

# Potential effects on employment in developed and developing countries

Session 6

# The main issue

- We need fast economic growth to create good quality, productive employment
- 1 million per year in Mexico
- 2 million per year in Brazil
- 6 million per year in Latin America and the Caribbean
- 12 million per year in India
  
- The alternative: poverty, marginalization, crime

# The context

- Most developing economies are too small to play protectionism.
- We need some sort of integration into the world market: globalization or regionalization
- Mega trade agreements and the governance of globalization
  
- The two main constraints:
  - Slow growth: the new normal, trade unbalances, wrong national policies
  - An exogenous technological revolution
- The restructuring of the world economy: A window of opportunity for catching-up

# We cannot play against technological progress

- We do not know its impacts; so, openness to new information and flexibility
- Very little progress can be made without good, up-to-date information
- We need to know what is taking place at the product, firm, sector and GVC levels.
- In the age of big data, our governments design policies on the base of information at the two digits at least three years old.
- What is happening with technological modernization and productivity in firms of different size: SMEs provide the bulk of employment.

# Digital technologies in Latin America

- 55% of the population used Internet in 2015
- High intensity of use of social networks: A global pattern of consumption
- We are good users of the click economy, but we are not active players in the platform economy
- Firms have good access to the net, pay relatively low connection tariffs, but their use is limited to logistics and management
- The reason: a low tech production structure
- The objective: From the consumer Internet to the industrial Internet

# Moving forward

- It is not the same unskilled labor, than the labor that can be substituted by an algorithm: the tale of the teller and the cleaner
- AI is moving slowly, but machine learning is transforming pattern recognition problem into algorithms.
- Education for the new economies:
  - **Industrial internet:** Complex cognitive capabilities, problem solving, data analytics, social capabilities, critical thinking, active learning
  - **Zero marginal cost economy:** Professional retraining, software design, data analytics
  - **Gig economy / sharing economy:** Basic digital capabilities

# The mobility of the middle-skilled: a complex scenario

- **Industrial internet:** High quality jobs
- **Zero marginal cost economy:** Fewer jobs
- **Gig economy / sharing economy:** Low quality jobs

*The Tale of Two Cities, once again?*

“It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness”