# ICT, Labour Market Productivity, and Inequality: Evidence from Italy

**Tito Boeri and Pietro Garibaldi**

*(Bocconi University and*

*Fondazione Rodolfo Debenedetti)*

Museo Diocesano Catania, 15th June 2002

# A new Demoskopea Survey

**Population** → Italian population aged 14 - 79 anni (47.400.000 individuals)

**Sample size** → 1.005 valid cases

**Sampling** → Two-stage sampling: 1st household (random dialing), then respondent in the household
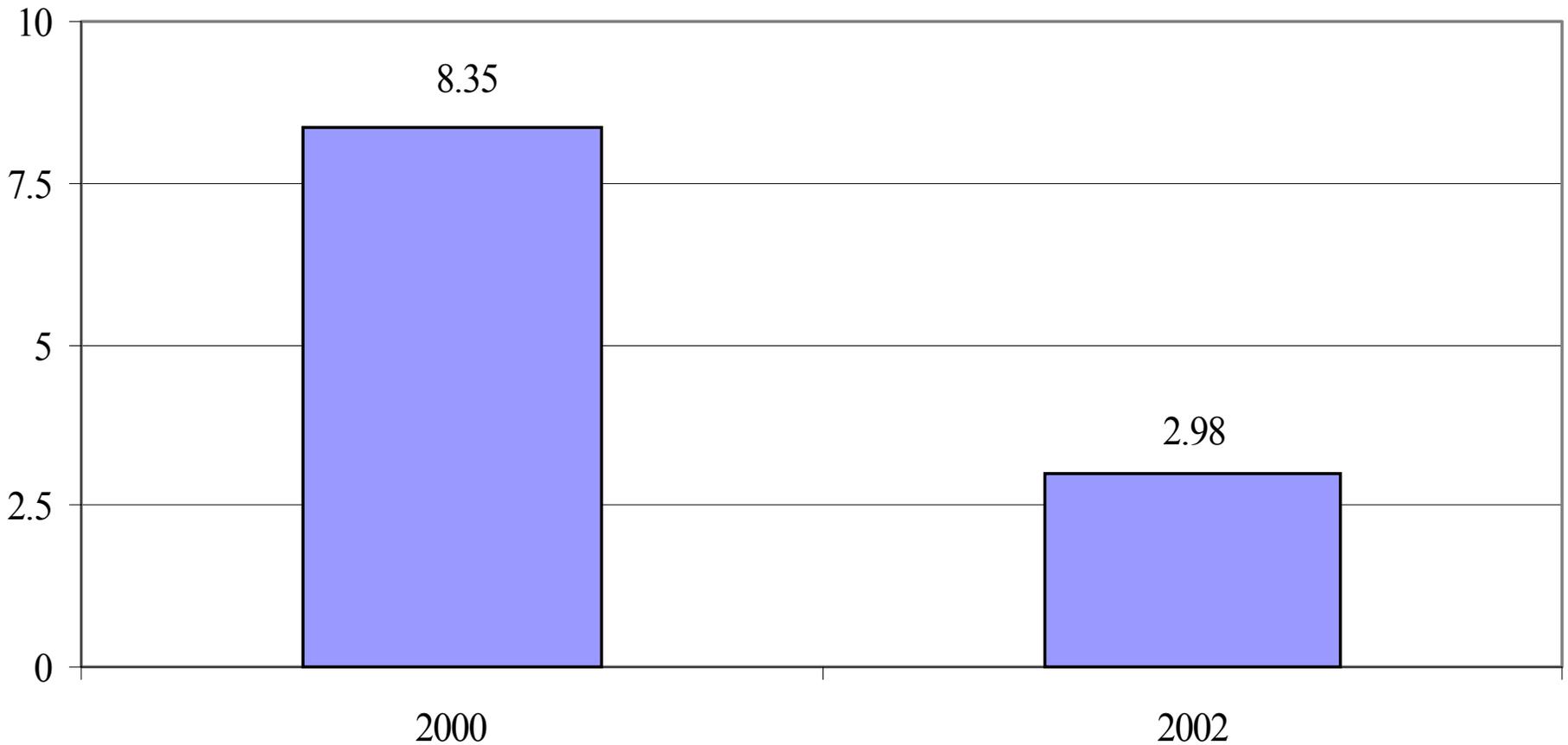
CATI Techniques

