

Discussion of: “Back to Work: Helping workers who lose their jobs as the result of economic change”

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- Recap on the presentation and offer my perspective
- Social protection in a world with informality

- Job polarization
- (Increased) job insecurity concentrated among the most vulnerable
- De-industrialization
- Increasing share of income accruing to the top
- Institutional changes might be endogenous

“Mega” trends

- Demographic changes
- Globalization
- Technological change
- (Migration)
- (De-unionization and institutional change)

Are these trends responsible for the outcomes?

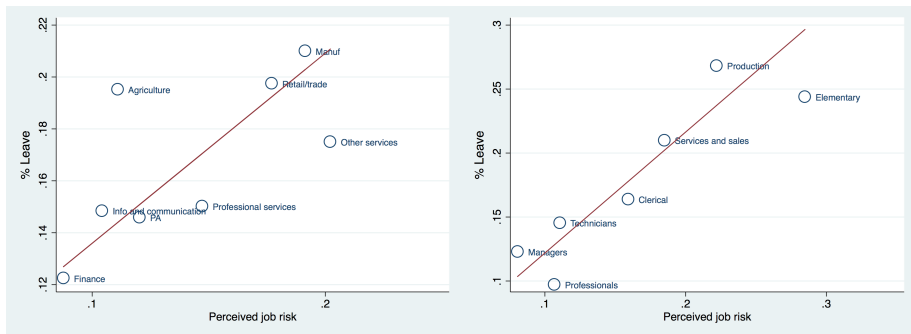
- Import competition from China has led to workers' displacement
- Technological change has contributed to polarization, possibly increasing inequality
- ...but dispute on effect of robots on wages and employment
- Less evidence on major demographic changes
- More controversial evidence on migration

Are these trends responsible for the outcomes?

- Partial equilibrium effects
- Undisputed distributional consequences
- Major challenge for welfare systems
- Are these trends sustainable?

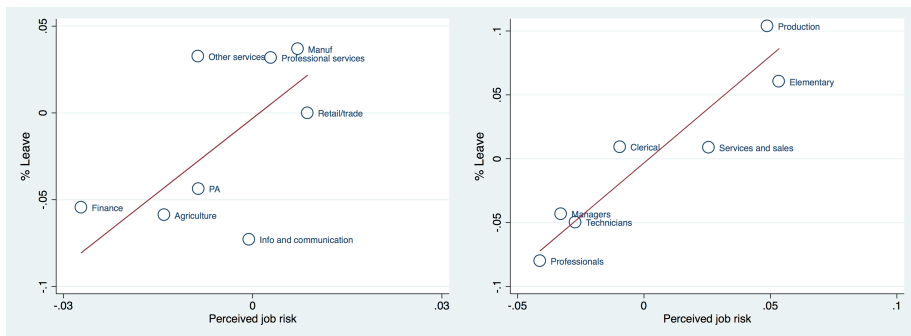
Job insecurity and anti-Europe feelings

Workers in jobs with higher perceived job insecurity more in favor of Leave



Job insecurity and anti-Europe feelings

Still true if controlling for workers' characteristics

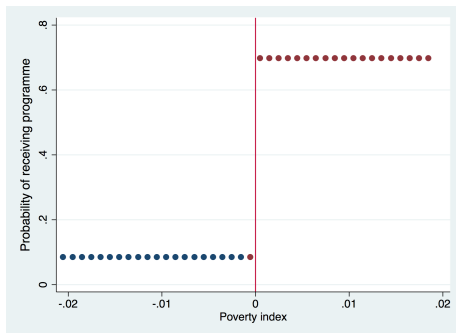


Social protection in a world with informality

- Many Latin American countries have experimented with innovative social policies in last decade
- Non-contributory systems
- Reaching out to workers out of social security a priority but also a challenge

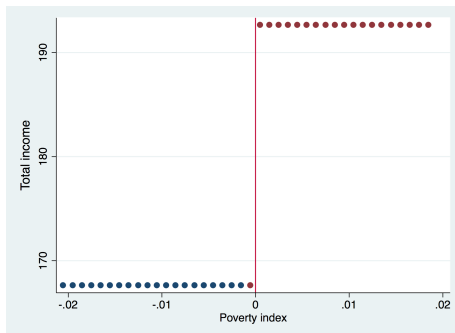
- Temporary cash transfer program
- Targeting based on poverty score predicted on baseline household/housing characteristics
- Sharp cutoff in assignment
- Means-testing
- No activation or conditionalities, including search conditionalities or public work counterparts

Program assignment



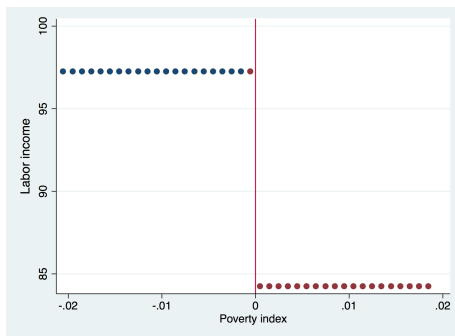
Household **total** income - contemporaneous effects

1. Households better off - in many dimensions

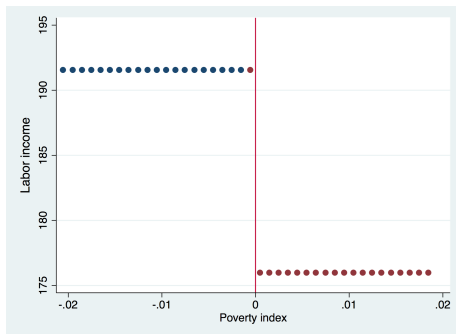


Household **labor** income - contemporaneous effects

2. Leaky bucket - 30 % of transfer undone by behavioral responses
3. Substitution away from formal into informal employment



4. State dependence in (in)formality



- Challenges of administering and designing means-tested social protection policies in a world with high informality
- Dynamic incentives/disincentives induced by rules for access to social security benefits

Thank you!