Illusions of Inclusion: Assessment of the World Development Report 2019 on *The Changing Nature of Work*

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Introduction:

The 2019 World Development Report (henceforward WDR 2019) on *The Changing Nature of Work* examines how livelihoods are being transformed by globalization and digital technologies, and offers a path to a fairer, more inclusive social contract for the world's beleaguered labour forces. Addressing fears about the negative effects of inequality, automation, and de-industrialization, WDR 2019 reassures the reader with narratives of creative destruction, the job creating potential of digital technologies, and plans for increasing investment in universal social protection, and better quality education and healthcare. If this weren't enough to titillate even the most jaded Leftie, WDR 2019 overtly calls for a 'stronger role for governments' in the provision of social protection (p.107). Better still, readers are offered a 'unique level of transparency' in the writing of the report. As the Foreword proudly proclaims, for the first time ever, updated drafts of the report were made publicly available online on a weekly basis throughout the writing process, inviting comments and additions from across the development community.

In a context of crises of unemployment, migration, and expanding informal economies, engagement with the topical question of how to develop a more inclusive social contract is of pressing interest to many who work on labour and employment issues. Those familiar with World Development Reports, however, are aware that they are less about engagement with debates on the headline development issue, than about spinning narratives to justify preferred policy directions, often involving efforts to gloss over the problematic consequences of past recommendations. WDR 2019 does not disappoint in this regard. In fact, the intense process of reframing created a feeling of being drawn through the looking glass of an understanding of work in which nothing is what it seems. Despite the copious use of comparative data, detailed examples of experiments and programmes from across the globe, and the celebrated transparency initiative in the writing of the report, the net effect served to obscure more than to clarify. WDR 2019 spins a narrative that makes increasing labour informalization look like a path to decent work, targeted social protection look like universalism, downgrading standards of education and health provision look like promoting equality, taxation reforms that shift resources from labour to capital look like investing in people, and a call for greater deregulation of labour look like a new social contract that 'protects people rather than jobs'. Despite a carefully crafted message, WDR 2019 manages to say very little about what a more just and accountable social contract for 21st century workers would look like.

In examining what WDR 2019 says, and what it doesn't say, I will divide the discussion into five parts. The first is to lay out the main arguments of the report. This will be followed by a consideration of how the changing nature of work intersects with labour informalization in ways that serve to disrupt our understanding of decent work. Pervasive informality across the developing world is charged with making the 20th century social contract both unfair and obsolete, calling for a closer look at how proposals for the promotion of digital jobs and labour deregulation will improve matters. A third section will examine how notions of inclusion in service provision and social protection are reducing rather than improving the extent and quality of provision. In the fourth section, attention will turn to deciphering the implications of the proposed rebuilding of the social contract. Looking beyond the focus on fairness and flexibility, it will consider the underlying distributive implications of delinking social protection and taxation from the employment relationship accompanied by more permissive approaches to addressing corporate tax evasion. A brief conclusion will link the changing nature of work back to more fundamental issues about inequality and social protest.

Technology, Inclusion and the Future of Work

Connecting with growing concerns about the potentially negative effects of new technology on the future of work, WDR 2019 begins with a consideration of how automation and the rise of the gig economy will affect unemployment and inequality in the Global South as well as the Global North. Developments in automation are rapidly destroying many routine service and manufacturing jobs in developed countries, and there are concerns that they will do the same in the developing world. Yet, we are reassured that this is all part of the process of 'creative destruction', and will fall less hard on least developed countries where there are few manufacturing jobs to lose. Despite some risk of job losses, we are told that manufacturing jobs are not at risk in the developing world where employment in manufacturing is said to be stable, and there is a constant emergence of new types of jobs unknown to earlier generations, such as software developers and web designers (World Bank 2018:7). WDR 2019 contends that 'Technology has created more jobs than it has displaced' (p.18).