**Information on...** → Use of Internet, willingness to distance working, Willingness to pay for computer literacy
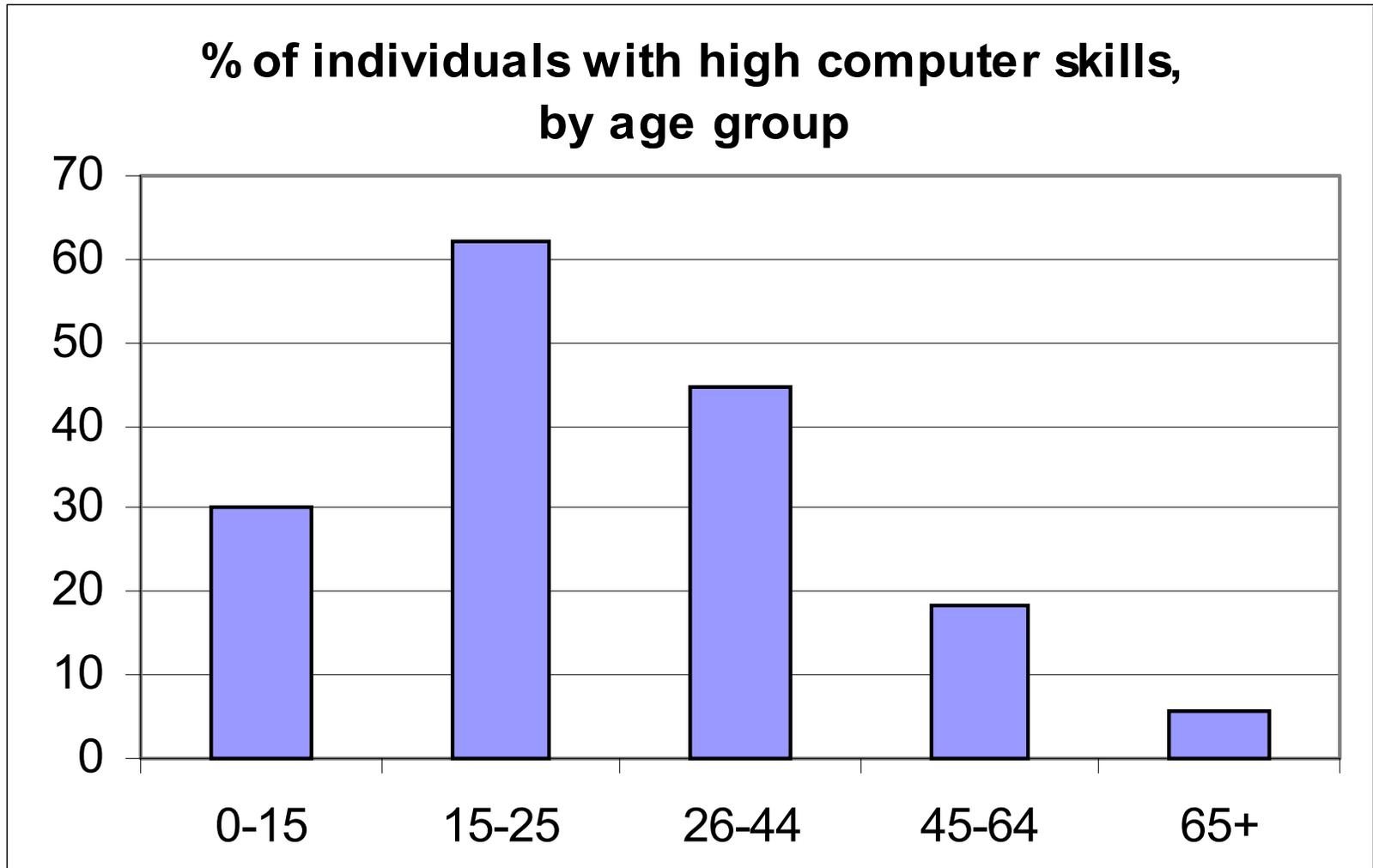
# Computer Literacy:
# different sources, same gap

