. and M. Osborne (2015) *Technology at Work: The Future of Innovation and Employment*. Citi Global Perspectives and Solutions. Oxford and New York: University of Oxford and Citigroup.
- Global Commission on the Future of Work (2019) *Work for a Brighter Future*. Geneva: ILO.
- Gonzales, C., S. Jain-Chandra, K. Kochhar, M. Newiak and T. Zeinummayev (2015) *Catalyst for Change: Empowering Women and Tackling Income Inequality*. Washington, DC: International Monetary Fund.
- Gindling, T., N. Mossaad and J.D. Trejos (2013) The Consequences of Increased Enforcement of Legal Minimum Wages in a Developing Country: An Evaluation of the Impact of the Campana Nacional de Salarios Minimos in Costa Rica. Mimeo.
- Hayter, S. and S. Lee (eds.) (2018) *Industrial Relations in Emerging Economies*. London and Geneva: ILO and Edward Elgar.
- Hayter, S. and J. Visser (eds.) (2018) *Collective Agreements: Extending Labour Protections*. Geneva: ILO.
- Head, S. (2014) Worse than Wal-Mart: Amazon's Sick Brutality and Secret History of Ruthlessly Intimidating Workers. *Salon*, 23 February 2014. <[http://www.salon.com/2014/02/23/worse\\_than\\_wal\\_mart\\_amazons\\_sick\\_brutality\\_and\\_secret\\_history\\_of\\_ruthlessly\\_intimidating\\_workers/](http://www.salon.com/2014/02/23/worse_than_wal_mart_amazons_sick_brutality_and_secret_history_of_ruthlessly_intimidating_workers/)>.
- Herberg, M. (ed.) (2018) *Trade Unions in Transformation. Success Stories from All Over the World*. Berlin: Friedrich Ebert Stiftung.
- Hugues, B. (2016) *The Bleeding Edge: Why Technology Turns Toxic in an Unequal World*. London: New Internationalist.
- Hyman, L.R. (2018) *Temp: How American Work, American Business, and the American Dream Became Temporary*. New York: Viking Books.
- International Labour Organization (ILO) (2016) *Non-standard Employment around the World: Understanding Challenges and Sharing Prospects*. Geneva: ILO.
- International Labour Organization (ILO) (2017a) *Inception Report for the Global Commission on the Future of Work*. <[https://www.ilo.org/wcmsp5/groups/public/---dgreports/---abinet/documents/publication/wcms\\_591502.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---abinet/documents/publication/wcms_591502.pdf)>.
- International Labour Organization (ILO) (2017b) *World Social Protection Report 2017–19: Universal Social Protection to Achieve the Sustainable Development Goals*. Geneva: ILO.
- International Labour Organization (ILO) *Women and Men in the Informal Economy: A Statistical Picture*. Third edition. Geneva: ILO.
- Johnston, H. and C. Land-Kazlauskas (2018) *Organizing On-demand: Representation, Voice, and Collective Bargaining in the Gig Economy*. Conditions of Work and Employment Series No. 94. Geneva: ILO.
- Kabeer, N. (2016) “Leaving No One Behind”: The Challenge of Intersecting Inequalities. In *World Social Science Report 2016, Challenging Inequalities: Pathways to a Just World*, edited by ISSC, IDS and UNESCO. Paris: UNESCO Publishing.
- Kucera, D. and D. Sari (2018) New Labour Rights Indicators: Method and Trends for 2000–2015. *International Labour Review* (Online first: 9 MAR 2018 05:10AM EST | DOI: 10.1111/ilr.12084)
- Languille, S. (2017) Public Private Partnerships in Education and Health in the Global South: A Literature Review. *Journal of International and Comparative Social Policy*, 33(2): 142–165.
- Mason, S. (2018) High Score, Low Pay: Why the Gig Economy Loves Gamification. *The Guardian*, 20 November 2018. <<https://www.theguardian.com/business/2018/nov/20/high-score-low-pay-gamification-lyft-uber-drivers-ride-hailing-gig-economy>> [accessed 29 January 2019].
- Maurizio, R. (2014) *Labour Formalization and Declining Inequality in Argentina and Brazil in the 2000s: A Dynamic Approach*. Research Paper No. 9. Geneva: ILO.



