



# Digital Technologies: Limits and Opportunities for Economic Development

Discussion



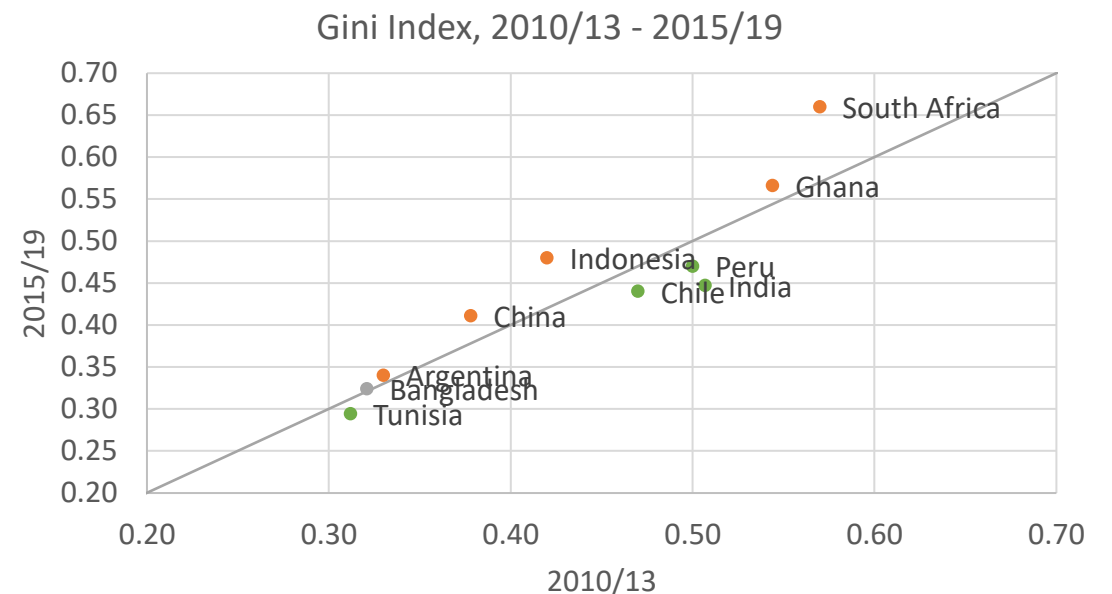
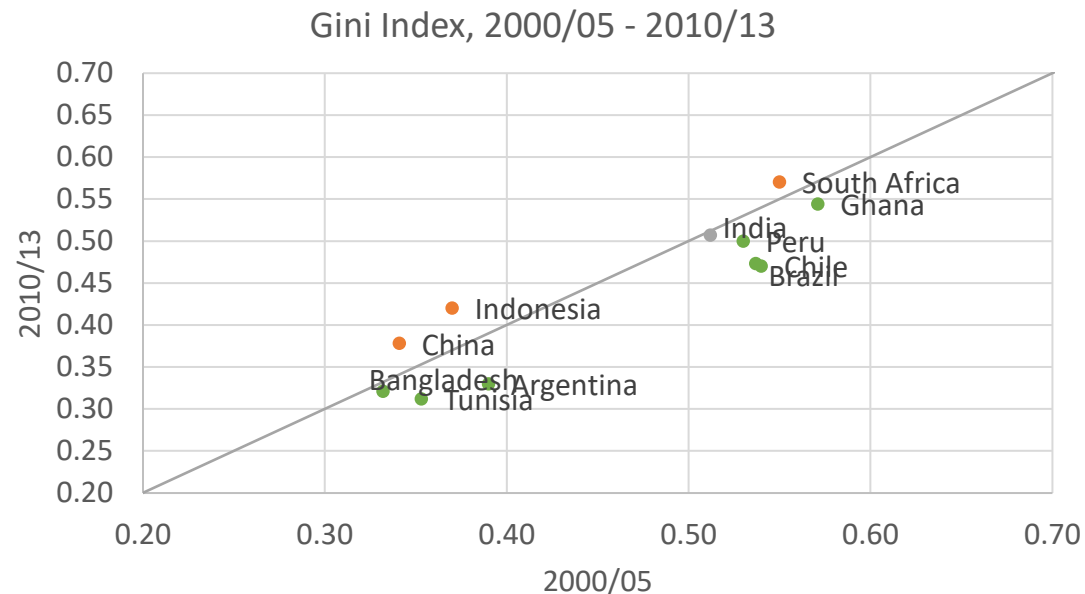
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# What does technological innovation impact jobs and welfare outcomes?

