MACROECONOMIC CHALLENGES FOR EMERGING ECONOMIES

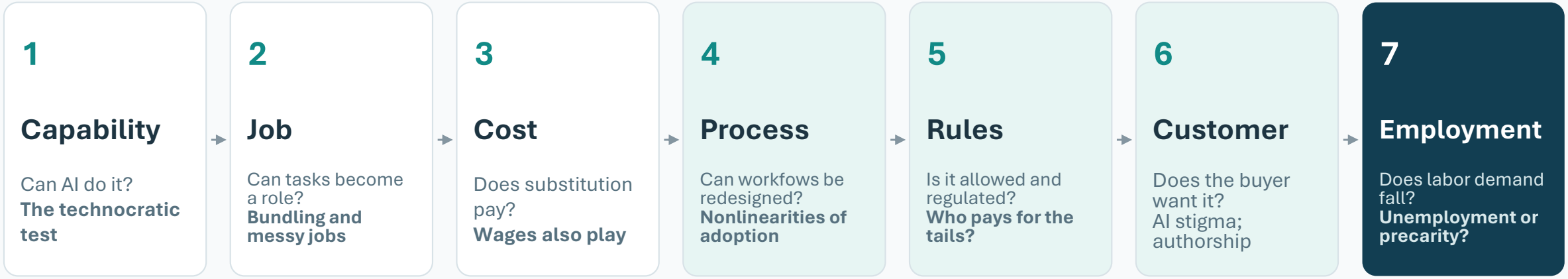
From exposure to macro constraints

Eduardo Levy Yeyati, UTDT & IDB

The Future of Labor in the Age of AI · Panel discussion · November 2026

Exposure is not displacement: seven layers

AI capability must pass through jobs, costs, organizations, rules and consumer demand before employment changes.



TECHNICAL EXPOSURE ≠ ECONOMIC DISPLACEMENT

Levy Yeyati, “AI Exposure” (2026); Castelo, Bos & Lehmann (2019); IAB/Sonata Insights (2026).

Use is not adoption

Diffusion depends on complementary organizational change: data, integration, management and process redesign.

41.6%

report any AI use

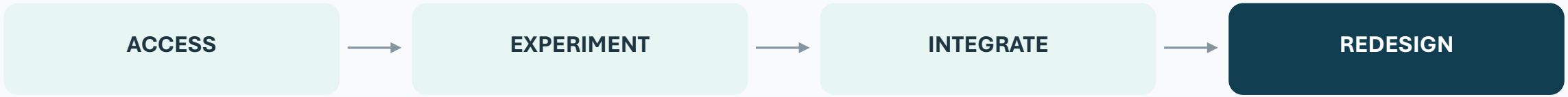
56%

of adopters remain experimental

57.4%

of adopters do not formally measure impact

FROM TOOLS TO PRODUCTIVITY



nadIA (CEPE Di Tella / Fundar, 2026; Argentine SMEs).

Lost in translation: we need *our* O*NET

Power tools or manual bricklaying? Labor markets change the translation from technical potential to jobs.

01

Different tasks

A five-person firm with little capital and sparse data does not replicate an OECD workplace.

02

Different contracts

Self-employment, informality and microenterprises change how firms and workers adjust.

03

Different prices

The same task at $5 or $40 per hour has radically different substitution economics.

04

Different margins

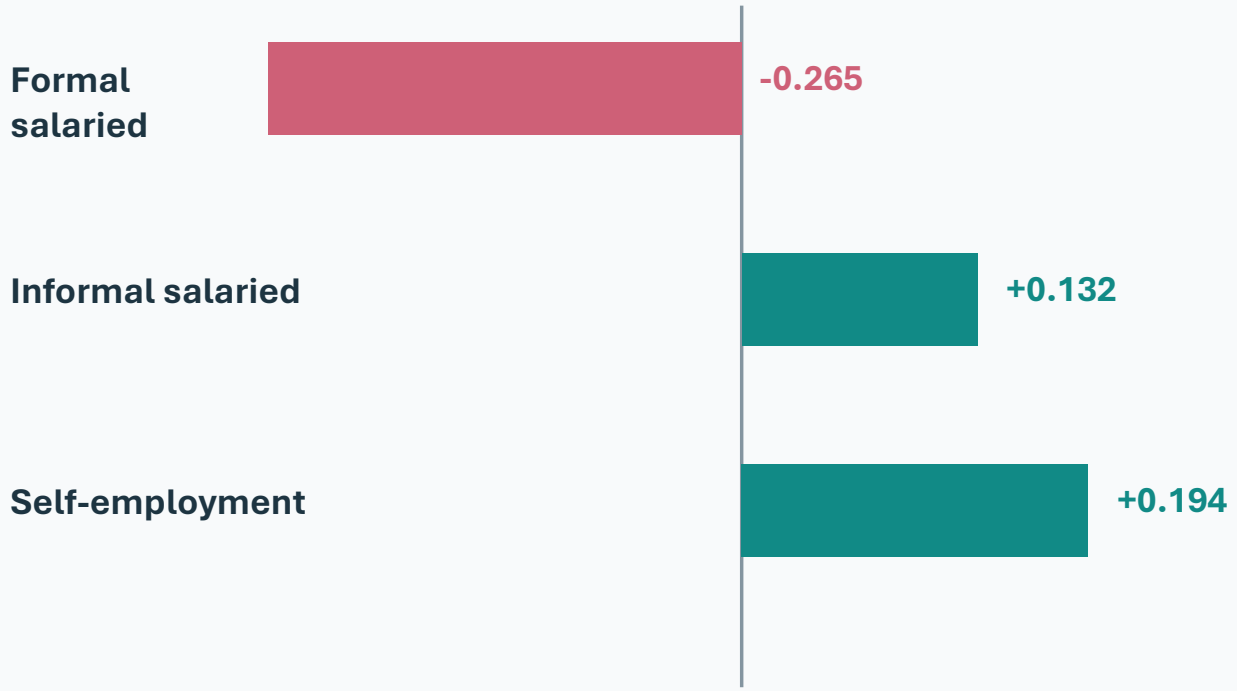
Adjustment often arrives through **earnings, job quality and, eventually, participation** rather than open unemployment.

Levy Yeyati (2026), “What AI exposure?”

Lost in translation: precarity as a buffer (same employment, lower labor share)

Two-step labor adjustment: Evidence from robots offers a precedent about the mechanism.

EFFECTS ON LOCAL EMPLOYMENT BY STATUS



FOR THE SAME EXPOSURE

+0.10 pp

unemployment

+0.23 pp

wage-job informality

Brambilla, César, Falcone & Gasparini (2023), Argentina/Brazil/Mexico, 2004–2016. Chart: employment semielasticities.

Practice makes perfect: the changing price of schooling and expertise

Codified knowledge is cheaper; the value of experience depends on complementarity and obsolescence.

DIFFERENTIAL RETURN TO SCHOOLING

−0.55

log points per
additional year of schooling

More codifiable knowledge available
at the point of production

DIFFERENTIAL RETURN TO EXPERIENCE

EARLY CAREER	MID CAREER	LATE CAREER
+0.26	**≈0**	**−0.12**
at 3 years	at 15 years	at 25 years

The experience gradient rotates; it does not simply rise.

Levy Yeyati, Judzik & Barbiero, Practice Makes Perfect (2026); U.S. CPS 2018–June 2026.

The expertise paradox: who will train the future experts

Junior work produces current output and trains future experts. AI can replace the first and erase the second.

Entry-level tasks

Drafts · checks · routine coding

→

AI substitution

The senior worker keeps the role

→

Missing apprenticeship

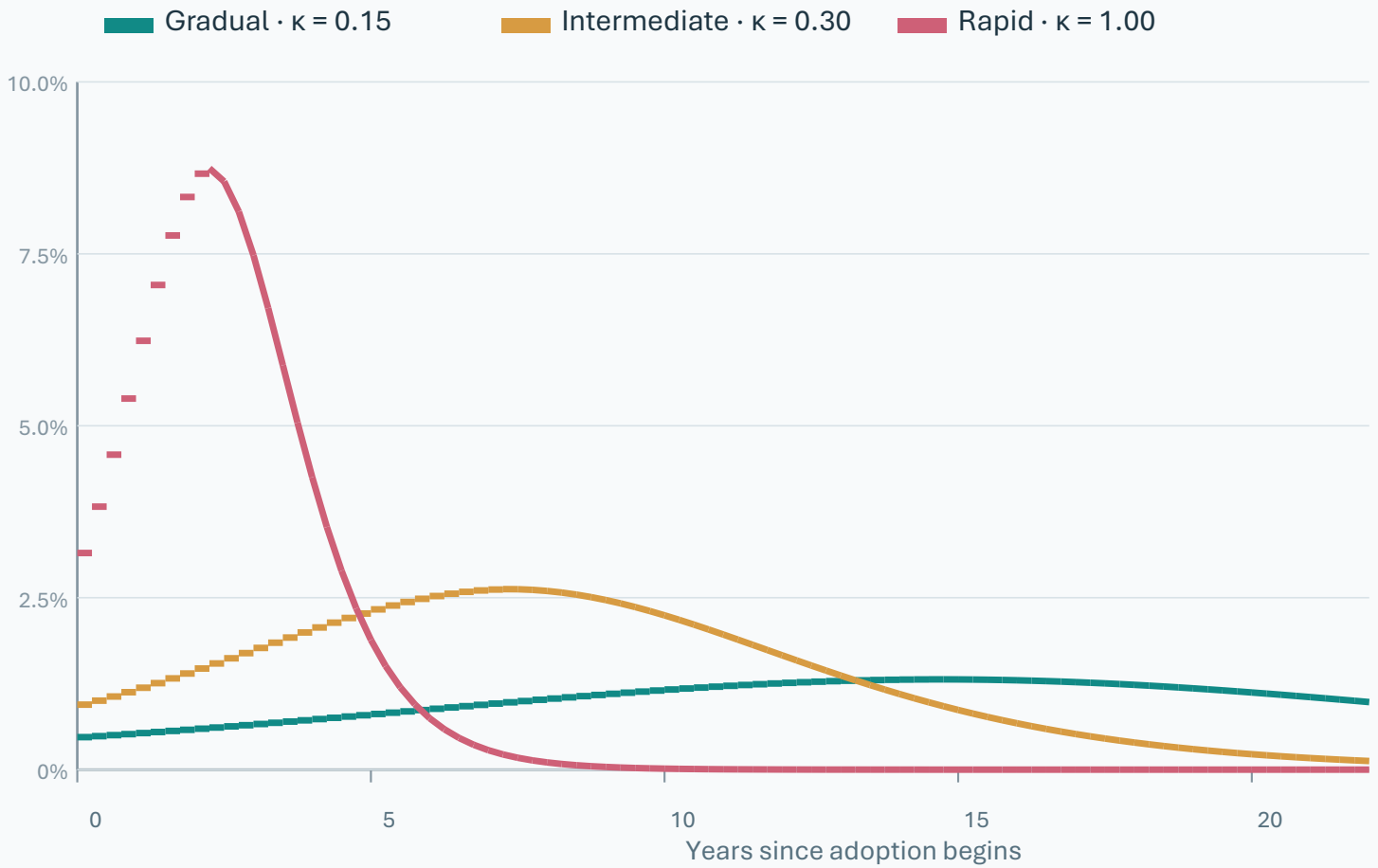
Less supervised learning by doing

Junior work produces 2 outputs: today's work and tomorrow's experience.

Levy Yeyati, Judzik & Barbiero (2026); Brynjolfsson, Chandar & Chen (2026).

Too fast to adjust: training as a bottleneck

Annual displacement flow (% of workforce per year): same eventual automation, different speeds.



Y: displaced workers per year / initial workforce. Long-run total: 31.5% (35% envelope, 10% initial adoption).

