

Public Works and Public Employment Programmes: What role in socio-economic recovery?



Session 1: Lessons from the past to inform the future

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Findings from ‘100 Years of PWP in the ILO’



- ILO Centenary celebration 1919-2019
 - Coauthors: Lieuw-Kie-Song, Tsukamoto, Tessem and Donnges
 - Collaborative project, with current and past EIIP staff
 - Explore history of PWP in the ILO
- ILO as visionary thought leader in terms of employment & economic policy as well as technical innovation and technical assistance
- Fascinating story, PWP in ILO mirror ideological, institutional and geopolitical shifts over decade
- Highly relevant today – need for strategic and mass scale employment creation to address global development and climate challenges

Structure



- Sketch out history –
 - share flavour of key developments over time to give background and context to the following seminars
- Main themes & lessons
- Highlight why relevant today
- Context for remaining sessions

History of PWP

- Long history of PWP as response to inadequate labour demand during periods of economic transitions – documented in UK during 1500s
- Low paid and unattractive arbitrary work with limited productive value - disincentive to applicants
- 19th century – PWP as component of social policy in Europe
- Initial experiments in countercyclical public spending eg *Freycinet* Plan France, 1870s – accelerate spending on railways, canals and ports in response to recession

PWP Part of Discourse of Recovery post WW1



- Urgent need for relief, employment and public investment in reconstruction
- Fear of radicalism if labour challenges not addressed
- Awareness that unemployment and poor labour conditions were key drivers of social and political instability - 20 million deaths in WW1
- PWP part of policy discourse in response to social and economic dislocation post WW1

Part XIII of 1919 Versailles Peace Treaty - Labour



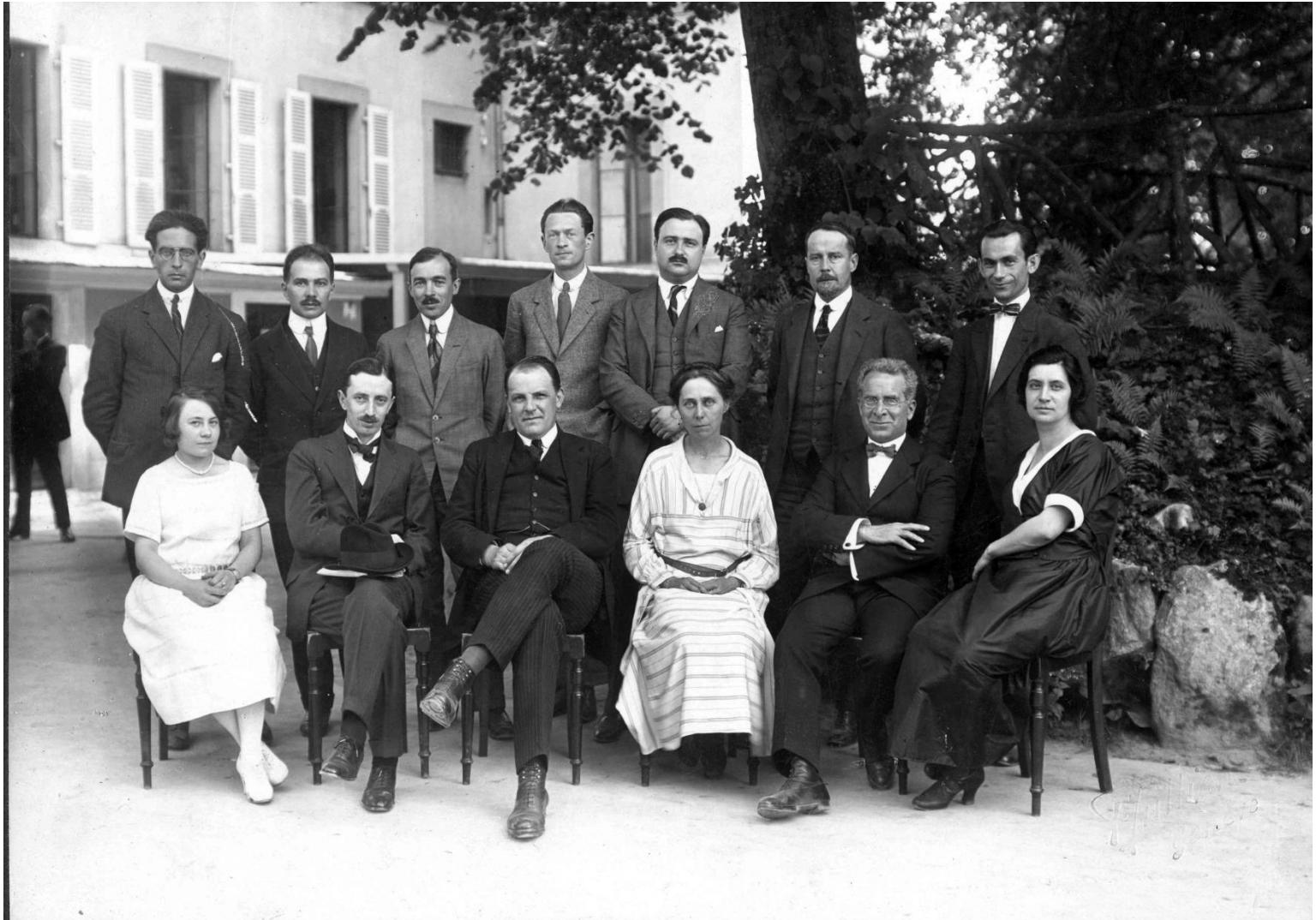
- Versailles treaty established League of Nations
- ‘the establishment of **universal peace** [...] can be established only if it is based upon social justice’
- ‘**conditions of labour** exist involving such injustice, hardship and privation to **large numbers of people** as to produce **unrest** so great that **the peace and harmony of the world are imperilled**; and an improvement of those conditions is urgently required:’
- ‘moved by sentiments of **justice and humanity** as well as by the **desire to secure the permanent peace** of the world’