As for inequality, it is claimed that new technologies are not reinforcing digital and economic divides, but offering new paths to equality by eliminating low skilled, routine jobs and creating more productive high-skilled jobs. This may be a blessing in disguise for low income countries still struggling to industrialize. In Africa in particular, we are told that prospects for development through mass industrialization have already been undermined by Asian success, while digital technologies offer a new source of technically advanced, high quality employment in the service economy (p.30). In the process, digital technology offers an opportunity to change the geography of work in favour of Africa and other low-income regions that have lost out in the global spread of manufacturing.

In fact, WDR 2019 sees much to be enthusiastic about in the ways that new technologies are transforming the world of work. The rise of digital employment and platform firms promote rapid growth of employment and productivity in accessible and trendy high tech activities such as mobile-phone-based service work in the gig economy, or free-lance on-line work referred to as 'e-lancing'. Digital technologies also promote the rise of platform firms, celebrated as a more flexible type of firm that scales up quickly into what are coyly referred to as 'Superstar firms' – distancing them from large fast-growing tech firms known as 'unicorns', such as Amazon and Uber, which have had a more controversial effect on the welfare of workers. Emphasizing the potential of speedy upscaling, it is noted that IKEA took 74 years to expand to 415 stores in 49 countries, while China's online marketplace, Alibaba, acquired 9 million online merchants in just 15 years, and Nigeria's Jumia expanded operations into 23 African countries in 7 years. Superstar firms are celebrated as a means of turbo-charging the expansion of small firms and high skilled jobs, challenging the notion that employment generation requires the promotion of small and medium scale enterprise rather than multinational behmoths. According to WDR 2019, large platforms firms support networks of small start-ups which promote competition, and small-scale tech firms may scale up to become Superstar firms themselves (p.37). From this perspective, employment generation is about meeting the necessary pace of investment and innovation needed to promote the expansion of platform firms and digital employment in order to replace jobs being closed down in declining sectors (p.12).

If globalization and new technologies are the solution, informality rather than inequality is the problem. We are assured that 'inequality in most emerging economies has declined or remained unchanged over the last decade' (p. 9), while the appearance of inequality is blamed on skewed expectations created by social media, alongside the scandal of 2 billion people trapped in large informal economies across the developing world. Statistics on the vast size of informal economies in developing regions are cited repeatedly, showing that informal employment stands at over 70% in Sub-Saharan Africa, 60% in Asia, and more than 50% in Latin America. Large informal economies are described as a 'fixture' in developing countries, unaffected by global economic reforms, and characterized by stylized facts about low productivity and lack of education that show a surprising lack of awareness of the depth of existing research on the economic dynamics of these large, highly identifiable informal economies (Meagher 2010; Harriss-White 2003; Breman 2016; Huang 2011; Neuwirth 2012; Fernandez-Kelly and Shefner 2006). The informal economy is cast as the real threat to decent work, while digital employment offers a chance to free the impoverished majority trapped in 19th century informal activities, and subject to an equally obsolete 20th century model of social protection. A policy framework fit for 21st century workers requires the reconnection of these economically marooned workers to the modern world by investing in the human capital and social protection to reach those in the informal as well as the formal economy, investing in digital and physical infrastructure to connect workers and consumers to global markets, and improving taxation systems to finance these essential investments in the future of workers.

To promote the necessary human capital formation, the WDR 2019 argues for a greater focus on improving the quality of health and educational provision, rather than simply focusing on expanding access. With 80% of children in low income countries now attending primary school, and 94% of children reaching their fifth birthday, they claim that expanding the quality of provision is now the key development challenge in developing countries (p.50). Poor learning and health outcomes are identified as the main constraint on acquiring the skills and productivity to participate in the promising future of digital employment. In particular, pre-natal and early childhood health, and the development of a range of higher order cognitive and socio-behaviour skills are regarded as key to expanding employment and raising incomes. An additional dollar invested in quality early childhood programmes is said to yield a return of US$ 6-17, though nothing is said about who captures that return in the context of digital employment.

