

The good jobs stratgy

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The problem

- In developed and developing countries alike a combination of technological change and globalization is creating or exacerbating productive dualism.
- In both kinds of economies a segment of advanced production that thrives on the uncertainty of the knowledge economy co-exists with a mass of relatively less productive activities that neither contributes to nor benefits from innovation.
- A signature feature of this new dualism is the spread of bad jobs: precarious, badly paid, often unsafe, without the protection of public oversight or collective bargaining and leading nowhere. The proliferation of these jobs leads to enormous negative externalities, manifest first as exclusion, inequality and the dimming of life prospects of whole communities; then, with growing desperation, as distrust of elites and populist backlash that threatens democracy itself.
- Keynesian reflation, by infrastructure projects and other means, can increase employment, but does not improve the distribution of types of jobs

The solution (?)

- Given the ruinous negative externalities of bad jobs, what is needed is a bold program to creat or expand the availability of jobs whose features are the mirror image of precarious ones, and which facilitate participation in the dynamic sector of the economy: good jobs.
- The good jobs approach has three, mutually re-enforcing components:
 - increasing the skill level and productivity of existing jobs and firms by provision of extension services to improve management or cooperative programs to advance technology;
 - increasing the number of good jobs by supporting startups, the expansion of local firms or attracting outside investment;
 - and active labor market policies or workforce development programs to help (at risk) workers master the skills required for good jobs.
- Public-private collaboration is indispensable to achieve this program because neither the private sector nor the state alone have the information to carry out even one of these tasks alone.

The simple economic logic of the proposal

- The private costs of bad jobs exceed the social costs—there are negative externalities
- The private gains of GOOD jobs are less than the social benefits of those jobs—there are positive externalities
- Because of that wedge, private investors often won't make investments even when society would gain
- Public incentive have to be introduced to correct the distortion
- Typically the incentive is a Pigouvian tax or subsidy, or quantity target—but as uncertainty increases more complex intervention is needed.

The big but

- The definition of a good job—seen both as an improvement on current employment possibilities and as a step towards inclusion in the dynamic sector—will vary from place to place
- the obstacles to creating such employment also vary by place
- We know that from hard experience: A common theme in research in this area is that very few program elements work off the shelf across diverse settings; In a time as skeptical of the capacities of government as of the motives and methods of large corporations that is a lot to ask.
- the good jobs strategy has to be customized to suit local context. Put starkly, the program has to be created or recreated as it is executed—it has to have a built-in capacity for continuing adjustment
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Because of that concern...

- the focus here is not on programmatic details, but on the design principles underpinning a (meta-) regime for generating good jobs in many different areas of economic activity under conditions of uncertainty and learning, through ongoing review and revision of objectives, instruments, and benchmarks.
- Those principles do not have to be developed from scratch. They have emerged in
 - new forms of contracting between jointly innovating firms, in
 - iprograms aimed at filling in crucial “white spaces” in scientific/technical knowledge,
 - and in regulation of the environment, food safety and pharmaceuticals
- They can be adapted to structure a good jobs program

Contracting for innovation

- Under stable conditions contracting parties can specify what each expects from the other
- Precision, moreover, is often unnecessary, because the same parties often contract repeatedly—giving rise to shared norms and expectations that guide performance
- Under uncertainty, as technology changes rapidly, neither party can say exactly what is feasible and collaboration is often with strangers, with norms and expectations of their own

Under uncertainty the nature of contract changes

- Instead of defining precisely each party's obligations, the agreement establishes broad goals and a regime of regular, joint reviews of progress towards interim targets or milestones, procedures for deciding whether to proceed, and mechanisms for resolving disagreements.
- By exchanging this information the parties develop a more and more precise idea of the shared goal while allowing each to better assess the capacities and good faith of the other
- As collaboration progresses, each party relies increasingly on the capacities of the other, deterring opportunistic defection and generating or activating norms of reciprocity.
- Trust and mutual reliance are the result of agreement to collaborate, not its precondition, just as the precise aims of cooperation are the outcome, not the starting point of joint efforts

ARPA-E

Codeveloping frontier tech

- DARPA (Defense Advanced Projects Agency) and the internet
- ARPA-E, a daughter institution, fills in “white spaces” in the emerging technology of sustainable energy—for instance, storage devices to facilitate integration of fluctuating renewable power sources into the grid