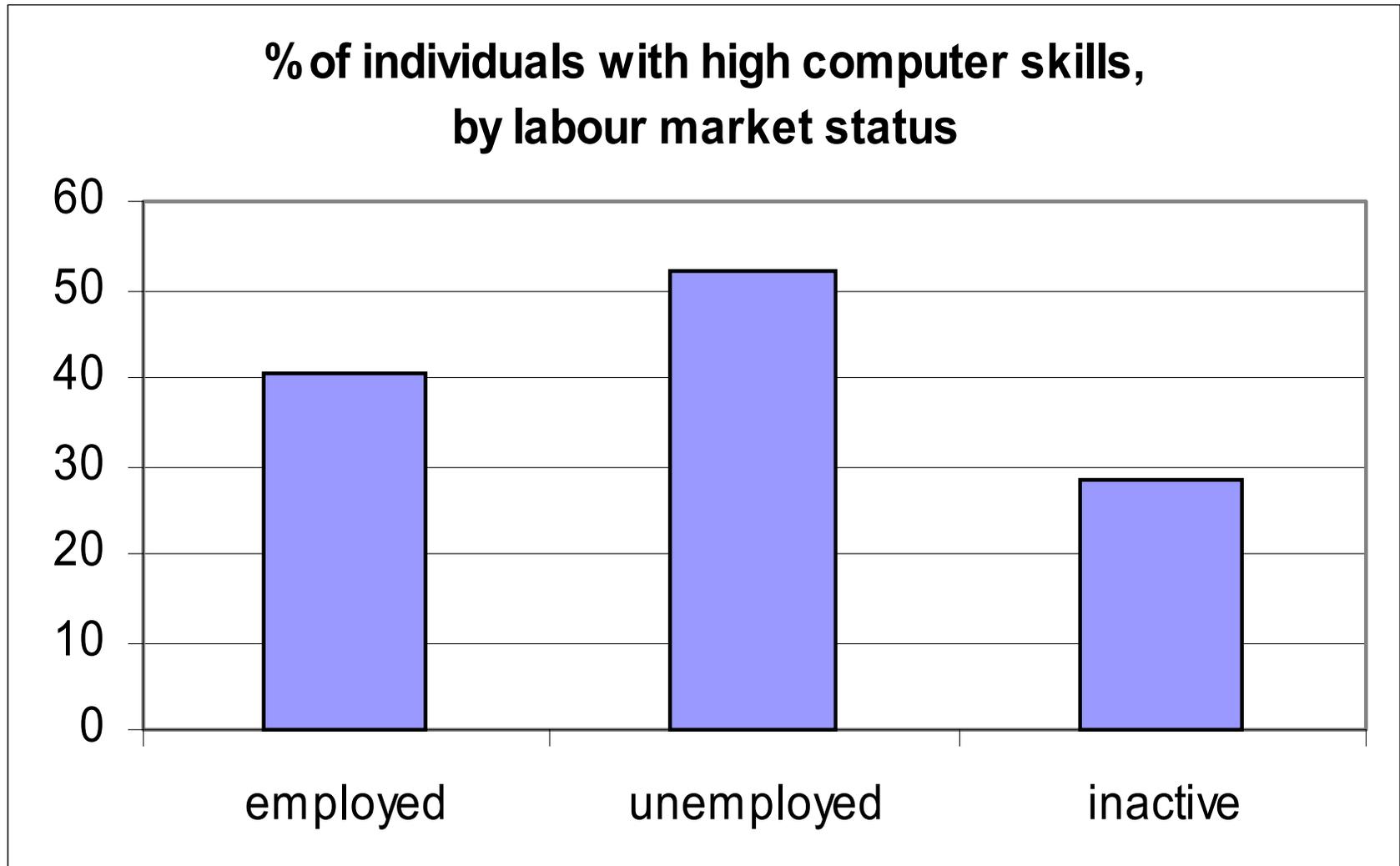| | |
|---|---|
| 27% | % Europeans using Internet (OECD 2001) |
| 24% | % Italians using Internet (OECD 2001) |
| 37% | % Europeans using Internet (Eurobarometer 2002) |
| 34% | % Italian using Internet (Demoskopea 2002) |
| 61% | % of Italian *families* using Internet (Bank of Italy, 2002) |