- There are still many unknowns. We know relatively little about the impact on earnings distribution in developing countries.
- So far, RBTC seems not the dominant factor driving distributional change in most developing countries. But: This may change in near future.
- Whether technologies that replace workers in important tasks can translate into positive welfare outcomes will depend on our institutional and educational responses to them.

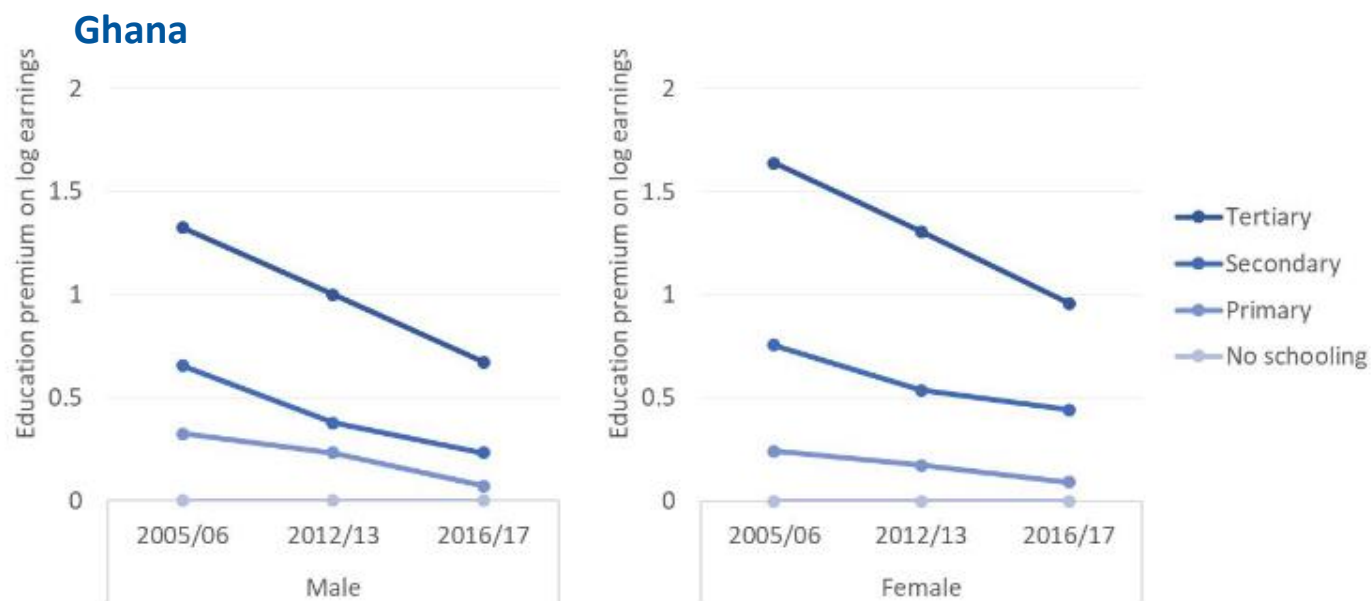
# Changing nature of work and inequality: Conclusions from UNU-WIDER project

