

The future of work after Coronavirus - Jeanne Lafortune & José Tessada

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Before the Coronavirus, the impact of technological innovations in the future of work was a central issue in Chile and the world. Several experts argued that recent technological innovations could replace a large number of jobs. Although this issue has been moved to the background, we must not forget its relevance and the way it might be affected by the Covid-19 pandemic.

Rapid technological shifts have already occurred, providing evidence on how job markets usually respond to them. The evidence is mixed: although new technologies have indeed destroyed employment, the impact is rather a replacement, expanding employment in new sectors connected to the innovations. On the other hand, evidence for the USA and Europe indicates that the last technological transformations had a polarized effect upon salaries, something that has been also observed during the period of electrification at the beginning of the XX century (Fiszbein et. al, 2020).

This means that the tails of the salary income distribution have benefited from new technology, while employment in the middle of the distribution has been harmed. Traditional occupations of the middle class have been transformed, partially, into replicable and automated routines, while more creative jobs (for the upper distributions) and personal services (for the lower distribution) have been more resistant to technological innovations.

What is the Coronavirus role in all this? Its arrival has triggered important changes. First, social distancing and quarantines have drastically reduced in person contacts. This affects employment that depends on face to face interaction. If restrictive measures adopted so far continue in the foreseeable future, it is possible that several habits will change, modifying our day-to-day family and professional interactions and activities. Non-routinary occupations that depend on these human relationships might then disappear. Second, firms and individuals, at least a large number of them, are making significant investments in technology, acquiring equipment, programs and know-how to adapt their activities to the new remote work environment. The permanent incorporation of these tools will require workers to train in this new environment. Many of the jobs most affected by this process will precisely be those that until now had survived the latest technological transformations.

This could have important consequences on the long run for inequality in Chile and the rest of the world, beyond the transitory impact of the pandemic in a global recession, potentially affecting more the poorest population. The state, firms and workers must be prepared with training plans, allowing those who were in occupations that have become obsolete to adapt and effectively integrate into new jobs with better prospects.

If history repeats itself, new technologies and new habits will still generate new jobs. But we need workers who can occupy these new positions in a changing world, with new technologies and new connections.