Airbrushing out the slashing of social expenditure over some two decades of market reforms, poor human capital outcomes are put down to a lack of political accountability, which can be jumpstarted by better data. The report introduces the World Bank Human Capital Project which is developing the necessary metrics and data base to drive improvements the productive quality of the next generation of workers. A key objective of this project is to generate data for benchmarking key components of human capital formation across countries as a means of holding states to account. The jewel in this informational crown is an average measure of the human capital that a child born in 2018 could expect by the age of 18 as a share of what someone with 'perfect' health and education would have. This would allow comparative ranking of the human capital levels of national labour forces. Given that capital moves faster than changes in human capital development, the implications of such a metric for the distribution of foreign direct investment are cause for concern. Additional improvements in tertiary and adult education are recommended to upgrade cognitive skills for existing generations. While digital employment is put forward as a means of improving the quality of work, investments in human capital focus on improving the quality of workers.

Policies for improving human capital are accompanied by reforms to create a fairer, more inclusive system of social protection and taxation geared to building a new social contract for a 21st century workforce. Current systems of social protection and taxation are seen as ill-adapted to the realities of large informal economies and the future requirements of digital employment. The report notes that 80% of workers in developing countries have no access to any form of social protection. In low income countries, coverage is even more derisory: only 18% of the population is covered by social assistance, and only 2% by social insurance (p.106). WDR 2019 advises a shift from the current system of focusing social benefits on the formally employed toward a new model of social protection designed 'to expand coverage while giving priority to the poorest people'(p.14). In what appears to reverse decades of support for targeting, WDR 2019 calls for 'progressive universalism' in social protection to extend benefits to informal workers (p.119). The report rules out Universal Basic Income (UBI) grants as unsustainable, but supports the extension of a 'guaranteed social minimum' to poor and informal workers, complemented by subsidized fee-based social insurance arrangements and mechanisms to support additional savings among the poor, using mobile-phone based savings arrangements and electronic nudges to save.

Importantly, the expansion of social protection across the whole of society is accompanied by recommendations to 'decouple' the financing of social protection from payroll taxes which cover only a small share of formal workers. Instead of financing social protection by taxing formal employers, it is argued that the responsibility should be shifted to state revenues, which can be expanded by widening the tax base and enhancing the efficiency of collection. Not only would state financing allow social protection to be 'decoupled from how and where people work', remedying the exclusion of informal workers from coverage, but it reduces the cost to employers of job creation and eliminates disincentives to formal employment (p.114). Expanded access to social protection is said to allow for a loosening of labour regulations, since workers will be protected through social policy, fostering further economic benefits through increased labour flexibility and job creation (p.119). Contemporary labour laws are downplayed as colonial legacies poorly adapted to developing country realities, which create rigidities in adapting to the future of work. New technologies also offer prospects for enhancing the delivery of social protection to harder to reach populations though personal ID systems and mobile phone delivery. By extending social protection as well as providing mechanisms for registering informal workers through electronic salary payment systems, new technology offers a means of reducing informality (p.95).

The new vision of inclusive systems of human capital formation and social protection require fairer and more inclusive tax systems. It is noted that the share of tax revenue in developing countries is half the share collected in high income countries, compromising prospects for more inclusive service delivery. After decades of trade liberalization which have rolled back tariffs, export taxes and royalties on natural resources, this is not surprising (Fjeldstad and Moore 2007). However, efforts to reclaim lost revenue shifts attention from lost trade taxes to new strategies of widening the tax base, creating new non-distortionary taxes, and improving the efficiency of tax collection. Notions of fairness focus attention on taxing informal as well as formal firms, and on strengthening tax administration to close loopholes and reduce tax avoidance and evasion, especially by international firms. It is acknowledged that strategies of extending VAT and taxing informal firms appear regressive, but this is countered by the contention that they are not regressive if taxes are returned to the poor in the form of expanded social protection and human capital investment (p.133). Conversely, discussion of how to reduce tax evasion and avoidance by multinational firms, including platform firms, explicitly disallows raising taxes on natural resource royalties, and is filled with intimations that digital firms are too difficult to tax, and that developing countries lack the administrative capacity to address tax avoidance, and should leave this issue to the adults in the international community. In the process, one cannot avoid the impression that reforms to create a fairer, more inclusive system of social protection and taxation mask rather than illuminate their real distributive consequences and impact on informality and inequality.