ILO Mandate



- ILO created under Versailles treaty as affiliate to League of Nations, to address challenge of labour
- ILO in 1919 tasked with the prevention of **unemployment & the provision of social protection** (along with labour regulation)

First Session of International Labour Conference 1919



ILO Priorities in 1919



- **promoting interventions to alleviate mass unemployment directly**
- unemployment was 2nd agenda item at 1st International Labour Conference (ILC)
- ILO's first Recommendation (No.1 Unemployment Recommendation) included:
 - advance planning of public works
 - mass public employment in place of 'relief' (cash transfers)
 - state intervention - rescheduling public spending to finance public employment at time of need

ILO PWP in 20s & 30s

- 1920s –
 - promote national PWP for post WW1 stabilisation and peace consolidation
- 1930s –
 - create global PWP inventory
 - promote design innovations
 - develop first PWP policy (1935)
 - propose large scale systematic and coordinated PWP
 - lobby to create central international authority to coordinate PWP and financing
 - consistent with Keynes (General Theory 1936)
 - planning disrupted by WW2 before institution realised

ILO PWP in early 40s

- Era of interventionism & full employment
- Vision - ILO as facilitator of world economic cooperation & post war reconstruction
- *A solid majority of economists is now of the opinion that, even in a capitalist system, full employment may be secured by a Government spending programme... ” (Kalecki, 1942)*
- *One still hears statements here and there to the effect that we cannot afford (in terms of money) this measure or that, but the great majority of people now realise that what we really cannot afford (in terms of welfare) are mass unemployment and a low standard of living. Moreover, there is no economic reason whatever why we should, and we therefore have a sound basis on which to build for the future. ’ (Tait, 1944)*

ILO PWP in the post war decades

- 1940s
 - ILO not given reconstruction mandate
 - Post war boom reduced urgency for PWP
 - Cold War, decline in appetite for UN-led transnationalism
 - ILO redefine self – step away from PWP vision and leadership aspirations
- 1950s
 - PWP to address seasonal unemployment in developed countries, but no commitment to interventionist approaches
 - ILO re-focus its technical cooperation on newly independent developing countries
 - PWP as response to post colonial capital shortages with goal of stimulating economic growth

1960s - UN First Development Decade



- Economic growth failing to generate employment or poverty reduction, particularly in LIC
- Provision of TA to promote PWP and labour-intensive approaches
- PWP debate increased from TA to broader policy issues relating to poverty & employment
- Growing unemployment during late 60s major concern, failure of ‘Development Decade’