FINITE RETRAINING CAPACITY

Faster adoption

↓

Congestion

↓

Persistent exit & human-capital loss

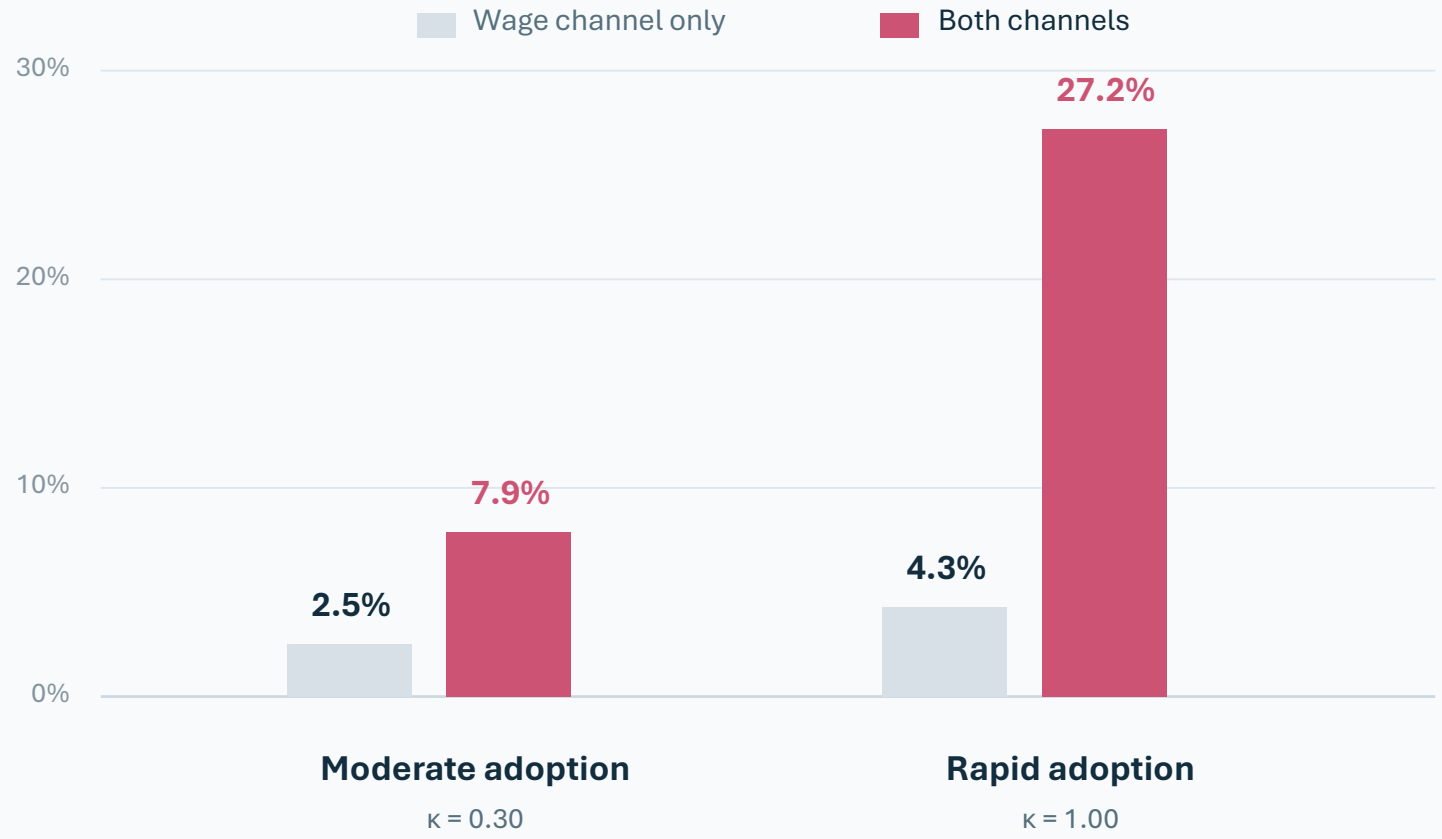
Same long-run automation envelope

Levy Yeyati, Too Fast to Adjust (2026). Logistic adoption paths with κ = 0.15, 0.30 and 1.00 / year.

Too fast to adjust: adoption speed raises persistent exit

Calibrated model outcomes, not diffusion curves: the same eventual automation, different adjustment losses.

PERSISTENT LABOR-FORCE EXIT AMONG DISPLACED WORKERS (%)



AT REFERENCE CAPACITY

7.9% → 27.2%

Persistent exit rises by about 3.4×

Faster displacement congests finite reallocation capacity while destination wages weaken. The channels reinforce one another.

Reference scenario: Z = 2.63% of workforce/year (load = 1), σ = 1.5; identical long-run automation envelope (35%).

Source: Levy Yeyati, Too Fast to Adjust (Nov. 2026), §6.4. Model counterfactuals; not observed AI employment effects. Channels are non-additive.

Too old to adjust: AI still needs human complements

Aging presses economies to automate while weakening retraining and the supply of complementary labor.

DEMOGRAPHY

Aging workforce

Slower workforce growth and age-dependent reallocation frictions.

→

ADJUSTMENT

Training bottleneck

Older workers face shorter horizons; limited throughput can raise persistent exits.

→

PRODUCTIVITY

Scarce complements

If AI needs non-routine human labor, a shrinking stock can constrain output.

As AI adoption advances, complementary human capital can limit how much growth we get.

Levy Yeyati et al., Too Old to Adjust (2026, draft); OECD, Employment Outlook (2025).

Burning the bridge: fiscal and BoP consequences

Foreign agentification shifts part of the domestic wage bill toward imported AI services and erodes reversibility.

FISCAL CHANNEL

A weaker labor-tax base may coincide with higher adjustment and social-protection spending.

Payroll taxes · income distribution · capital rents

BALANCE-OF-PAYMENTS CHANNEL

Recurring FX payments to foreign AI providers can tighten the external constraint.

AI service imports · external liquidity · lock-in

Net outcomes depend on productivity, exports, ownership and taxes.
A credible domestic outside option limits hold-up.

Levy Yeyati, Burning the Bridge (2026); IMF, Fiscal Policy and AI (2024); IMF, AI Macro Scenarios (2026).

The short, medium and long run

An AI-related active labor-market policy can ease the transition and buy time.
The longer-term challenges extend to fiscal stability and income distribution.

01 **The short: how to adopt fast enough to catch up, slow enough to preserve?**

02 **The medium: tech dependence, tax arbitrage, and fiscal/FX risks**

03 **The long: income distribution beyond wages**

Taxes and transfers · Public equity and dividends · Public goods

Thank you

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