Digital Employment, Inequality and Labour Informalization

A closer look at WDR 2019's analysis of the beneficial effects of new technology on inequality and informality raises a number of questions. To begin with, the contention that there is no problem of rising inequality is little short of bizarre. While one highly selective piece of data from 2007 gives the impression that talk of rising inequality is a red herring, this is easily debunked by numerous detailed analyses to the contrary (Picketty 2014, Galbraith 2018; Horner and Hulme 2018). Horner and Hulme (2018) show that a slightly longer time-line reveals a serious rise in inequality across the globe, with two-thirds of the 65 countries for which data is available suffering from increases in in-country inequality between 1988 and 2011, and population-weighted Gini-coefficients rising from 34 in 1988 to 39 in 2013, accompanied by a long term decline in the share of gross value-added to labour.

On top of this general trend, the rise of automation and digital employment threaten to further exacerbate rather than resolve inequality in developing countries. While the effect of new technology on manufacturing jobs may be limited at present, developing countries face more future employment risk from automation than developed countries, as a recent World Development Report has itself pointed out (WDR 2016). While developed countries have already suffered considerable job losses, these pressures are only beginning to affect developing countries, and will intensify as they adopt new technologies and move up the value chain, placing as much as two-thirds of jobs in emerging markets at risk from automation (WDR 2016; Financial Times 2019a). In short, developing countries may experience limited job losses from automation at present, but the future of work in the developing world is very much about a hollowing out of middle-skilled jobs, which is set to exacerbate inequality, particularly in Africa and South Asia.

The contention that digital employment will generate new high value jobs to replace those lost to automation is also debatable. A recent McKinsey Report (2018:66) entitled *Smart Cities: Digital Solutions for the Future* argues that digital employment is likely to have a fairly modest effect on job creation, boosting employment by only 0.4% even with optimal assumptions. They point out that high technology firms and data management do not require a large staff, and do not even require a number of activities to be located in country. Even more problematic is the effect of digital employment on working conditions and incomes. Numerous studies have shown that the main sectors of expansion in developing countries, gig work and on-line employment, are notoriously unstable and poorly paid, with workers in Africa suffering from particularly low and unstable incomes (Ettlinger 2017; Graham et al. 2017; Meagher and Mann 2017; Houeland 2018).

While WDR 2019 suggests that digital employment contributes to the promotion of decent work, digital jobs have been widely identified as deepening the informalization of work (Cherry 2015; Askitas 2018; Ettlinger 2017). WDR 2019 (2018:26) creates the impression that digital employment constitutes 'decent work', even 'formal work', by systematically blurring the distinction between formal, high tech and private sector jobs. As Ettlinger (2017) observes, the futuristic novelty of digital technology is used to obscure the widespread informalization of work that it unleashes. The extension of basic social protection to the informal economy and vague talk of promoting collective representation are used to cement the illusory transformation of digital work into decent work. But high tech activities, registration of informal workers through e-payroll systems, employment linkages to large formal sector firms and minimal social protection do not make jobs formal or decent. What makes work formal, by definition, is not just registration or taxation, but observing statutory labour regulations on pay and conditions, and what makes it decent is that it observes the ILO's four pillars of decent work (and corresponding indicators), which include job security, income security, decent working conditions, and collective bargaining rights (Chen 2006; ILO 2013). The new policy approaches recommended by WDR 2019 to stabilize digital employment do not meet either set of standards. As long as digital work fails to adhere to labour regulations, it remains ‘outside the regulatory framework of the state’, which is the core definition of informality (Castells and Portes 1989:12).

