

BY CHARLES GERENA

## Talking Technology-Enabled Disruption

Understanding the economic effects of technological change — and of the world-changing disruptions that new technologies may bring about — is important for central bankers. Maintaining price stability means paying attention to how technology empowers buyers to shop for lower prices, for example, adding pressure on the margins of sellers. Maintaining maximum employment means closely watching how technology restructures or eliminates jobs, adding pressure on the income gains and productivity growth of workers. Technology-enabled disruption also influences business investment: Companies facing one or more disruptive competitors may be moved to invest more — or become more cautious about expanding their capacity and investing in major capital projects.

That’s why the Richmond Fed, the Atlanta Fed, and the Dallas Fed teamed up to organize the fifth Technology-Enabled Disruption Conference, held at the Richmond Fed in May.

“Because technology is such a fundamental driver of business cycles and long-run growth, policymakers like the Fed surely want to pay great attention and keep pace with the market development as well as research progress in this space,” notes Zhu Wang, vice president for research in financial and payments systems at the Richmond Fed. Wang has been involved in the planning process for the last two conferences along with Kartik Athreya, Richmond’s director of research; Jonathan Willis, a vice president and senior economist at the Atlanta Fed; and Mark Wynne, vice president and associate director of research at the Dallas Fed.

Robert Kaplan, president of the Dallas Fed from 2015 to 2021, recognized the importance of understanding technology-enabled disruption and spearheaded the organization of a conference to explore the topic in 2018. “Before joining the Fed, Kaplan had been a professor at Harvard Business School, where they like to talk about disruption a lot,” Wynne recalls. “I think he talked about the issue a lot with several of his colleagues at the FOMC.”

According to Wynne, the typical Fed conference brings together academic economists and researchers from the Reserve Banks and the Board of Governors to share their latest work, “usually in technical language that only other economists can understand.” The Technology-Enabled Disruption Conference, which came to be known as the TED Conference, would be different. “Kaplan thought that there would be value in having economists hear from business leaders on how disruption plays out in the real world. ‘Disruption’

is a term that is a little bit alien to most academic economists.”

The list of speakers at the first TED Conference in May 2018 achieved that mix. Executives from AT&T, J.C. Penney, and Southern Co. shared their perspectives along with economists and presidents from six Reserve Banks and experts from Harvard University, MIT, New York University, Stanford University, the University of Chicago, and the University of Maryland. In addition, conference attendees

heard from educators, including from two community colleges and a historically Black Methodist college, who were involved in training workers.

That conference was well received, prompting the Richmond Fed to join the Dallas Fed and the Atlanta Fed in organizing another one the following year. Other than taking a break in 2020 due to the COVID-19 pandemic, the three Reserve Banks have presented the conference ever since. The most recent edition was hosted in Richmond for the first time in May 2023, with discussions of energy technologies, AI, and technology investment decisions, among other topics.

The focus of the TED Conference has evolved in several ways in recent years, according to Wang. The first change has been “tying the conference more closely with ongoing economic hotspots,” he says. “Reflected in the conference titles, the 2022 conference focused on disruptions from the pandemic and the 2023 conference shifted to market and policy uncertainties in the post-pandemic world.”

The second change has been broadening the conference theme beyond the monetary policy implications of technology-enabled disruption. “In the 2022 conference, we covered supply chain disruptions and also introduced the discussions of technology-enabled disruption in the payment and credit sector,” Wang notes. “In the 2023 conference, to keep up with market developments, we covered the latest disruptions associated with the energy transition and the rise of AI.”

What hasn’t changed about the TED Conference is the objective of bringing together experts from different backgrounds to cover different angles of technology-enabled disruption. “Business leaders have their feet on the ground, and they know the market pulse well,” says Wang. “On the other hand, academic researchers have systematic research frameworks and tools that are good at analyzing big-picture issues. Such a combination is very unique and valuable.” **EF**

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