

Session 2: Impacts on Workers and Firms and Implications for Global Economic Convergence

Discussion of Paper by Anton Korinek “*Labor Inequality Post-AGI*”

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KDI/Brookings Seminar on Digital Transformation and AI: Implications
for Inequality and Global Economic Convergence

Breaking New Ground: Insights on the Road to AGI

Novel Economic Framework: Innovative two-region model with four distinct scenarios captures the complexities of automation's impact.

A New Lens on Labor: Moves beyond traditional O*NET classifications, introducing atomistic tasks and computational complexity as a novel approach.

Long-term Vision: Offers robust scenarios to forecast automation's effects over extended periods.

Diversify Capital: Distinguishes between fixed and reproducible capital.

Is Moore's Law Still Relevant? The Complexity and Pace of A(G)I is Redefining Speed (1)

The Accelerating Evolution of AI: While Moore's Law may be losing relevance, AI's rapid advancement is undeniable.

Technology Adoption at Breakneck Speed:

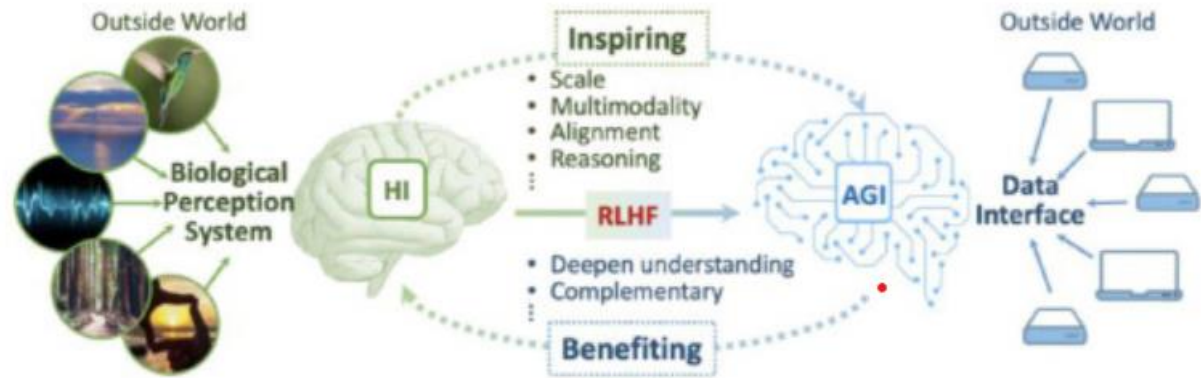
- Fixed phones: 75 years to reach 100M users
- Mobile phones: 16 years
- Internet: 7 years
- Apple Store: 2 years
- ChatGPT: Only 2 months

Tipping the scales: AI's dual impact on developing nations. Fan Q. Zhenwei Qiang C.(2024)

Is Moore's Law Still Relevant? The Complexity and Pace of A(G)I is Redefining Speed (2)

Key Drivers of AGI Evolution

- Scale
- Multimodality
- Alignment



When Brain-Inspired AI Meets AGI, Zhao et al. (2024)

A Unique Trajectory: The rapid evolution of AGI suggests a path unlike previous technological advancements.

Are Developing Countries Ready for AGI?

Beyond the Automation Index

While the automation index grows exogenously, country-level differences can impact AGI (and AI) readiness, including:

- **Infrastructure & Human Capital:** Varying levels of data infrastructure, digital skills, and human capital.
- **Economic Structure & Factor Endowments:** Different sectoral compositions and resource availability.
- **Political & Legal Barriers:** Diverse regulatory environments and firm-specific constraints.

Should we think about a new "**Absorptive Capacity**" model for **AI/AGI**?

Despite concerns about labor markets and risks (cybersecurity, privacy, ethics), there are many examples of "**AI for development**" – e.g. In Pakistan, AI algorithms improved housing finance loans management for families in the informal sector.

Yet: Rapid AI innovation in the Global North is outpacing developing regions, Digital Access Gaps remain prominent.

Reclaiming Human Capital in the Automation Race?

- The paper focuses on a race between [automation and capital](#), though the race between [automation and education](#) might still be relevant (?)
- Current framework might overlook the evolving role of human capital in adapting to and shaping automation, as well as the potential emergence of new tasks.
- Acemoglu & Restrepo (2018), Autor (2019) emphasize that innovation generates new job tasks, reshaping labor markets beyond simple recombination. In contrast, the [paper assumes recombination at an atomistic level without accounting for the creation of genuinely novel roles](#).