Whilst the U.S. unemployment rate has returned to pre-recession lows, there is concern among policymakers about other developments in the American labour market, notably the secular decline in the labour force participation rate since the turn of the millennium.

A growing number of economists are trying to explain the drop in the share of working-age individuals in employment or seeking employment, and whether factors such as the ageing of the population, increasing reliance on disability benefits, occupational licensure and other workplace restrictions might be playing a role.

New technologies are another prominent candidate explanation for this structural shift. Some recent studies appear to have shown a link between so-called ‘jobless’ recoveries – where employment creation after a recession is low compared with GDP growth and previous experience – and the replacement of middle-skill routine jobs by labour-saving technologies.

But this evidence is limited to the United States, and recent labour-market outcomes have varied considerably across countries. For instance, in the UK unemployment has likewise declined to pre-crisis levels but the participation rate is at all-time highs, contradicting US experience.

This paper tests whether the American evidence is replicated elsewhere in the world. The authors look at 71 recessions in 17 developed countries between 1970 and 2011.

They consider three questions: whether recent recoveries have produced slower employment growth than earlier ones; whether employment growth was especially slow in industries featuring a preponderance of routine jobs, which are more susceptible to automation; and whether middle-skill workers in those industries and across the economy were differentially affected.

The paper finds the US experience not to be applicable to the countries in their sample. Firstly, there is no sign of a slowdown in employment creation in the wake of recent recessions relative to earlier ones.

Secondly, the authors find that routine-intensive industries did not experience slower employment growth than non-routine-intensive ones over the sample period. Furthermore, job growth during recoveries did not slow down after 1985.

Finally, whilst there is some evidence of recessions becoming worse for middle-skill workers after 1985, the authors find that job recoveries were the same for those workers as for other workers and did not worsen over the period of study.

The paper suggests that US-specific factors may be driving the joblessness of recent economic recoveries.

GRAETZ, G., & G. MICHAELS (2017)
Is modern technology responsible for jobless recoveries?
http://eprints.lse.ac.uk/69043/1/dp1461.pdf

Before Donald Trump was elected to the presidency, the US and the EU were negotiating a preferential trade agreement known as the Transatlantic Trade and Investment Partnership, or TTIP. Because tariff barriers between the two blocs are already low, much of the discussion focused on how to increase competition and facilitate investment by curbing regulatory barriers and providing greater legal certainty to firms from the other side of the Atlantic.

The latter involved introducing an investor-state dispute settlement (ISDS) clause into the agreement. This was very controversial and led to widespread protests in continental Europe.