

Covid, Globotics, Development, and the Future of Work

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Warning: Conjectures
intended to provoke
your thinking

Digital
Technology

The diagram features a large grey arrow pointing right, which branches into two smaller grey arrows. These branch into two teal arrows labeled 'Globalization' and 'Automation'. Both teal arrows point to a large blue oval containing the text 'White-collar & professional Jobs'. The entire diagram is set against a blue background with a white-to-blue gradient at the bottom right.

Globalization

Automation

*Faster than
most think,*

White-collar
&
professional
Jobs

*in ways few
expect*

“White-collar robots”

- Simple tasks:
 - Robotic Process Automation (Blue Prism), AI Virtual Assistants, Chatbots, etc
- Medium tasks:
 - Copyediting (word), graphics design (PPT), photo editing (iPhone), email (Outlook clutter)
- High task:
 - Legal work (reviewing contracts, litigation prediction, legal research, e-discovery), financial (trading, robo-financial advisors, fraud detection), medical (robo-health advice Babylon Health UK, image recognition)

Office task globalisation (Telemigrants)

- People in one nation & working in offices in another
- Within companies:
 - Shared Service Centres in Argentina, Poland, back office offshoring, call centres, IT support, event management
- Open market:
 - International free lancing (Upwork, Freelancer)

International wage differences
make telemigration profitable

Digitech makes it possible

(Advanced telecom, Machine Translation, Cloud-based
collaborative software, etc)

White-collar robots and Telemigrants won't take over occupations

- Like agricultural automation still needs farmers, offices will still need humans
- Like back-office offshoring still needs front-office workers in place, telemigrants won't replace all office workers
 - But fewer humans per unit of value added
 - Not quite as good as humans but cheaper

Covid will accelerate the existing globotics trends – Four shocks that will last

➤ 1. Firings/rehirings

- Many have lost their jobs; retaining workers and rehiring are not the same thing due to sunk costs & coordination issues

➤ 2. Digital transformation accelerated

- A large share of workers, managers, and firms in G7 have learned to work remotely

➤ 3. Social distancing makes in-office humans more expensive

- These requirements, which will last for most of the recovery, favour 'globots' over in-office humans

➤ 4. Corporate debt make cost-cutting urgent

- Reluctance to automate or offshore is weakened by profit losses (and a good excuse)

