FUTURE OF WORK at the OECD

April 2019

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Trade Union Advisory Committee (TUAC) to the OECD
Baseline: Revised Jobs Strategy

Mandate from Labour Ministerial in 2016

• Increase quantity of jobs
• Improve job quality
• Build more resilient and adaptable labour markets
• Promote a fairer distribution of outcomes

“Flexibility-Plus” policy agenda: Flexibility to encourage growth paired with policies to foster inclusiveness and protecting workers

• sometimes strong language on job stability, minimum wages, collective bargaining, social dialogue
• at the same time also positive on the benefits of job and wage flexibility
<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
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<tbody>
<tr>
<td>Bargaining is NOT about “protecting the insiders” &amp; helps lifting income inequalities</td>
<td>« in most cases coordinated systems are associated with better labour market performance for vulnerable groups » and less productivity/wage de-coupling</td>
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<td>EPL leads to more KBC &amp; labour market stability</td>
<td>«Employer market power » to set wages below (marginal) productivity is</td>
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<td>Bargaining helps to achieve a broad sharing of productivity gains</td>
<td>« substantial and increasing »</td>
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<td>Collective bargaining makes economy more resilient against crisis + fiscal sustainability &amp; anti-cyclical measures</td>
<td>Collective bargaining and statutory minimum wage set at a moderate level are necessary as a counterweight</td>
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<td>Wage moderation through multi-employer agreements</td>
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YET

Sector level bargaining holds back productivity & KBC

Min wages risk to ‘pricing workers out of a job’ (sub-par wages, social security benefit cuts)
Outcomes of Going Digital Phase I

Two years after the launch of the OECD’s Going Digital Horizontal Project and TUAC’s last ‘Trade Union Forum’, the first phase closed with a Summit (11-12 March 2019) with new data (see the ‘Measurement report’) & policy insights (the ‘Synthesis report’) given by the to-date largest project of the organisation.
Insights from Going Digital I

- Good overview on the factors that shape the digital transformation incl. the digital ecosystem (incl. AI), new business models and data flows (with a differentiation of types of data);
- Dedicated discussion on ‘jobs’ that acknowledges the role of social dialogue and labour market institutions (incl. minimum wages) and discusses automation potential based on tasks/skills content and strikes the balance between flexibility and security for workers quite well (also by addressing issues related to new non-standard forms of work);
- A view of sector transformations and the notion of a productivity-wage gap
- Accounts for market concentration in the digital economy and acknowledges regulatory arbitrage in the platform economy
- Raises important consumer concerns and opportunities to use technologies for the public good.
• Yet, the OECD report goes a long way in promoting market openness, private sector innovation and PPPs.

• It offers an uncritical stance on the lightly regulated private equity and venture capital funds.

• At times, it maintains a “structural reform” stance on reducing employment protection legislation ...

• ... And overwhelmingly focusses on skills as both an explanatory factor and panacea for labour market challenges.
Phase II – TUAC Call to Action

- a human-centered approach to technological diffusion (including a more thorough discussion on organisational changes at work including the consultation and empowerment of for example public sector workers and teachers, monitoring and safety at work) and the role of industrial policy;

- a just transition policy framework for workers and building a stronger link to climate change;

- the link between excessive corporate concentration and online platforms and the need to review competition rules and objectives (session on labour related aspects in June);

- the weak governance framework of private equity funds, and or private companies ("Unicorns"); and

- connectivity and diffusion in developing countries as well as the growing complexity in Global value chains.
Phase II – OECD Planning

• Implications of blockchain and AI (observatory)
• OECD Country Reviews (Sweden) vs. the GD indicators and Policy Framework
• Future of the Firm, productivity & online platforms (competition, privacy, taxation and consumer protection)
• Recommendation on data (public, health and private)
• Adding an inequality dimension (low-income countries, wages)
Regulating the Digital Economy

