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Day three, How Regional Divides can be Mitigated through Proactive Policies

As technological developments have grown, so have the disparities between countries, regions, and cities even within the same borders which has lead to feelings of frustration and resentment by smaller cities and rural areas. But on June 2nd at the 2018 Trento Economics Festival, speakers presented concrete measures which will prepare the workforce for the technological challenges and mitigate regional divisions.

Speakers like Philip McCann, Professor of Urban and Regional Economics at the University of Sheffield, began day three with caution against techno-optimism and the consequences on regions. Productivity has important distributional consequences creating winners and losers in society. Technology only increases the divide between the winners and losers due to the concentration of industry in large urban centers like London leaving small rural areas abandoned. This exacerbates the perceived lack of governance. This resentment and abandonment manifested itself twice through political action in 2016 through the election of Donald Trump and the Brexit vote of the UK to leave the EU.

Many jobs, including blue collar and white collar jobs, will continue to transform as technology has no finish line in sight as Daniel Susskind, Fellow in Economics at Balliol College, Oxford and author of “The Future of the Professions” believes and discussed today. There is no doubt that the capabilities of AI technology will only enhance, but at what speed will depend on users concerns of morality and transparency and legal roadblocks potentially posed by governments. This is why Susskind encourages individuals to train themselves with the skills to work with technology rather than competing for jobs with the machines. On the other hand, he encourages governments to train the young and retrain elderly citizens with the skills that are needed for the next 15 years rather than the ones used in the previous 15.

From the local, national, and international community speakers in the afternoon exchanged views on the importance of governments actively preparing the workforce for the labor market and best methods to do this. At the local level, audiences heard from Aleski Jantti, Deputy Mayor of Tampere, Finland, on how Tampere was able to recover quickly from the closure of the Nokia plant due to the cities emphasis on teaching skills adapted for the modern workforce. At the national level, Diego Piacentini, elaborated on efforts of the Italian government to digitize public administration and make sure Italy is prepared for technological development as they occur. At the international level, Scarpetta Director for Employment, Labour and Social Affairs at the OECD emphasized why governments must adopt lifelong learning policies like in the Nordic countries to protect the labor force against market shocks. Through lifelong learning, labor markets will be more resilient and able to change jobs in a dynamic labor market always subjected to change because of technological advancement. What is important to note is that these policies should not be made in vacuum. Governments should consult with trade unions, universities and private firms to create the most ideal and well crafted policy creating the best outcome.

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