



## "The global economy: searching for a new equilibrium"

### PROGRAM

#### Saturday 17<sup>th</sup>

- Daytime** Participants' arrival  
**20.00** I.S.E.O presentation at the hotel  
**20.30** Dinner

#### Sunday 18<sup>th</sup>

- 08.00** Participants' day trip to Venice.  
**20.00** Dinner

#### Monday 19<sup>th</sup>

**09.30 - 12.30** Opening Lecture: **DANIEL GROS** (director CEPS, Centre for European policy studies)  
Title: "**Europe's role in the emerging new global economy**"

**12.30** Lunch

**14.30 - 17.30** Lecture: **ULRICH VOLZ** (Soas, University of London)  
Title: "**Asia's growth challenge**"

Asian economies today account for more than a third of world GDP, and the region contributes about 60% to total global growth. Nevertheless, its main economies are facing formidable challenges. The lecture will examine the economic rise of Asia, discuss the main challenges Asian economies are facing today, and the implications their success or otherwise in addressing these challenges will have for the world economy. The first part of the lecture will scrutinize the factors behind the shifting of the global economy's centre of gravity to Asia over the last half century and identify the main drivers of growth that have enabled Asian economies to outgrow the rest of the world.

The second part of the lecture will then focus on the major challenges for future growth across Asia, including demographic change, maintaining social cohesion, safeguarding financial stability, and managing a transformation to resource-efficient, low-carbon growth patterns. It will also discuss to what extent present growth models can be aligned with sustainable development and what policies will be needed to achieve this goal – and the implications for Asia and the rest of the world if these challenges are not met.

**20.30** Dinner



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Tuesday 20<sup>th</sup>

**9.00 - 11.30** Lecture: **DIMITRA PETROPOULOU** (University of Surrey)

Title: "**Firms and Trade in the Global Economy**"

The theoretical trade literature of the last 15 years has been shaped by empirical regularities regarding firms and trade arising from disaggregated trade data. For example, exporters tend to be larger, more productive and more skill- and capital-intensive than their non-exporting counterparts in the same industry. At the same time, there is evidence of significant entry into and exit from markets, while firms respond to the trading environment itself, changing the number and type of products supplied, experimenting with new markets, adopting new technologies etc.

Theoretical trade research has rationalised these empirical patterns by focusing on the decisions of heterogeneous firms, and identifying new mechanisms through which countries can gain from trade, as well as new margins of adjustment in response to trade costs. This lecture will examine both the empirical evidence and advances in trade theory to explore the insights regarding firms and trading activity that emerge from this rich body of literature. Armed with these insights, the second part of the lecture will explore the likely effects of the current anti-globalisation movement, as reflected by Brexit and the trade stance of the Trump administration.

**11.45 - 13.00** "Your lecture" with **Feodora Teti**

**13.00** Lunch

**15.00 - 18.00** Lecture: **MICHELE BOLDRIN** (Washington University in St.Louis)

Title: "**Economic Growth and Fluctuations: the Role of Innovations**"

The lecturer will illustrate a theory of endogenous growth and cycles, under competitive conditions, inspired by Joseph Schumpeter's Theory of Economic Development. Entrepreneurs set up firms and choose how many workers to hire, how much capital to acquire, and which technologies to use. Households supply their labor time and capital goods to the firms. They use their income/wealth to acquire consumption and new capital goods, period by period. Markets are competitive. Absent innovations, the economic system grows because reproducible factors are accumulated over time, through savings.

We will discuss the additional assumptions under which this is possible in the presence of constant returns to scale. According to Schumpeter this will lead to a balanced growth path along which relative prices and the composition of the input and output vectors remain constant: the economy expands smoothly, but slowly, like an inflated balloon. When innovative activity is possible growth is no longer balanced but takes place in cycles. Among the many possible forms innovative activity may assume, we'll focus on what may be, historically, the most relevant one: factor saving, in particular labor saving.

**20.30** Dinner



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### Wednesday 21<sup>st</sup>

**Morning** Free time

Optional: Kayak tour around the lake with an instructor.