1. Earnings inequality trends in developing countries have been heterogeneous.



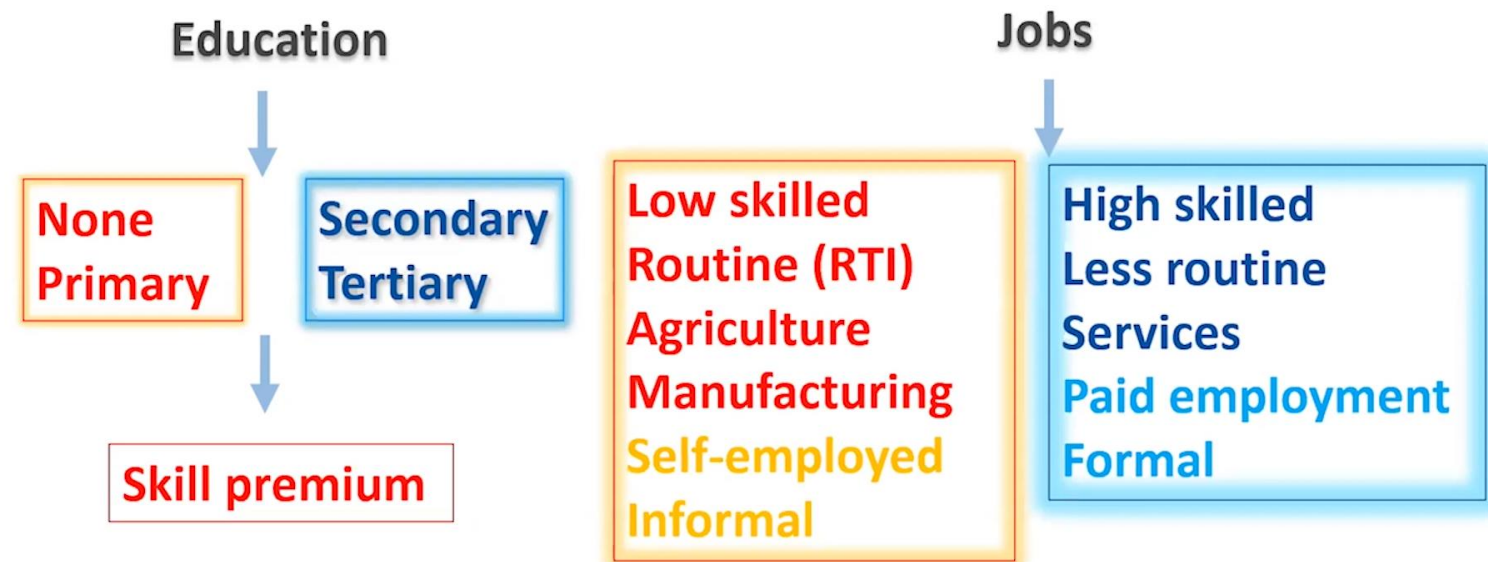
# Changing nature of work and inequality: Conclusions from UNU-WIDER project

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2. Traditional explaining factors of trends in earnings inequality remain relevant.



# Changing nature of work and inequality: Conclusions from UNU-WIDER project

1. Earnings inequality trends in developing countries have been heterogeneous.
2. Traditional explaining factors of trends in earnings inequality remain relevant.
3. Despite large transformation of the workforce, trends in inequality are primarily explained by changes in earnings structure (incl. institutions).



