Structural changes

Labour market in the 21st century: the way forward

Joanna Tyrowicz
Motivation = key take-aways

- Facts vs perceptions
- Narratives
  ("narrative economics" of Robert Shiller, earlier "mega-narratives" of Carlota Perez)
- Can transition help us understand automation?
Facts vs perceptions or what can we learn from transition

- Conventional transition narrative
  - SOEs went bankrupt
  - Jobs lost, people had to re-skill
  - Winners vs looser + agriculture
Facts vs perceptions or what can we learn from transition

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- Untold stories of economic transition
Facts vs perceptions or what can we learn from transition

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• Untold stories of economic transition

• Stories to be told about automation
Narratives (and myths) about transition

Myth 1: demise of the inefficient state/manufacturing sector

- Transition was all about SOEs going down
  SOEs going down
- Mostly case studies, little data
- Lots of fuss about corruption
Narratives (and myths) about transition

Myth 1: demise of the inefficient state/manufacturing sector

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Why

- Data often missing, or hard to collect
- Bad news sell better
- Traumatic events and bold crimes are better recollected
Untold story 1: most of labor/capital actually survived

New data (from Poland)

- Hand collected trajectories of all plants
- Harmonized coding of plant fates
Untold story 1: most of labor/capital actually survived

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New findings

- Not much of labor laid off due to bankruptcies
- Not much capital lost due to bankruptcies
- FDIs rarely closed down (and lot of cherry picking)
Untold story 1: most of labor/capital actually survived

- Basic Metals: yes
- Chemicals: no
- Electrical / optical equipment: no
- Electricity, Gas & Water Supply: no
- Food, Beverages, & Tobacco: yes
- Machinery Equipment: no
- Manufacturing nec: yes
- Mining & Quarrying: no
- Other Non-Metallic: no
- Refined Petroleum: yes
- Rubber Plastic: no
- Textiles & Leather: yes
- Transport Equipment: no
- Wood, Pulp & Paper: yes

sum of labor
Untold story 1: most of labor/capital actually survived

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Narratives (and myths) about transition

Myth 2: jobs destroyed, people had to change employment

- Transition was driven mostly by OWNERSHIP or SECTORAL flows
  massive unemployment
- Safety nets expensive (and humiliating)
- Optimal speed of transition (job creation vs job destruction)
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Why

- SOEs inefficient (overmanning)
- Central planning pushed for too much manufacturing
- Insufficient urbanization and servicization
Untold story 2: people did not change jobs much

Old data

- Aggregate (changes in) employment are poor basis for inferring worker flows
- Ad hoc repeated panels or cross-section are not an actual panel either
- Most research concentrated on few countries
  (Czech Republic, Estonia and Slovenia)
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New data and new findings

- A comprehensive retrospective panel
  (Life in Transition Survey, 27 countries, since 1988)
- Synthesis of estimates in the available papers (meta-analysis)
Untold story 2: people did not change jobs much
## Untold story 2: much job change did not do good

<table>
<thead>
<tr>
<th>Job destruction</th>
<th>Literature (All)</th>
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Technological unemployment

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- Robot → Karel Capek’s 1920 Broadway play *Rossum’s Universal Robots*
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“According to my conviction it cannot be doubted that the severe economic depression is to be traced back for the most part to the internal economic causes. The improvement in the apparatus of production through technical invention and organization has decreased the need for human labor, thereby caused the elimination of labor from economic circuit and thereby caused a progressive decrease in purchasing power of the consumers.”
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Albert Einstein,
interview for Boston Globe, 1933
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- Autor & Acemoglu (...): robotization more powerful than offshoring
- Autor, Dorn & Hanson (2019): destroys families
- Siu & Jaimovich (2018): permanent, concentrated in few demographic groups
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Outside US (country studies, EU LFS or EU KLEMS):

- positive for productivity, no strong effects for employment
- own effect (direct) vs increased demand and between industry shifts
- next to no evidence on early labor market exits
Stories to be told about automation

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→ John van Reenen (1997!) paper on British manufacturing
Summary

1. Caution when taking cases as universal evidence
   Narratives may drive the policy choices instead of data
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3. On the go monitoring requires high quality data
   Automation requires more sophisticated data than the transition
Thank you and
I am happy to take questions!

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 e: j.tyrowicz@grape.org.pl