1970s - World Employment Programme

- WEP (1969) proposes coordinated global programme to address underemployment and unemployment, addressing social and economic development objectives
- After 30 years ILO central role highlighting unemployment as a global challenge and identifying role for itself as part of coordinated international response
- WEP employment missions to explore employment challenges and potential policy responses – Colombia, Sri Lanka, Kenya
- Major research programme creates a theoretic basis for the adoption of LI methods
- Develop technical approaches for optimising the employment intensity (EI) of infrastructure investment

1970s – shifting the development discourse



- ILO radicalism and leadership
- Discourse of WEP - growth with redistribution, radical full employment agenda, use of LI to promote a '*shift to a pattern of economic growth that is more employment-intensive, more equitable, and more effective in the battle against poverty*' (Emmerji, 2010)
- Development of LI training centres, and programmes, eg Rural Access Roads Programme, Kenya

1980s – PWP consolidation



- Creation of the Employment-Intensive Investment Programme (EIIP)
- Promotion of ‘pro-employment’ approaches in construction industry
- Development of global network of expertise on LI construction, capacity building with private and public sector partners, outreach – universities, technical training centres and regional seminars
- Creation of global PWP blue print, export to World Bank
 - Rapid change in ideological context - reduction in interventionist policies under neoliberalism
 - Reduced EIIP budget and capacity
 - Closed regional employment teams established under WEP

1990s and 2000s – job creation back on agenda



- 1995 UN *World Summit for Social Development* (WSSD) reopened space for interventionist approach to employment
 - ILO *World Employment Report* documented failure of growth to deliver adequate employment, and structural nature of the challenge
 - *Decent Work Agenda* promoted employment creation and social protection
- Increase EIIP profile, budget and activities focussed on country level support

2010s- a changing development agenda with PWP to the fore



- Social Protection Floor Initiative (2012)
 - PWP for income security for working age poor
- Agenda 2030 and the SDGs (2015)
 - SDG 1 End Poverty
 - SDG 8 Decent Work and Economic Growth
- 2015 Paris Agreement on Climate Change
 - ‘Green’ PWP activity for mitigation and adaption – and Shock Responsive Social Protection
- ILO take leadership role in PWP coordination and promotion
 - Lead ISPA group to promote international donor coordination on PWP

2020s – role for increased PWP activity?



- Covid
 - interventionist policies and acceleration of public investment for recovery programmes
- Climate events & COP 26
 - need for green investment – mass mobilisation for adaptation and mitigation
- ‘Global accelerator for jobs and social protection’
 - call for investment in universal social protection, decent work and a just green transition

Current Context



- Economic dislocation
- ‘Jobless’ growth with under and unemployment
- Persistent poverty in poorest regions of world
- Climate change and environmental challenges (Covid) disrupting labour markets
- Limited social protection coverage - 4 million people lack provision (ILO, 2021)
 - Striking similarities with 1919
 - Once again a crisis of poverty and under/unemployment
 - Risk of global social and political destabilisation
 - Urgent imperative to address labour market failure

Top line insights: PWP Trade Offs



- PWP are used to address range of policy objectives – eg macro-economic, labour market and social protection
- Design varies depending on the priority objective
- Recognise PWP may have multiple objectives which can be in tension
- Consistent set of trade offs repeatedly identified over the century which require design responses
- Main trade offs;
 - Economic growth vs employment creation
 - Quality of assets vs employment creation
 - Social protection provision vs employment creation

Lessons from history



- Need to ensure technical quality and efficiency
- Need for PWP to be economically, technically and politically feasible, as well as having local ownership
- Need to explore feasibility of expanding PWP beyond construction, (eg to public maintenance, land development, public service ...) to increase labour absorptive capacity and address priority social and economic needs
- (ILR, 1956)
- Need for large scale coordinated interventions in contexts of severe and extensive labour market failure
(ILO, 1935)

Relevance today



- PWP are consistent thread in ILO work
- Have been used in a wide variety of contexts over last century
- Rich experience technical, institutional & conceptual
- Policy instrument which can address individual poverty as well as the broader challenges of social stability, economic growth and development
- May be appropriate policy instrument in response to current and future challenges
 - Their future potential will be explored in coming sessions

Thank you...



- Questions and comments please
- I hope you enjoy the rest of the seminar