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# **Reactions from Day two, Divergence in the Transatlantic Relationship and Technology in the Labor Market**

**The second day of the 2018 Economic Festival in the Autonomous Province of Trento on June 1st was filled with exciting speeches, innovative research, and controversial statements. The speakers discussed issues of globalization, populism, the rise of the gig economy and creation of new jobs through technological development.**

The morning speakers began the day with discussions on the transatlantic relationship including topics of trade wars and populism. Richard Baldwin from the Graduate Institute of International and Development Studies in Geneva set the tone by discussing his new book “The Great Convergence: Information Technology and the New Globalization”. Baldwin elaborated on what he predicts to be the next historical shift in the international economy playfully called a Star-Trek like shift with the possibilities of international tele-migrate work. Baldwin still found time to give his opinion on the U.S. administration’s decision to raise tariffs on steel and aluminum imports and reminded audiences that free trade has always and will always be based on the threat of retaliation. Barry Eichengreen, Professor at the University of California, Berkeley switched the topic and compared the United States and Europe and their different predispositions and experiences with populism. Eichengreen concluded the United States is more fertile ground for populism given its history with race and hostility towards government intervention in the market. Europe by contrast does not view public policy and government intervention as inherently negative and acknowledges the role of government; thus, they are designed in an advantageous way to handle populism.

The afternoon consisted of a discussion on changing workforces and the impact technology will have on inequality. Stephen Machin, Professor of Economics at the London School of Economics, kicked off the afternoon discussing how the rise of the gig economy relates to the relatively flat wage growth in recent years. The challenge is that policy lags behind and has yet to catch up with the blurred lines between traditional employment and self employment that has emerged as a result of these new atypical jobs. This lag leaves the opportunity for contractors or freelancers to have flexibility to set their hours, but also gives employers the flexibility to underpay while policies remain reactive rather than proactive. Alan Krueger, Professor of Economics and Public Affairs at Princeton University spoke about the future of work given the development of technology. Historically there have been waves of innovation and change that disrupt work in the short-term but lead to new goods, new sectors, and higher living standards. Between 2000-2017, 44% of employment in the United States has come from “new jobs” demonstrating the long term benefits of technology on employment and societies. Technology makes industry more productive, leads to employment gains in complementary sectors more so than the losses in older industries, and creates new industries entirely.

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