Trade, Technology and Wage Inequality: Importing Automation through Foreign Acquisitions*

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ABSTRACT

Is technology or trade driving increases in wage inequality? We propose that technology interacts with trade to widen domestic wage inequality. We show using Swedish matched employer-employee data covering two decades that foreign acquisitions of domestic firms disproportionately affects the wages of workers that perform tasks that are sensitive to the tech intensity of the foreign firm that undertakes the acquisition. Our results suggest that a trade policy aimed at attracting tech intense foreign owners can help countries advance technologically, but this may come at the cost of increased domestic wage inequality.

Keywords: Acquisitions, AI, Automation, Inequality, Robots, Technology, Trade, Multinational firms, Wages.
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