When manufacturing is jobless and services are tradeable

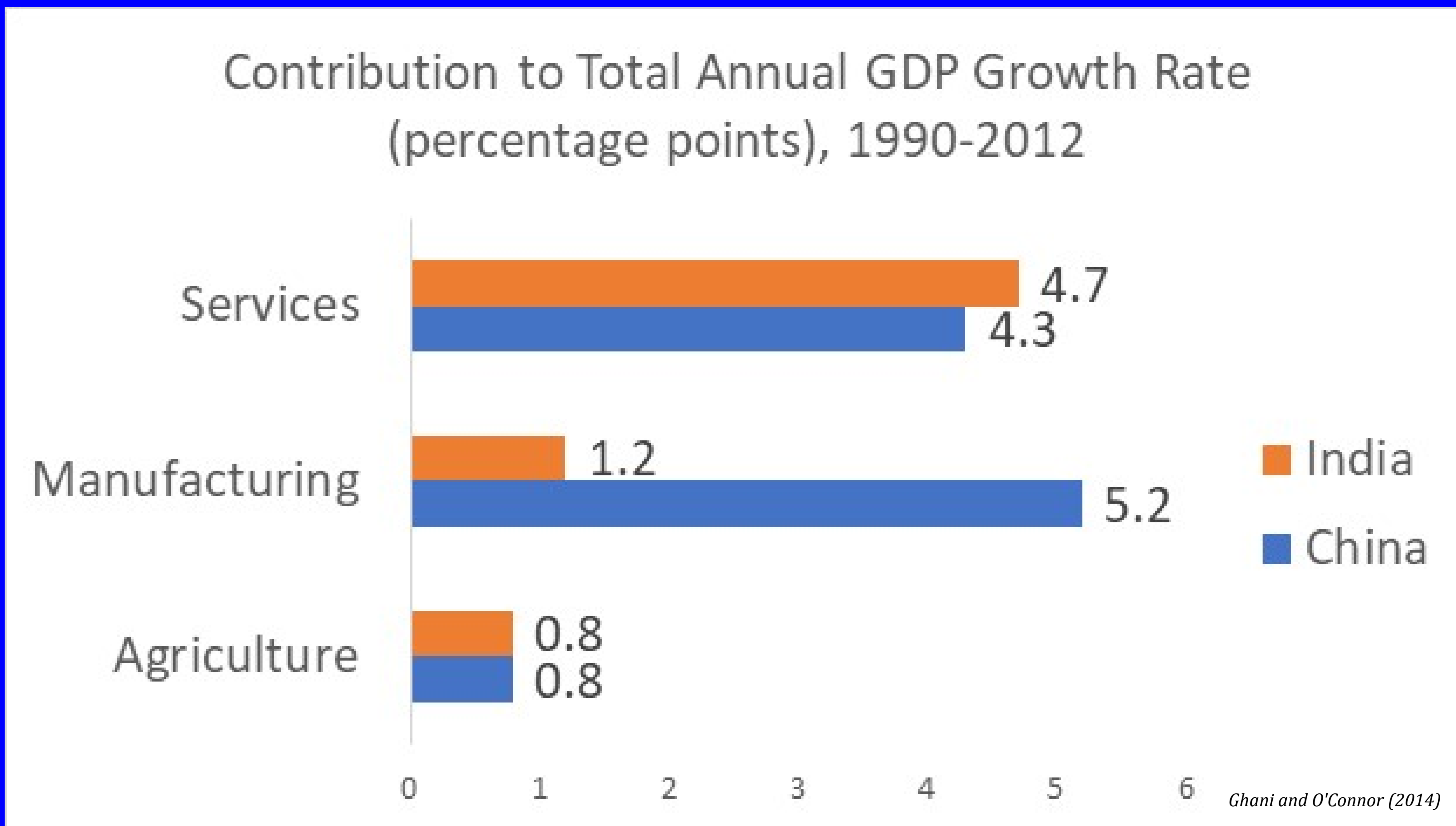
Globotics and development

Assertion

Digitech is making