Key to governance— Provisionality as principle

- At every stage in the organization of research ARPA treats goals as provisional or correctable in the light of experience
- Developing programs
 - Directors are hired with the expertise to shape new portfolios
 - Test and refine ideas in seminars with outside experts
- Selecting projects
 - Project proposals start as concept papers explaining an approach is superior to alternatives, and how it responds to foreseeable criticism
 - Survivors of the first round are reviewed again. Allowed to respond outside critics
- Supervision of individual projects in a program portfolio
 - Projects agree milestones with Agency
 - Regular review of progress, with support for revision when projects are salvageable, termination if not

Environmental regulation

A model of place-based intervention

- Environmental regulation also encounters frontier uncertainty
- but it is often challenged in addition by uncertainties arising from the singularities of place: the way known factors—familiar pollutant streams; types of subsoil and geology—combine in particular contexts to produce unforeseeable results.
- “White spaces” get filled in once and for all.
- environmental problems have to be re-defined and addressed place by place.
- In this regard environmental regulation strongly resembles, and serves as a model for regulation of the good-jobs externality. In both a central task of governance is creating an information exchange regime that induces the local actors to cooperate to contextualize solutions while learning from the pooled experience of others

Non-point source pollution:

Close cousin to the good jobs problem

- Within environmental regulation non-point source pollution is the paradigmatic case of contextual uncertainty.
- The regular emissions of large polluters, such as power plants or sewage treatment facilities, are (relatively) easy to detect and control.
- Intermittent emissions from diffuse sources, such as the runoff from sporadic detergent use in scattered households, are not.
- Agricultural runoff is especially refractory because of the great variation in the pitch and absorptive capacity from field to field, seasonal variations in weather and the rapid changes in the level and nature of productive activity induced by cycles of cultivation

Irish experience under the Water Framework Directive (WFD)

- WFD established open ended standards for pristine water, defended as minimum deviation from natural state of water bodies of a certain type (eg, Mediterranean rivers)
- Ireland failed repeatedly to meet requirements for reduction of Nitrogen and Phosphorous runoff.
- Catchment-level studies showed that variation in soil types and sub-soil geology, along with many other factors, made rules of thumb (for fertilizer application, for instance) unworkable
- Solution is proving to be co-developed of field by field mitigation plans by farmers and extension agents, with participation by local communities.
- A new kind of extension service—co-learning, not propagation of standard solution—suited to good-jobs interventions

3 Broad Lessons

1. Making new institutions work requires revision of initial plans given—often disappointing—initial results. There are principles but no blueprints
2. contextualization in the sense of recognition of the need for local solutions to idiosyncratic local problems is a corrective and supplement to higher-level decision making and procedures, but not a substitute for them. No level in these new governance arrangements knows best; each corrects the others.
3. contextualization blurs the distinction between regulation, directed to compliance with rules—order maintenance within a given system—and the creation of new institutional systems. Contextualization induces collaboration between regulators, other public officials and regulated entities in the development of novel forms of capacity building and public participation in regulatory decision making.

Workforce Development Project Quest

- Project Quest (Quality Employment through Skills Training) founded in San Antonio, Tx, in 1992, in response to a wave of plant closings
- Displaced workers lacked skills for the jobs in IT and health care that were being created
- Two faith-based social movements founded Quest in response

Governance at Quest

- Quest faced a double challenge
 - Had to identify emerging job opportunities and induce the local community college to respond to them with new courses
 - At the same time had to support a population of at risk learners, often older, with personal and family obligations and burdens

Culture of continuous improvement

- Most skills development programs at the time in the US were failures—and many still are
- Quest aimed to avoid familiar problems by turning to former military officers with long experience in workforce development—and deeply familiar with the culture of continuous improvement that took root in the US armed forces well before it became common in private industry
- First executive director was the former commander of the Air Force Recruiting Service

Providing customized services

- New students, together with a counselor, design a package of “wrap around” support services
 - Tuition subsidies
 - Support for child care and rent
 - Services to address health care, transportation or domestic violence
- Counseling is continuous and intense
 - Students meet counselors individually and in fixed groups for weekly, hour-long sessions
- Aim is to identify and respond to problems before failure cascades.

Quest provides Long-term benefits to students

- In a recent RCT evaluation Quest graduates earn 10% more a year than the control group
- The gap may be increasing over time—it does not decrease
- The difference in earnings is greatest for older students with family obligations—the most at risk group, who need help the most.

Model is spreading

- Because it is adaptive, this model should be workable in many places—and it is
- Community colleges in Ohio and New York City, for example, building support systems that “make help unavoidable” and
- Building alliances with large firms, such as Amazon, where
 - The school provides customized training and support and the employer
 - Pays tuition expenses, synchronizes the work schedule with school need, and offers a career ladder into management for program graduates.