Far from charting a path to decent work, WDR 2019 joins digital platform firms in further disrupting notions of decent work by blurring rather than clarifying the employment status of digital workers. Platform firms routinely recast digital workers as ‘independent contractors’ rather than employees to maintain a regulatory limbo that strips these workers of their labour rights. The WDR 2019 attributes this to a lack of clarity in labour law, maintaining that ‘[digital] workers operate in a regulatory gray area, with most labor laws unclear on the roles and responsibilities of the employer versus the employee’ (p.27). However, repeated court cases across Europe and North America requiring platform firms to shoulder their employment responsibilities have established that legal definitions of an ‘employee’ are adequately clear (Guardian 20 December 2018; Cherry 2015). WDR 2019 seeks to resolve the situation by further loosening labour regulations, leaving us to guess how removing labour regulation will increase clarity on definitions of employer-employee relations.

While pretending to take decent work and job quality seriously, WDR 2019 simply uses the allure of new technology to gloss over the worrying tendency of digital firms to generate precarious, low-paid work. Even the promise of rapid increases in job quantity are dubious in view of weak evidence of actual increases in the net number of digital jobs, and the uncertain and unstable income that they provide. Supporting forms of work that make worker incomes more unstable while defending the interests of employers serves to perpetuate rather than address the forces that are driving increasing inequality (Horner and Hulme 2018:365). In the process, promises to change the geography of work in favour of regions struggling with high levels of poverty, unemployment and informality boils down to a plan to expand and digitize rather than to reduce the large informal economies of the developing world.

Completely ignored in discussions of how technology shapes the future of work is the geography of digital technology *development*. WDR 2019 is silent on the fact that the US and China are locked in an increasingly acrimonious battle over whose technology will be used in the creation of new digital infrastructures and technology systems. The struggle over whether Chinese or OECD firms should be allowed to build new G5 data networks is affecting key investment and policy decisions from the UK to the Philippines, alongside ongoing competition over the development of artificial intelligence and green technology (Financial Times 2019c). The geopolitics of technological development and instalment has powerful effects not only on who builds digital infrastructures, but on whose technology is used, creating huge economic advantages for winning global players. From the perspective of the future of work, struggles over the development and building of digital technology systems is where the real high value, high skilled work is created, and African countries do not seem as well placed to benefit at this level. Despite references to Jumia as an African ‘superstar’ platform firm, the reality is that the top executives are French, the technicians who run the systems are based in Portugal, and the capital comes from the US and Europe (Financial Times 2019b). A vibrant ecosystem of genuinely African tech startups in countries such as Kenya, Nigeria and South Africa lack the access to capital and the reputational advantages to compete with firms like Uber or Jumia. The race to top in technology development means that digital job creation in low and lower-middle income countries will largely be concentrated in low-quality digital service work and a race to the bottom in labour standards.

Inclusive Service Provision in the Digital Age

In addition to the promise of expanding access to digital employment, WDR 2019 purports to promote equity through improved investment in human capital and the extension of social protection into the informal economy. The report contends that 'expansion of early childhood development policies in the United States could reduce inequality by 7 percent and increase intergenerational income mobility by 30 percent. Equality of opportunity also means boosting social protections …in ways that are compatible with work' (p.127). Yet their proposals to improve the quality of health and education provision and extend access to social protection actually increase inequality and reduce the quality of provision.