factories jobless &
offices globalised

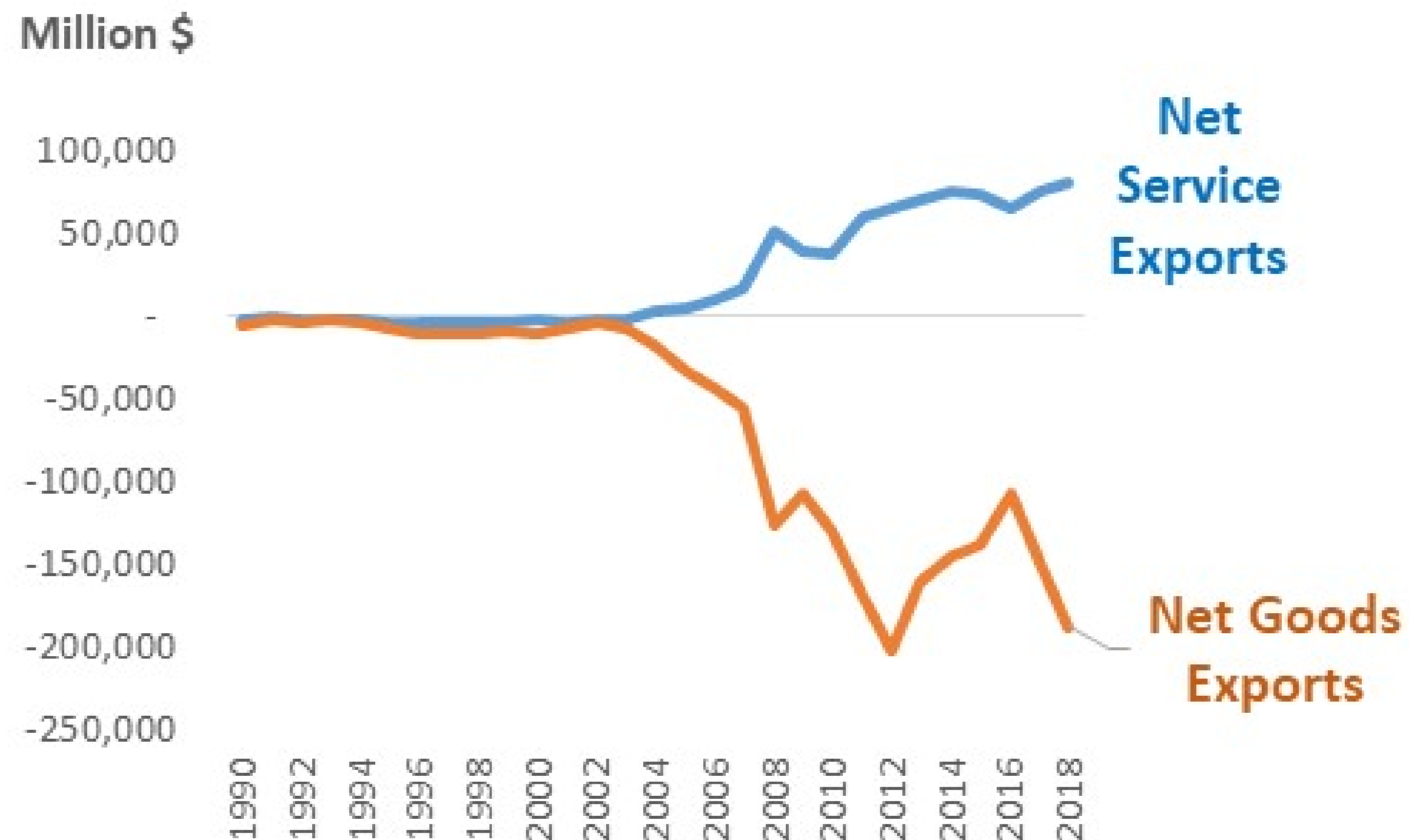
What does this mean
for emerging economy
development
strategies?

