

MASOOD AHMED

President, Center for Global Development; Former Director, Middle East and Central Asia Department, IMF

Ali ASLAN

Masood, I know that this is a topic that occupied your thoughts throughout your time at the IMF and continues to do so. I would like to get your take on where you see the topic of AI and the future of human labour heading.

Masood AHMED

Thank you very much. First, as Ali said at the beginning, Artificial Intelligence plays a role in our daily lives in many, many ways. Almost every day now, if you open a newspaper you will see articles about self-driving cars that are going to use Artificial Intelligence and that is going to have big consequences for the three million people who work in the transportation industry in the US, for example. However, the point I want to make is that AI will affect the future of work far more broadly than you see now. Work has been done by academics who suggest that in the US, for example, more than half of occupations are going to be impacted in a major way by Artificial Intelligence. The OECD has done a lot of work, which Mari will present shortly, that will show that in OECD countries more generally, we are going to find many occupations, ranging across the board, which will be impacted through the development of AI, in ways that we can anticipate and others that we cannot, because AI is developing so fast. What I want to say to you is that this is not simply an issue for the OECD or advanced economies. Artificial Intelligence is going to affect the nature of work in developing countries and emerging markets, and those countries and markets are in many ways less prepared for the consequences of Artificial Intelligence. Adidas makes 300 million shoes every year, employing about 1 million people, mostly in Asia and Africa. Last year they opened a factory in Germany that produced 500,000 shoes using robots and this year they are building a factory in Atlanta that will do the same. The question is, ten years from now, will robots be producing 3 million out of 300 million pairs of shoes for Adidas, or 200 million? If so, will the million people who are now working on producing shoes in Vietnam, China and Africa be retrained to do something else or will they have no jobs? New jobs or no jobs? What does that mean for countries like Ethiopia, Kenya, Senegal, or Vietnam, which are now thinking about their development strategy? Traditionally, when you thought about development, it was basically done by taking surplus labour from agriculture, which had become more productive, and moving them into light manufacturing. If light manufacturing is increasingly done by robots and through Artificial Intelligence, that rung of the development ladder disappears. Where will these people who come from agriculture go? Are they going to jump straight into high value-added, more sophisticated manufacturing and services? Do they have the skills to do that? Are education systems that are struggling to even equip people to do simple manufacturing, able to give them the skillsets they need to take on the new jobs that we are all struggling to define? Another dimension of this is, how are we going to cope with the fact that this transition is much faster than the three industrial transitions that we have seen in the last 300 years and taking place in one generation? How will this revolution affect the nature of our work? Many people are going to find that they cannot retrain themselves fast enough to take on the new jobs. How are we going to deal with that? One issue that people are thinking about is the introduction of a Universal Basic Income, which is to say that everybody should have some basic income. It is an interesting concept, but I think it raises many questions about affordability, feasibility; whether countries like Senegal, Kenya or even a larger country like Pakistan can introduce a Universal Basic Income when they do not even have a universal safety net. Artificial Intelligence is happening, and it is coming much faster than we anticipated. Personally, I believe that the people who are complacent and say that we have gone through this in the past are kidding themselves. I think that when it comes, we are going to find that our institutions are not strong enough to deal with it. It will create a great deal of social tension, because young people coming into the labour market will not have the skills for the jobs and the jobs will be migrating out. We need to start planning and preparing for technological change. I do not suggest that you try to stop it; on balance, it will add to our productivity and our ability to live better lives. However, to do that we need to equip ourselves now, and make this a national agenda. I think a panel like this is a great way to get started on that discussion.

Ali ASLAN

Thank you, Masood. You really touched upon many important and relevant issues, which I am sure we will go through during the discussion. Thank you for your initial remarks and of course you mentioned the role of the OECD.