1. Pacing problem
2. Disruptive business models
3. Socio-Ethical challenges with Artificial Intelligence
4. Online platforms with natural monopoly characteristics (accessibility, tying, cost of switching)
5. Data privacy and security (Movement of data across jurisdictions + Interoperability)
Recommendation on AI

- **Human-centric** approach to trustworthy AI
- Addressed to **all** AI Actors and stakeholders, followed by principles for policy making & a call for **intl. cooperation**
- Refers to the SDGs, the Universal Declaration of Human Rights, Intl. Labour rights, Cancun Declaration (‘quality jobs’), Labour Ministerial (‘jobs strategy’) & the MNE GLs
- **World of work dimension** (transitions in the labour market, inequalities, and implications for democracy and human rights, privacy and data protection, and digital security)
- Inclusive growth, sustainable development and well-being
Building human capacity and preparing for labour market transformation

• Governments should work closely with stakeholders to prepare for the transformation of the world of work and of society. They should empower people to effectively use and interact with AI systems across the breadth of applications, including by equipping them with the necessary skills.

• Governments should take steps, including through social dialogue, to ensure a fair transition for workers as AI is deployed, such as through training programmes along the working life, support for those affected by displacement, and access to new opportunities in the labour market.

• Governments should also work closely with stakeholders to promote the responsible use of AI at work, to enhance the safety of workers, the quality of jobs, to foster entrepreneurship and productivity, and aim to ensure that the benefits from AI are broadly and fairly shared.
Bridging the Digital Gender Divide

• The global gender divide in Internet usage has risen from 11% in 2013 to 11.6% in 2017. The divide is over 25% in Africa and 33% in least-developed countries - worldwide 327 million fewer women than men have smartphone access to mobile Internet.

• Women-owned start-ups receive 23% less funding. In G20 economies only 10% of patents are invented by women. At current rates women will only catch up men in 2080.

• At age 15, only 0.5% of girls in OECD countries want to become ICT professionals, compared to 5% of boys - in 2015, only 24% of engineering graduates and 25% of ICT graduates were women.
Policy recommendations on Digital Gender Divides

National digital strategies should include targets (both numbers and dates) for closing the divide across at least 4 dimensions:

- extend networks and digital access (e.g. through satellite) to rural areas;
- promote access to and affordability and use of connected digital devices, especially for low-income individuals;
- boost availability and promotion of e-banking and mobile money, especially to women and other disadvantaged categories;
- increase online safety.

*Facilitate the labour market participation of women*, at the same time as monitoring and ensuring job quality and the provision of support services aimed at allowing women to work and pursue a career while being mothers or having a family. It would also be important to pair labour market participation-related actions with actions fostering a better redistribution of unpaid childcare and housework and shaping investment for better targeted life-long training.
New research on Occupational Transitions

• The country-level minimum cost of moving workers in occupations at high risk of automation to occupations where they are not at such risk (so called “safe haven”) is estimated to range between 1-5% of one year GDP, on average across the countries considered.

• At the individual worker level, costs of transitions are found to increase with:
  1. the cognitive skills of workers in the occupation of origin
  2. the proportion of workers in the manufacturing sector
  3. the average age of workers.

→ Acceptable transitions
→ Training + welfare costs
Upper- and lower-bound estimates as % of a single years’ GDP
Adult Learning + Social Partners

• Setting the agenda and formulating policies in cooperation: Sector Skills Councils + Observatories, Dutch Sector Plans, Danish tripartite agreement, Italian metalworkers agreement

• Getting everyone involved in implementation: UnionLearn, levies & inter-sectoral training funds

• Monitoring quality together: National VET agencies (Sweden); training committees (Denmark), certifying & accreditation bodies (Germany, Belgium)
### Social partner involvement in governance of education and training systems

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<td>The social partners define and manage the training system</td>
<td>Austria</td>
<td>Iceland</td>
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<td>Denmark</td>
<td>Italy</td>
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<td>Germany</td>
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<td>France¹</td>
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<td>Japan²</td>
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<td>Luxembourg</td>
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<td>The social partners contribute to the definition of the training system</td>
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<td>Hungary</td>
<td>United States</td>
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¹ France is an exception where the social partners contribute to the definition of the training system in only one of its educational regions.

