Preparing for the consequences of the digital economy

ILO's Chief of Employment and Labour Markets Branch, Ms. Sukti Dasgupta, joined other experts and discussed trade, tech and capacity-building during the 2018 Forum on Financing for Development.

NEW YORK (ILO News) – The changing labour market has been greatly affected by developments in science, technology and innovation, and there is an opportunity to let trade policies boost growth and employment.

The round table debate on "Trade, Science, Technology, Innovation and Capacity-Building" brought together representatives from the ILO, European Commission, Council of the Technology Bank for LDCs, WTO, UNCTAD and Third World Network, during this year's Forum on Financing for Development.

The discussion focused on how trade could foster sustainable development and ensure respect for gender equality. The panellists were also debating what investments are needed in science, technology and innovation, and how to harness the benefits of trade and technology while also addressing labour market challenges.

Ms. Dasgupta noted that "trade is not an end in itself, but it can be a useful contributor to growth and employment generation". She pointed out that although trade may add to informality and inequality, such consequences can be tackled with strategic labour provisions. Labour provisions are compliance provisions based on the Declaration on Fundamental Principles and Rights at Work. It was said that, globally, 77 trade agreements included labour provisions, covering 136 countries, and they had mitigated a competitive race to the bottom.

Ms. Dasgupta also debunked the myth that labour provisions harm trade. According to ILO studies, labour provisions have no negative impact on trade, and, in fact, they positively help worker conditions, particularly for women.

Mr. Mark Henderson, Directorate General for Trade, European Commission, also gave an encouraging view on trade, and stated that trade-led growth is a proven method. One of the ways the EU is contributing to this is by giving vulnerable countries access to the EU market, which also reinforces labour standards.

Ms. Shamika Sirimanne, Director of Division on Technology and Logistics, from UNCTAD, brought up the digital divide and shared her concern that the digital divide could end up as a development divide. She said that productivity gains in the digital economy are usually captured by the skilled labour force. In addition, she questioned the future of labour standards, in light of the rise of automation and platform economy.

On the future of work, Ms. Dasgupta, pointed out that, historically, jobs have been lost, and new jobs have been created, and it is up to the global community to shape the future of labour. Despite the current labour market disruptions, including new employment forms, policies can shape the future of the market. Skill development, certification of skills and lifelong learning will be essential moving forward, Ms. Dasgupta added.

Another part of the solution for the future is sufficient social protection, and ILO research has shown that it is not impossible to implement social protection floors, even in developing countries.