India v China, Growth Sources

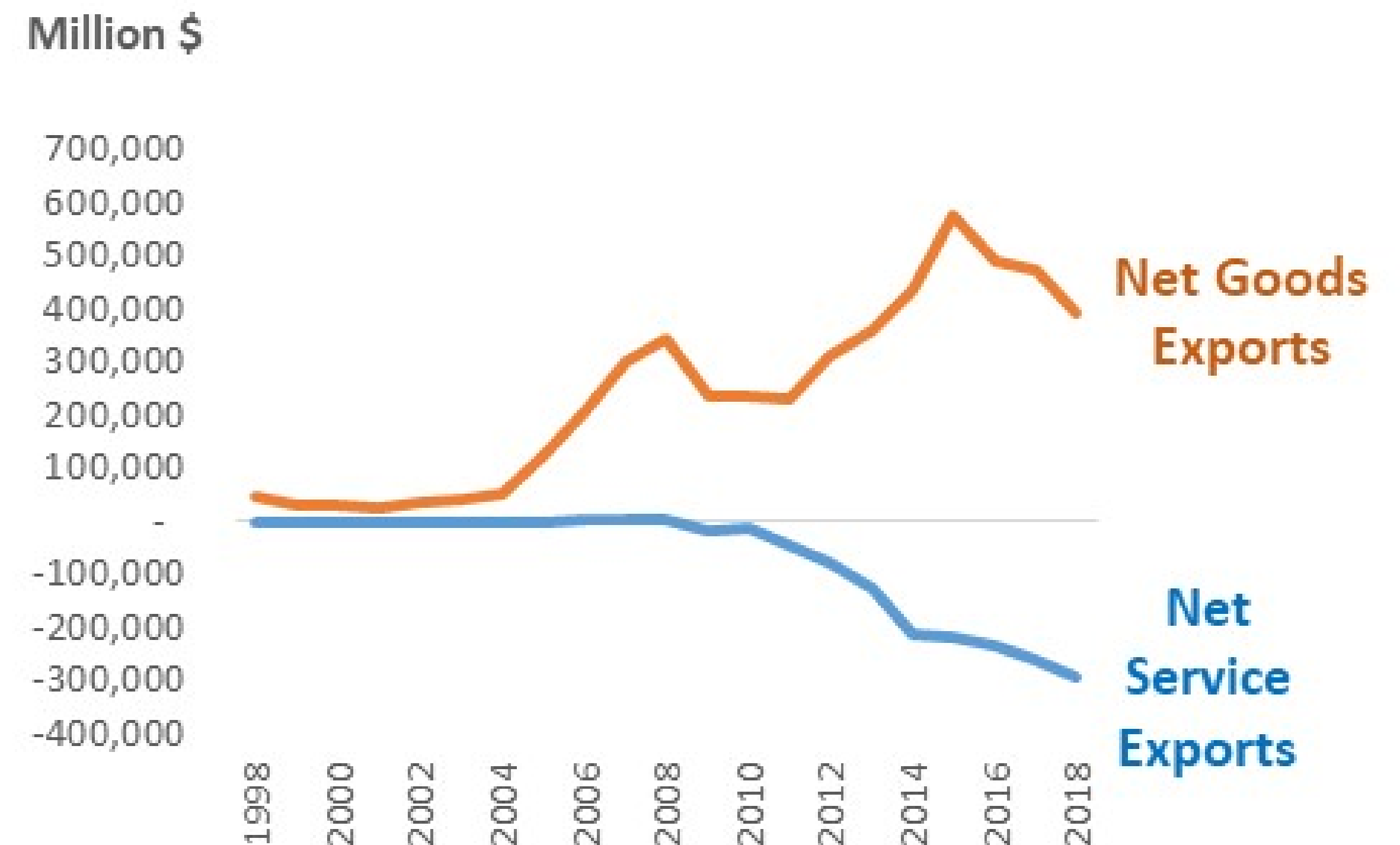


India v China paths, Net Trade

India, 1990 - 2018



China, 1998 - 2018



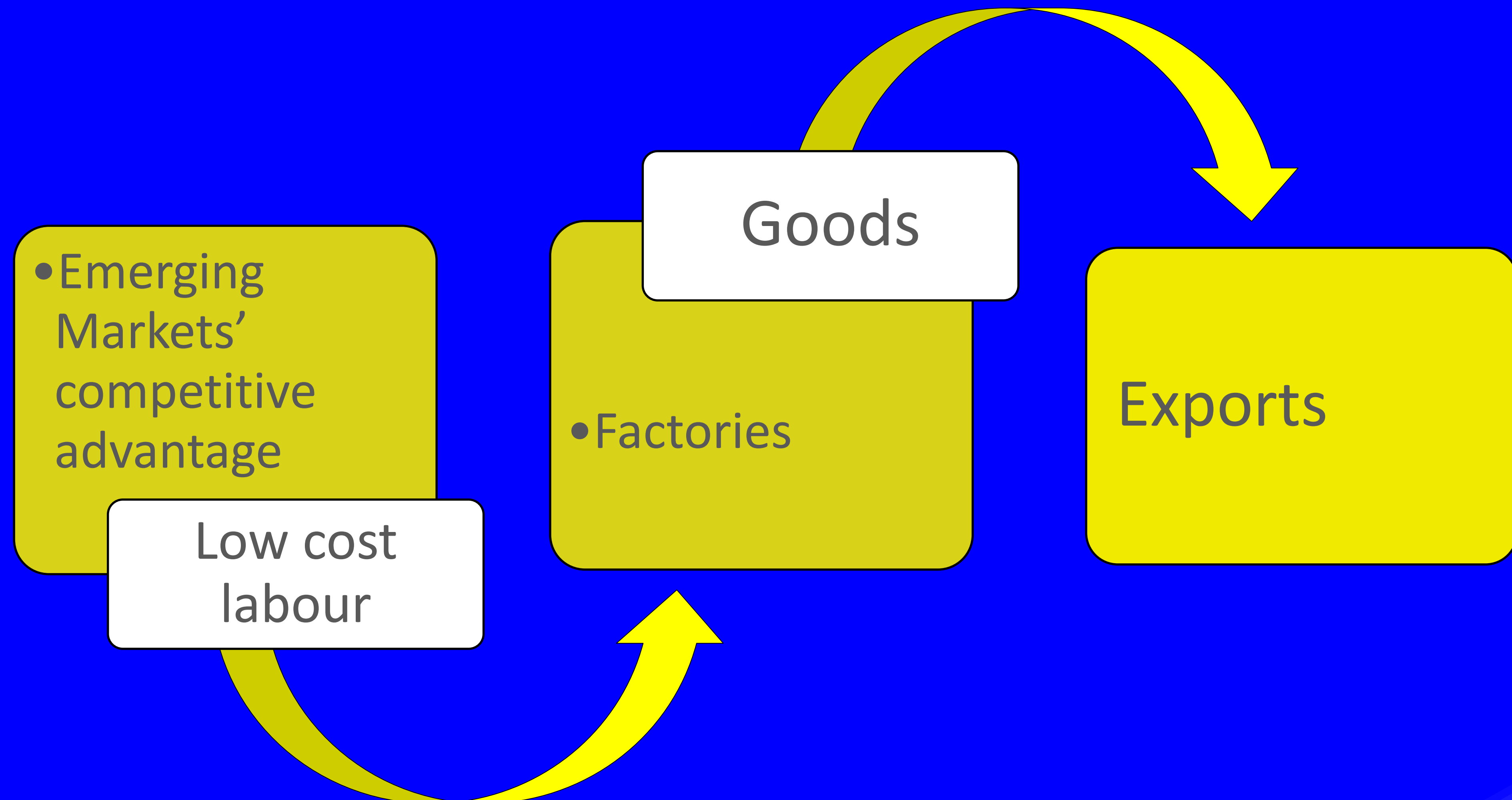
Policy conjectures

1. The Emerging Market miracle will continue and spread

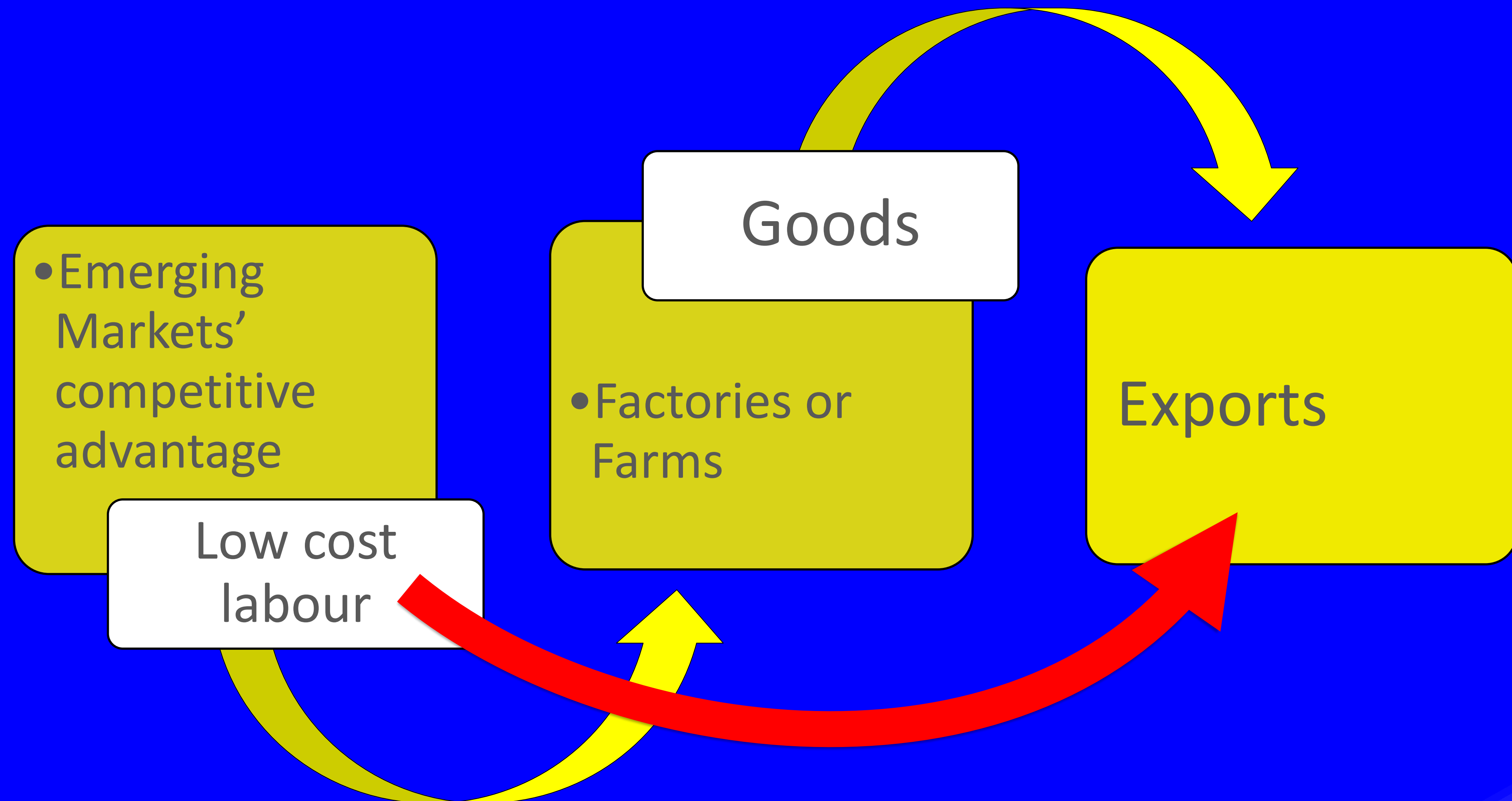
Think “Service-led” not “manufacturing-led” development

Think India, not China

Before EM competitive advantage “filtered” through goods



Digitech will allow Emerging Markets to export their advantage directly



2. Development will look more like India than China

Think “Service Value Chains”, not GVCs

Thinks cities, services, and training, not factories, capital goods, and technology

3. Telemigration may foster a new backlash against globalisation in advanced economies

60-90% of people work in services

Few of them have experience with automation or globalisation

Thanks
for
listening