² Japan is an exception where the social partners have a consulting role in only one of its educational regions.

³ Sweden is an exception where the social partners have a consulting role in only one of its educational regions.
Job polarisation is not shrinking the middle class, but some jobs increasingly fail to deliver on the promise of their traditional income status.

**Rising expenditures:**
- Reduced ability to save
- ½ middle-income households report difficulties to make ends meet
- 40% financially vulnerable (cannot absorb unexpected expenses or sudden income fall)
- 1/5 spend more than they earn
- 1/8 are over-indebted
OECD report on “Policy Responses to New Forms of Work”

• Snapshot of policy actions taken by 44 countries

• Calls on to avoid an excessive or improper use of such forms of non-standard work by reducing incentives for misclassification based on large differences in tax and social contributions

• Strikes balance between flexibility & protection by strengthening labour law + labour market regulation, besides ensuring adequate social protection for more workers
Policy recommendations (NSFW report)

I. Tackling misclassification (labour inspections, easier ways to challenge status)

II. Extending rights and protections to vulnerable workers in the grey zone without giving incentives to avoid standard contracts

III. Prevent employers from abusing fixed term, casual and platform working arrangements as a vehicle to cut costs and circumvent labour market regulations

IV. Extend the right to collective bargaining to workers whose employment status is ambiguous but also all genuine self-employed

V. Ensuring broad access to adult learning
Employment Outlook (25 April)

- Megatrends
- NSFW (similar to stand-alone report + annex on labour market monopsonies)
- The role of collective bargaining
- Lifelong Learning
- Social Protection

Social dialogue and collective bargaining can be a flexible tool to shape the opportunities and respond to the challenges of a changing world of work.

Non-standard workers are underrepresented by trade unions. Traditional unions are diversifying their strategies and new vehicles are emerging.
What role for collective bargaining in the future of work?

When social partners work co-operatively and anticipate new challenges, in a framework guaranteeing fundamental labour rights, collective bargaining can:

Help companies respond to demographic and technological changes in a more flexible and pragmatic - but yet fair - manner than what can be achieved by labour regulation.

Shape the design and definition of new rights (i.e. right to disconnect) or improve existing ones (e.g. right to training).

Complement government efforts in strengthening labour market security and adaptability.
OECD WEEK 2019

20 May : TUAC Plenary
20-21 May : OECD Forum
This year’s Forum title is “World in EMotion” (“Un monde ÉMouvant”)

22-23 May: Ministerial Level Council Meeting (MCM)
The theme of this year’s MCM is “Harnessing digital transition for sustainable development: opportunities and challenges”.
The MCM will be chaired by the Slovak Republic with Canada and Korea as Vice-Chairs.

Other Events
21 May   DEV HLM
23 May   WTO Trade meeting
23 May   LAC Meeting
Forum 2019 themes

New Societal Contract
- Squeezed middle
- Nostalgia
- Tribes
- Men & boys

Integrity Trust
- People power
- Enabling the civil society space
- Ethics, Values & Privacy

Future of democracy
- Future of work
- Digital inclusion
- Youth & digital
- Affordable housing
- Future of education & skills

New jobs & occupations
- Entrepreneurship
- Food tech

International co-operation
- SDGs
- Artificial intelligence
- Collective intelligence
- Climate
- Digitalisation & the future of work
- Taxation in the digital economy
- Competition & digital trade
Yes

Non-standard employment

Employee?

Yes

Part-time and temporary employees (incl. casual, on-call and TWA workers)

False self-employed?

Yes

Full-time, open-ended employees

No

Grey zone

Yes, but with practical difficulties

Access varies depending on national legislation or court ruling

Limited by competition regulations

Ambiguity remains?

Yes

Yes, but with practical difficulties

No

Genuine self-employed

Access to collective bargaining?