# A narrowing North-South divide?



**North-South divide in the use of Internet and e-mail,
2000 and 2002**

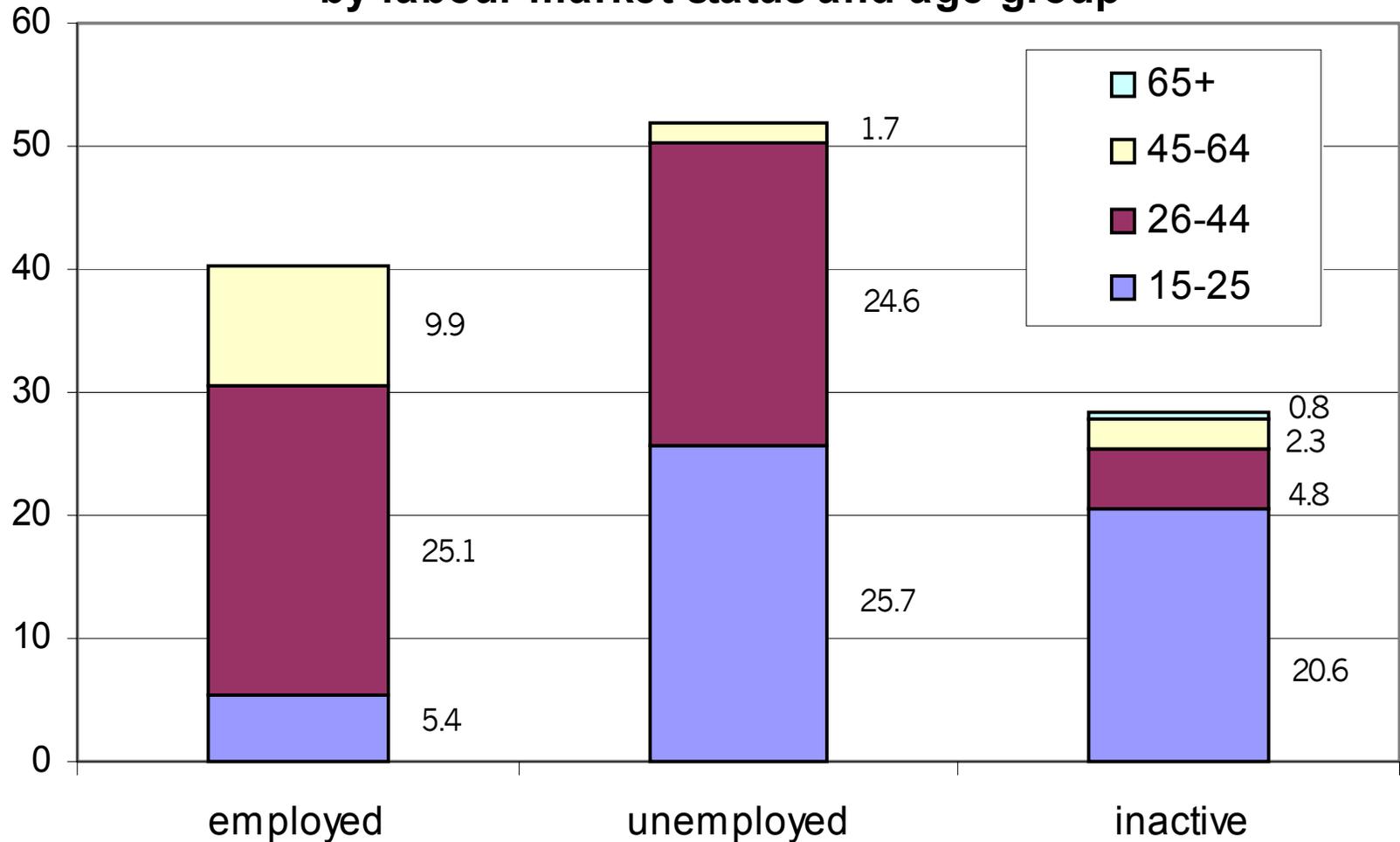| | |
|---|---|
| 8.35 | 2.98 |
| 2000 | 2002 |