First of all, the contention that the task of expanding access to health and education provision in the developing world is all but complete is untenable. Trotting out global averages of the percentage of children in school, survival rates of under-5s and life expectancy tells us very little about regional variation. To take education as an example, a recent UNESCO (2018) report is entitled 'One in Five Children, Adolescents and Youth is Out of School'. The Report notes that in low income countries, the share of out of school youth is approximately ten times higher than in high income countries. Sub-Saharan Africa is particularly poorly served, with one in every three children out of school (UNESCO 2018:5). In such a context, global averages are not only meaningless, but irresponsible. Investment in access to basic education and health provision remains a very real challenge in many low and middle-income countries.

Similarly, proposals for improving access to social protection also gloss over important realities of access. Using the term 'progressive universalism', WDR 2019 proposes to extend social protection across the informal economy, yet a closer look reveals that this involves a notion of universalism that is not universal. The 'universal guaranteed minimum' involves targeted basic provision to the poor, such as cash transfer programmes, with all of the problems that targeting and cash transfers entail in terms of reaching the poor and providing a meaningful minimum (Mkandawire 2005; Fischer 2010; Ghosh 2011). 'Progressive universalism' means 'gradual expansion in line with prevailing fiscal space' (p.107) – in short, targeted provision until budgets are sufficient to afford universal coverage, on top of all of the other priority investments in data collection, and digital and physical infrastructure imposed by the Report. Using 'universalism' to refer to targeted systems of social protection reflects a level of managerial double-speak worthy of George Orwell's *1984*.

Equally worrying is WDR 2019's notion of what improving the quality of social service provision would look like. Quality improvements in human capital formation involve the promotion of private provision, para-health workers and para-teachers rather than properly trained providers, and a peculiar new range of educational skills. Talk of a rising demand for higher order cognitive and socio-behaviour skills seems more focused on promoting the flexibility of labour than rising incomes. The WDR 2019 discourages training in job-specific skills such as nursing or hotel management to focus on training in basic literacy and numeracy, and a range of pseudo-skills such as technological knowhow, enterepreneurship and critical thinking. The requisite socio-behavioural skills represent an even stranger range of competencies including 'teamwork, empathy, conflict resolution,' 'self-efficacy', 'commitment to work', and 'personal initiative' (p.50). Given extreme shortages of doctors, engineers, accountants, skilled tradespeople, trained teachers and trade negotiators across the developing world, these higher order skills seem more geared to promote the training of hewers of wood and drivers of Uber than to foster the kinds of skills needed for higher-level digital employment, national development, and rising incomes. Recognition of the value of tertiary education is also focused less on its value to knowledge, skills and national development than on its value to investors through profit-making opportunities in private provision, flexible delivery options and public funding for private sector innovation (p.70).

Quality health provision translates into an equally disturbing range of activities, involving a heavy emphasis on prenatal health care, birth assistance, immunizations, micronutrients, information for parents, quality preschool, and birth registration. While improvements in all of these areas are desirable in themselves, the narrow, targeted range of activities and indicators read like an almost eugenic commitment to breeding workers rather than promoting accessible, broad-based access to healthcare for the populations of the Global South. The notion of driving public accountability to these new systems through data-driven benchmarking seems equally misplaced given the WDR 2019's own recognition of the abysmally poor quality of data available, particularly in low income countries. The Report notes that worldwide, barely one-third of deaths and less than two thirds of births among under 5s are registered (p.63). Similarly, data requirements for implementing proposed new tax systems to fund improvements in service provision are also poor, with a large number of developing countries grappling with complex property rights and property registries that are partial at best. The level of investment necessary to provide effective data for the newly launched Human Capital Project would surely be better spent building more effective health and education systems.

The World Bank Human Capital Project promoted in WDR 2019 seems geared to the interests of investors scanning the globe for the most productive workforce, rather than the interests of worker welfare or national development. There is something disturbingly chattel-like in displaying worker quality in this way – like a virtual slave market for international investors to check the teeth and size up the intelligence of the national workforce. A similar Future of Work Initiative put together by the Aspen Institute (2017) also called for a data project to drive more effective investment in productivity and equity. But the Aspen Institute called for metrics indicating private sector standards of fair treatment of workers, on-the-job training, and corporate pay, with a view to empowering consumers, workers and investors to make better decisions about the kinds of firms, and the kind of social contract, they want to support. It is worth remembering that metrics are more than just information; they encapsulate political commitments to inform and empower particular social groups.