**12.30** Lunch

**14.00 - 17.00** Lecture: **JEAN TIROLE** (Nobel Laureate 2014, Toulouse School of Economics)

Title: "**Moral Reasoning, Markets and Organizations**"

The lecture investigates the determinants of ethical behavior and the implications for organizations. Human history as well a growing empirical literature in economics and psychology show that moral behavior is malleable. Important drivers of morality are context, individual characteristics, and a willingness to engage in cognitive manoeuvres. By downplaying externalities, magnifying the cost of moral behavior, or suggesting not being pivotal, narratives allow individuals to maintain a positive image when in fact acting in a morally questionable way; conversely, they may help make society a better one.

Prof. Tirole will investigate the virality of narratives, their competition with imperatives, and the conditions under which Kantian behavior will emerge in an otherwise fully utilitarian environment. Finally, the lecturer will investigate corporate social responsibility and study how collective decision-making and organizational design can produce a sub-additivity of responsibility.

**20.30** **Gala Dinner and ceremony** at Berlucchi, one of the most prestigious Franciacorta winery.

### Thursday 22<sup>nd</sup>

**10.00 - 12.30** Public conference with

**JEAN TIROLE, MICHELE BOLDRIN AND JACQUES DARCY** at the University of Brescia

Title: "**Innovation and intellectual property**"

The meeting will investigate a topical theme such as the bond between innovation, intellectual property and patents. It is common to argue that intellectual property in the form of copyright and patent is necessary for the innovation and creation of ideas and inventions: is it really true? Are norms and rules protecting innovation or do they represent an obstacle to innovation and growth? Each speaker will discuss this macro theme using his specific approach and point of view.

The panel can count on the presence of Jean Tirole, Nobel Laureate in Economics 2014 and head of Toulouse School of Economics, Jacques Darcy, head of "Technology Transfer and Intellectual Property" at the European Investment Fund and Michele Boldrin, professor at the University of Washington, among the leading experts on patents and intellectual property.

**12.30** Lunch in Brescia

**14.30 - 16.30** Guided visit to the city of Brescia: tour between piazza Loggia, Santa Giulia Museum and monastery (built on the ruins of impressive Roman town houses), Longobard King Desiderius' masterpiece and The Capitolium.

**20.00** Dinner



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### Friday 23<sup>rd</sup>

**9.00 - 11.30** Lecture: **MICHAEL SPENCE** (Nobel Laureate 2001, New York University)

Title: **"Is More Growth the Answer to Economic and Social Inclusion. Or the Reverse?"**

For most of the post war period, a principal focus of economic policy has been growth. To varying degrees, distributional features of growth patterns were neglected, or underemphasized. Growth was crucial especially for developing countries. It deserved the emphasis that it received. But in developed economies, starting in roughly 1980, the distributional aspects of growth patterns turned negative and slowly became socially and politically salient.

Now with rising populism and nationalism, there is at least some chance of a reversal of priorities: equality first, growth second. The problem is that it won't work either. The challenge is to shift to a better balanced set of priorities create policy frameworks that focus on both and where needed make intelligent and pragmatic trade-offs.

**11.45 - 13.00** "Your lecture" with **Jiri Tresl**

**13.00** Lunch

**15.00 - 17.30** Lecture: **ERIC MASKIN** (Nobel 2007, Harvard University)

Title: **"Why inequality has been rising"**

In the last 30 years, there have been significant increases in income inequality in many rich countries (including the U.S.) and in many poor countries (including India and China). These inequality increases are within countries (inequality has actually been falling across countries), and are theoretically puzzling: in the U.S, the dispersion of skill has risen but not nearly so much as the dispersion in income. In China, the increase in inequality contradicts the Stolper-Samuelson Theorem. In this lecture, Eric Maskin will present a matching model, developed in collaboration with Michael Kremer, that explains inequality increases in both rich and poor countries.

**17.45 - 19.00** "Your lecture" with **Sheng Zhong**

**20.30** Dinner

### Saturday 24<sup>th</sup>

**Daytime** Participants' departure from Iseo.