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De-routinization of Jobs and Polarization of Earnings in a Worldwide Perspective

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The job polarization hypothesis suggests a u-shaped pattern of employment growth along the wage/skill distribution, as driven by simultaneous growth in the employment of high-skill/high-wage and low-skill/low-wage occupations due to routine-biased technological change (Acemoglu, Autor (2011)). Empirical studies for the United States and other countries find strong support for this hypothesis. An aspect that has received less attention but is of high social and political relevance are the distributional implications of job polarization and technological change for wage and earnings distributions through the displacement of routine workers and changing returns to skills and occupations. The present paper makes two contributions. First, using a novel harmonized dataset provided by the Luxembourg Income Study (LIS) and the Economic Research Forum (ERF), we test the job polarization hypothesis for eight countries in the Mediterranean region. Second, we provide an in-depth analysis of the distributional implications of job polarization and technological adoption on the earnings distribution. We find evidence for employment polarization in six out of eight countries. However, in only one country we find polarized earnings. Current results are preliminary and partial. Exploiting the richness of LIS-ERF data, we are indeed interested in extending the analysis to a wider list of countries representative of different economies around the world.