

Structural change and the geography of wage inequality in Italy

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Production systems are becoming increasingly interconnected, so that small changes in production technology (or even in trade policy) even geographically far, may have cumulative effects in the rest of the world (a sort of “butterfly effect”). The structure of international trade has been changing dramatically over the past decades because of the fragmentation of production leading to global value chains. Comparative statics in an interconnected world is interesting and challenging. A surge in protectionist policies or a technological shock may have spatially diffused impacts not only through trade in final goods, but also through intersectoral linkages of inputs trading. In other words, understanding how the structure of production changes after a given shock is not immediate because of trade and technological interdependencies.

In our research, we will present the evolution of Italian economic structure by using data from the Input-Output tables from 2008 to 2014 and by applying techniques related to the fields of influence in the input-output analysis literature. In particular, we will identify the technologically most important sectors in given countries in terms of both forward and backward linkages and we will draw their evolution over time (that is the so-called economic landscape of the global economy). These measures are projected at local level and spatially analysed along with measures of wage inequality.

Keywords: Input-Output Analysis, Fields of Influence, Economic Landscape, Structural Change, Wage Inequality