In the case of social protection, the illusion of expanded provision also disguises a watering down of quality and a commitment to the economic interests of employers. Minimal levels of provisioning, subsidized fee-based social insurance, and nudges to save for times of economic stress not only offer very low and unreliable social assistance, but completely ignore the fact that a large share of poor and informal workers lack the resources to pay even subsidized fees or to save. It is little short of magical thinking that more data, nudges and fee-based social insurance are an effective means of stabilizing incomes in the context of extensive informalization and deprivation across the developing world. A 'fairer' widening of the tax base by 'broadening the coverage beyond those in contracted and regulated standard employment relationships' only compounds the problem (p.114). The basic level of social protection will thus be eroded by increased taxation of the vast majority of informal and digital workers, increasingly misclassified as independent contractors. The contention that extending these low levels of social service provision to the poor, underpinned by increased taxation of the poor, 'levels the playing field' and enhances 'equity goals' in skill acquisition and social welfare provision seems to misunderstand its own distributive implications (p.128).

Distributive Fairness and the New Social Contract

The various policy recommendation of WDR 2019 are organized around the objective of creating 'a social contract aimed at improving fairness in society'. Large informal economies are viewed as evidence that the social contract is 'broken', or at best 'obsolete' (p.125). The social contract defined around the welfare state or developmental state is defined as unfair to workers in the informal economy, and unfair to formal firms who shoulder large tax burdens. New investments in human capital formation, delinking employers from social insurance contributions, extending social protection as well as taxation into the informal economy, and increasing state responsibility for the provision of social protection are all part of creating a fairer, more inclusive social contract geared to the needs of 21st century workers. But this all hinges on a highly idiosyncratic reading of what a social contract is, and a wilful attempt to blur the distributive implications of the new social contract being devised.

The WDR 2019 defines the social contract as 'the state's obligations to its citizens and what the state expects in return' (p.124). However, it is important to remember that the social contract does not have a single definition, and has historically been used for a variety of political purposes, ranging from rational bargains to better support the common good, to elitist pacts that legitimate inequalities (Boucher and Kelly 1994; Hickey 2011). The WDR 2019 offers a highly stylized view of what a social contract entails, airbrushes out the role of capital in ensuring social welfare, and evaluates distributive fairness in terms of inequities between the formal and informal sectors (Meagher forthcoming). It also represents the unravelling of the old social contract as a product of agentless forces of technology and globalization. By representing a fairer social contract as a dyadic relationship between the state and society, WDR 2019 ignores its essential meaning, which is about ensuring distributive justice, not just between citizens and the state or between formal and informal workers, but between capital and labour. As Breman and van der Linden (2014:934) put it, 'the minimum requirement of a social contract is for the state to hold capital accountable for contributing to decent and dignified work for the labouring masses'.

As for a fairer distribution of social protection, the argument that the existing social contract is unfair in places where informality is the norm misrepresents the nature of the developmental social contract. In developing countries, the post-independence social contract has not been built around social protection, but around the promise of future opportunity and decent work to be attained in the course of national development (Scully 2016). Loosening labour regulations in return for minimal social protection represents a stripping away rather than a realization of that promise. Indeed, in a 2016 report on non-standard employment, the ILO (2016:15) argues that labour regulations are not irrelevant to countries where precarity is the norm, since they underpin the obligation to promote decent work as the economy develops, and contribute to resisting tendencies toward labour informalization or jobless growth. The failure to expand decent work despite strong economic growth across many parts of the developing world, particularly in African countries, reveals weaknesses in distributive fairness in the growth process, not in the allocation of social protection.