# A stable age divide…



**% of individuals with high computer skills, by age group**

| Age group | Value |
|-----------|-------|
| 0-15 | 30 |
| 15-25 | 62 |
| 26-44 | 45 |
| 45-64 | 18 |
| 65+ | 6 |

# ….. A surprising Labour Market Outcome?

**% of individuals with high computer skills, by labour market status**

# May be Not….



% of individuals with high computer skills,
by labour market status and age group

Legend:
- 65+
- 45-64
- 26-44
- 15-25

employed:
- 9.9
- 25.1
- 5.4

unemployed:
- 1.7
- 24.6
- 25.7

inactive:
- 0.8
- 2.3
- 4.8
- 20.6

# Computer Literacy:
# Does the Labour Market Pay for it?



wage premia associated with high computer skills and high level of education
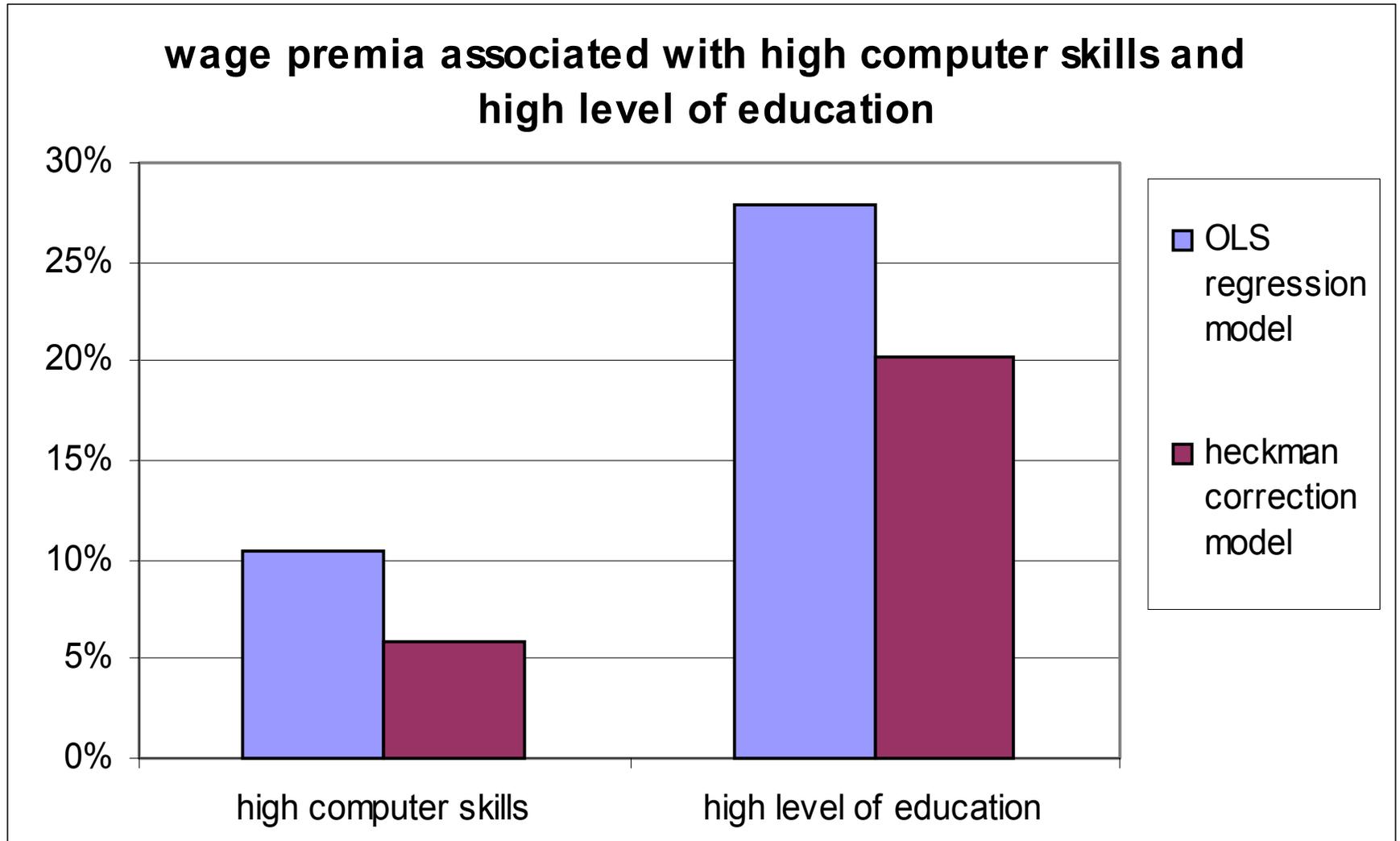
# Are Individual willing to Invest?
# Yes, but at low (own) cost

