

Il Dipartimento di Economia Organizza il Seminario

STRUCTURAL CHANGE, FINANCIALISATION AND THEIR IMPACT ON LABOUR PRODUCTIVITY AND INCOME DISTRIBUTION

PASQUALE TRIDICO

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Abstract:

The objective of this paper is to explain the reasons behind the dynamics of labour productivity (LP) growth during a process of institutional and structural change. We show that four main channels contribute to explain the evolution of labour productivity. These four channels involve both demand and supply side explanations and labour market policies. First, the speed of investment, which incorporates innovation and favours an expansion of aggregate demand and an increase of LP (in the sense of Keynes, Kaldor and Schumpeter); second the speed of R&D, which allows for the creation of new ideas, and shows the “dynamism of a society” in the sense of Kaldor, with positive effects on LP. Third, the deregulation of labour market and the increase of temporary employment, along with stagnant wages, which encourage labour-intensive strategies by firms, with low value-added and low productivity gains, following the Sylos Labini approach. Fourth, the direction of structural change: in the context of low wage and flexible and precarious jobs it can take place towards the non-advanced service sector based on unskilled labour, not able to deliver further productivity gains, and bringing about labour productivity declines. Therefore, we argue, structural change needs to be governed and channeled with proper incentives both in the labour market and in the investment sector. In this framework, we characterize financialisation as an element of the broader structural change that has been affecting advanced economies in the last 30-40 years and we discuss its implications in terms of labour productivity growth and income distribution patterns.

**Mercoledì 14 marzo 2018
ore 14.30 – Aula 5**

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La partecipazione è aperta a tutti gli interessati