There is also a need to scrutinize the contention that the existing social contract has been broken by expanding informality or rendered obsolete by unstoppable processes of globalization and technological change. This perspective has been challenged by a range of scholars, who highlight the ways in which the current social contract was actively dismantled by neo-liberal market reforms (Nugent 2010; Lee and Kofman 2012; Stanford 2017; Chen 2006). The political and economic actors aligned with the WDR 2019 have been key players in the processes of rolling back the state, deregulating labour markets, and creating systems of outsourcing to evade labour regulations and informalize workers at the bottom of global value chains. As Lee and Kofman (2012:405) put it, 'Precarity, in short, is not a mechanical and inevitable outcome of an innocent and agentless global process', nor is it a 'fixture' of backward economies unaffected by liberalization and globalization, as is so clearly evident in the expansion of informal employment in China's Special Economic Zones, in

India's 'factories in slums', and in Africa's distributive markets at the Bottom of the Pyramid (New York Times 20 December 2011; Huang 2011; Meagher et al. 2016).

A closer look at the distributive implications of the proposed new social contract reveals that WDR 2019 not only avoids addressing structural inequality in favour of promoting equality of opportunity, but actually exacerbates inequality by promoting a transfer of resources from labour to capital. Under the guise of extending social protection to the informal economy, WDR 2019 focuses on widening the tax base by taxing the informal sector, while excusing employers from payroll taxes and shifting the financial responsibility to general taxation, levied increasingly on the informal economy. In other words, the burden of financing social protection should be shifted from capital to precarious workers. In the context of large informal economies and a loosening of labour regulations, low grade social protection simply becomes a subsidy to capital, facilitating a regime of accumulation based on intermittent and below-subsistence wages. These inequities are compounded by the fact that informal actors in many developing countries already pay a significant share of local government taxes and fees (Meagher 2018), and are now expected to absorb additional direct taxes, VAT, excise taxes and property taxes. At the same time, WDR 2019 not only seeks to exempt capital from payroll taxes, but adopts a remarkably permissive attitude to the efforts of formal employers, platform firms and international corporations to evade taxes, claiming that it is 'not surprising' that international firms evade taxes since they have so many opportunities to do so (p.43). The main wrench in this perverse redistributive scenario is that the central prong of efforts to widen the tax base, VAT, is already known to perform poorly in countries with large informal economies and weak administrative capacity (Joshi and Ayee 2008; Meagher 2018). Emran and Stiglitz (2005) argue that a return to trade taxes offers a more efficient means of closing the revenue gap in developing countries.

Conclusion

Events such as the Arab Spring, outbreaks of domesticly-rooted Islamic extremism in Somalia and Nigeria, and the rise of right wing populism have heightened awareness in the development community of the risks of rising unemployment and expanding informality. As WDR 2019 notes 'A pool of unemployed adults is a political risk as well as an economic concern. At times, it leads to a wave of emigration, social unrest, or political upheaval' (p.82). By looking to the future, WDR 2019 offers a new vision of how, with the right policy mix, technology and globalization can harness the changing nature of work to create a more inclusive social contract. However, one could be forgiven for wondering whether the policy approaches envisioned by WDR 2019 to create a fairer, more inclusive social contract have the interests of beleaguered workers at heart, or represent an effort to reshape the social contract in the interest of corporate profit rather than the public good.

The vision of a future of work based on fairness and flexibility creates an illusion of inclusion, but only by connecting the growing ranks of unemployed workers and informal actors to the global economy in ways that undermine job quality, downgrade access to skills, strip away labour rights, and shift the burden of financing social protection from capital to labour. While some may be drawn in by the convoluted distributive logics and neoliberal Newspeak of WDR 2019, the marginalized and disaffected labour forces of the developing world are finding other ways of expressing their concerns. As we are learning to our cost, inequality speaks for itself.

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