- Mazzucato, M. (2016) *The Value of Everything: Making and Taking in the Global Economy*. London: Penguin.
- Messing, K. (2014) *Pain and Prejudice. What Science can Learn about Work from the People Who Do It*. Toronto: Between the Lines.
- Miland, K. (2016) Crowd Work: Shame, Secrets, and an Imminent Threat to Employment. *Global Labour Column*, No. 238. <<http://column.global-labour-university.org/search/?q=crowd+work%3A+shame%2C+secrets&x=10&y=2>> [accessed 27 January 2019].
- Morgan, N. (2017) *Falling Inequality beneath Extreme and Persistent Concentration: New Evidence for Brazil Combining National Accounts, Surveys and Fiscal Data, 2001–2015*. <[https://WID.world/Working\\_Paper\\_series\\_n%202017/12\\_wid.world/wp-content/uploads/2017/12/113-Morgan-slides.pdf](https://WID.world/Working_Paper_series_n%202017/12_wid.world/wp-content/uploads/2017/12/113-Morgan-slides.pdf)> [accessed 27 January 2019].
- Organisation for Economic Cooperation and Development (OECD) (2015) *In It Together: Why Less Inequality Benefits All*. Paris: OECD.
- Organisation for Economic Cooperation and Development (OECD) (2016) *Automation and Independent Work in a Digital Economy*. Policy Brief on the Future of Work. Paris: OECD.
- Ostry, J.D., P. Loungani and D. Furceri (2016) Neoliberalism: Oversold? *Finance & Development*, 53(2) 38–41.
- Oxfam International (2018) *Reward Work, Not Wealth*. Oxfam Briefing Paper, January. Oxford, UK: Oxfam.
- Pesole, A., M.C. Urzì Brancati, E. Fernández-Macías, F. Biagi and I. González Vázquez (2018) *Platform Workers in Europe: Evidence from the COLLEEM Survey*. Joint Research Centre, Brussels: European Commission.
- Piketty, T. (2014) *Capital in the Twenty-First Century*. Cambridge, MS: Harvard University Press.
- Rani, U., P. Belser, M. Oelz and S. Ranjbar (2013) Minimum Wage Coverage and Compliance in Developing Countries. *International Labour Review*, 152(3–4): 381–410.
- Rani, U. and M. Furrer (2016) *Decomposing Income Inequality into Factor Income Components: Evidence from Selected G20 Countries*. ILO Research Paper Series No. 15. Geneva: ILO.
- Rani, U. and M. Furrer (2019) On-demand Digital Economy: Can Experience Ensure Work and Income Security for Microtask Workers? *Journal of Economics and Statistics*, forthcoming.
- Rani, U. and R. Sen (2018) Labour Relations and Inclusive Growth in India: New Forms of Voice. In *Industrial Relations in Emerging Economies*, edited by S. Hayter and S.E. Lee. London and Geneva: ILO and Edward Elgar.
- Selwyn, B. (2017) *The Struggle for Development*. Cambridge: Polity Press.
- Srnicek, N. (2016) *Platform Capitalism*. London: Polity Press.
- Weil, D. (2014) *The Fissured Workplace: Why Work became so Bad for so Many and What can be Done to Improve It*. Cambridge, MA: Harvard University Press.
- World Bank (2012) *World Development Report 2013: Jobs*. Washington, DC: World Bank.
- World Bank (2018a) *Record High Remittances to Low- and Middle-income Countries in 2017*. <<https://www.worldbank.org/en/news/press-release/2018/04/23/record-high-remittances-to-low-and-middle-income-countries-in-2017>> [accessed 27 January 2019].
- World Bank (2018b) *World Development Report 2019: The Changing Nature of Work*. Washington, DC: World Bank. <<http://www.worldbank.org/en/publication/wdr2019>>.
- World Bank (2019) Personal Remittances (% of GDP). <<https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS>> [accessed 27 January 2019].

## BIOGRAPHICAL NOTES

MARK ANNER is an Associate Professor of Labor and Employment Relations, and Political Science. He also is the Director of the Center for Global Workers' Rights at the Pennsylvania State University. His current research examines how pricing and other sourcing dynamics in global supply chains affect working conditions and workers' rights. [Email: [msa10@psu.edu](mailto:msa10@psu.edu) ]

NICOLAS PONS-VIGNON is a senior researcher at the School of Economic and Business Sciences at the University of the Witwatersrand. He is the co-editor of the Global Labour Column. [Email: [Nicolas.pons-vignon@wits.ac.za](mailto:Nicolas.pons-vignon@wits.ac.za)]

UMA RANI is Senior Economist at the Research Department, International Labour Organization. Her current research focuses on minimum wages, income inequality, global supply chains in the electronics sector, and the digital economy. She explores how labour and social institutions interact with public policies and shape the patterns of economic and social inequality. She has recently published and co-authored a report on *Digital Labour Platforms and the Future of Work: Towards Decent Work in the Online World*. [Email: [amara@ilo.org](mailto:amara@ilo.org)]