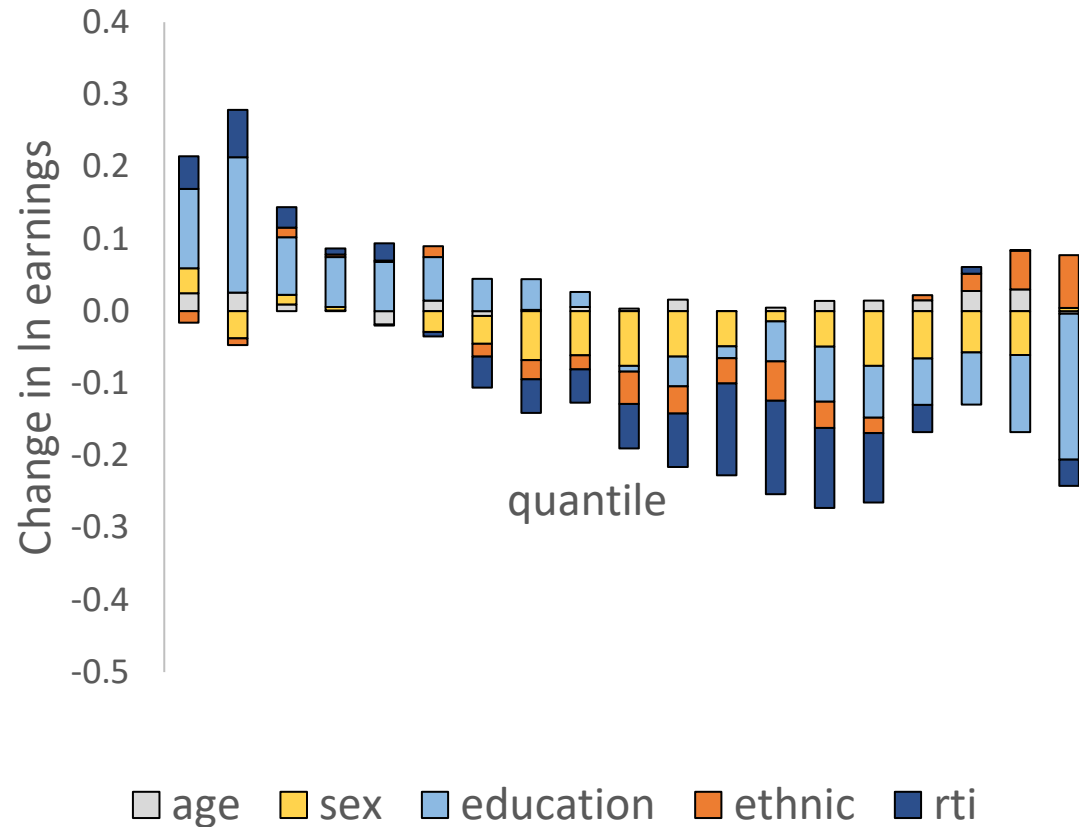
# Evidence for Ghana

- As in other SSA countries: employment in agriculture ↓, services ↑
  - Shift towards jobs demanding higher skills & less-routine tasks
  - Average RTI ↓, regardless of measure used
- 2005—2012: Earnings inequality ↓ due to education premium ↓
- 2012—2016: Earnings inequality ↑ due to education premium ↘ and remuneration of non-routine relative to more-routine jobs ↑

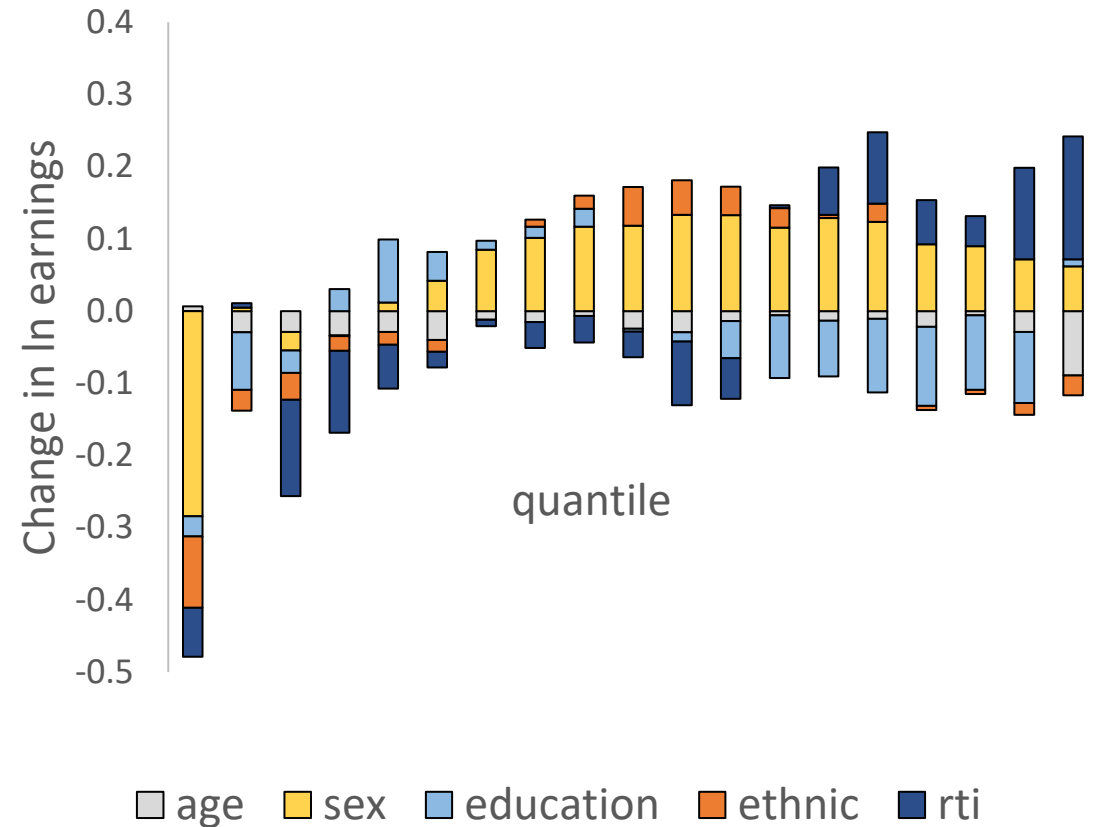
# Earnings structure decomposition Ghana

	2006-13	2013-17
Gini change	-0.028	0.021
Composition	0.001	-0.006
Earnings Str.	-0.029	0.027

2005/06 - 2012/13



2012/13 - 2016/17



# Questions for discussion

- General limits of industrialization as a development strategy? Implications for ‘industries without smokestacks’?
- Implication for global inequality?
- Messages for policy? How to address the shortage of good jobs? Subsidize the enabling technologies? Reskilling and upskilling? Social protection?
- Effect of COVID-19: Economic downturn + accelerating effect on the spread of digital technologies & AI?





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