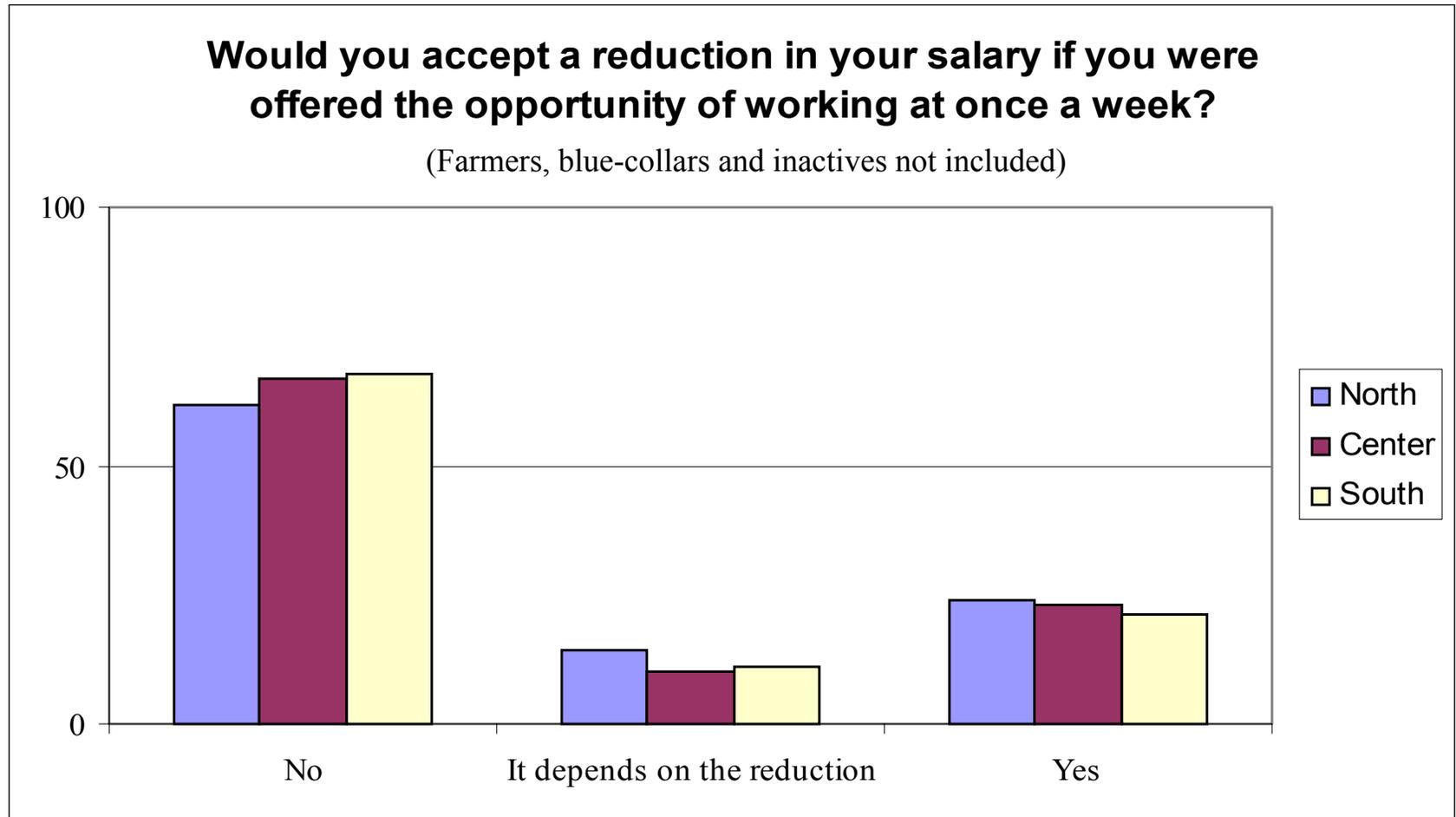**Would you pay for computer literacy?**
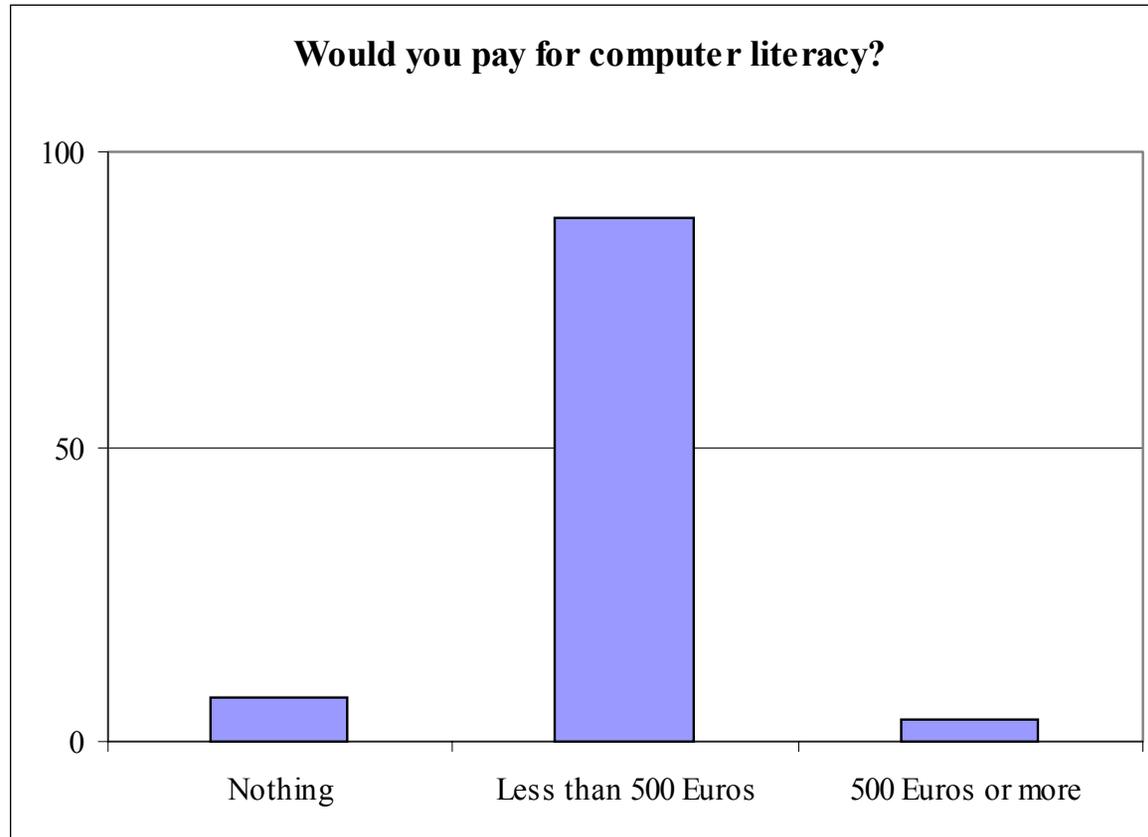
# If expected returns are sizeable, why so little money to invest?

- Job finding probability is low and does not increase with computer literacy

- High Liquidity constraints

- Workers perceive that firms have incentive to sponsor general training with wage compression

- Wage premia will be dissipated by ongoing upskilling of the labour force

# Digital Labour Supply
# a substitute for regional labour mobility?



**Would you accept a reduction in your salary if you were offered the opportunity of working at once a week?**

(Farmers, blue-collars and inactives not included)

# Back to the Future

- Morning Session: ICT related productivity differentials across the Ocean. How large? Are they narrowing down?

- Afternoon Session: Digital Inequality across consumers, producers and trading partners. Widening inequalities to be expected?

- Will we learn anything new?