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Covid, creative destruction and the future of capitalism

Philippe Aghion, an expert in the impact of technology on the employment market, presented his book entitled “The Power of Creative Destruction”, the fruit of long collective research and years of lessons at the College de France, leading to the construction of a model of growth.

“Creative destruction is intended as the process with which new innovations depose old ones”, explained the French economist. “It is often thought that new technology is damaging and leads to job losses, but this is a mistaken conviction, as history has taught us”. Today the crisis created by the pandemic has made the profound defects of capitalism around the world even more evident. To reduce growing inequality, the precariousness of employment and environmental deterioration, it is necessary to reform capitalism by mixing the American and European models, combining the good side of one (innovation) with the good side of the other (protection).

Aghion’s book is a sort of guide to rethinking capitalism and is based on Joseph Schumpeter’s concept of “creative destruction”. “The Austrian economist was pessimistic about the future of capitalism, but I believe it can continue to be a positive element” Aghion affirmed. In the book we deal with this aspect, replacing pessimism with the optimism of willpower”.

The expert, connected via a video link during the session held at the MUSE, presented listeners with a number of historical enigmas. “Why did industrialisation start in Europe and not in China, the land of great inventions? Because in the Orient the Emperor did not approve of innovators”.

The French economist went on to talk about taxation, affirming that taxing robotics excessively would be a mistake. “Automation can create jobs, because it allows companies to become more productive. It is necessary to create a balance, avoiding both excessively high and excessively low taxation”.

Investing is the watchword, also in education, to avoid the phenomenon of “lost Einsteins”, namely those who are knowledgeable and intelligent but do not have the opportunity to study. “Investing in education is positive for growth, increases the pool of potential innovators and is good for society overall”.

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