



# Lecture 22

## Work and Wealth

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# Participation Quiz

10. You get on a ski lift at the bottom of the mountain and take it all the way up to the top. What fraction of the lift's chairs do you pass?

How many chairs do you pass?



By Ratko Bozovic

**A**

Half of them

**B**

Two-thirds of them

**C**

All of them

**D**

Three-quarters of them

# Workplace Changes

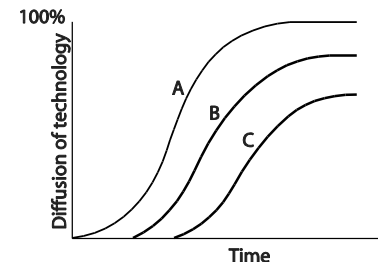
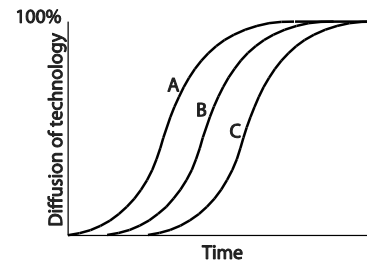
- Technology has fundamentally changed workplace organization
  - Flattening out organizational structures, so that reporting tends to occur between affected people rather than along predefined paths
  - Facilitating the monitoring of employees
    - Slacking off at work
    - Illegal activities by employees
  - Allowing telecommuting
- How do you feel about these changes?
  - Do you think they will improve or degrade your experience as an employee?

# Globalization

- The marketing of goods and services across global rather than national scales
  - Manufacturing goods in China, often using Canadian or Australian raw materials
  - Call centers in India
- Effects of globalization
  - Increased shipping and travel
  - Foreign workers (visas), students
  - Outsourcing
- Do you feel like globalization is a problem or a benefit?

# The Digital Divide

- Global divide:
  - Disparity around the world in terms of access to the Internet and other digital technologies
  - North America at the top; Africa at the bottom
- Social Divide
  - Disparity within a country based on age, wealth, education
- Critiques:
  - Depends on which model of tech diffusion you believe in
  - Places the focus on access, where the real issue might be social practices
  - Falsely sets up the notion of a have/have-not binary

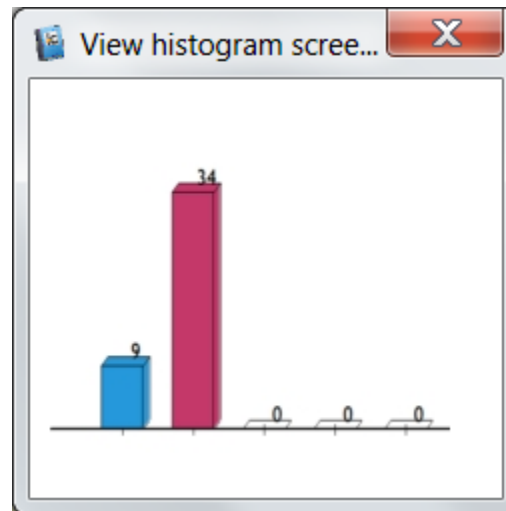


# Net Neutrality

- The requirement that Internet service providers treat all packets the same
- What do you think?

# Work and Wealth

“It is immoral for a corporation to pay its CEO 400 times as much as a production worker.”



# The “Winner-Take-All Society”

- Occurs when a small number of top performers receive a large fraction of the rewards
  - Athletes, musicians, actors, law schools
- Harmful effects
  - Reduces the production of (e.g., cultural) goods
  - Unfair: severe penalty for falling a bit short
  - Leads to arms races
- What can be done?
  - Legal limits (e.g., working hours) to limit arms races
  - Cooperative agreements (e.g., cap on salaries in sports league)
  - Progressive taxation
- Beneficial effects
  - Why shouldn't we watch the best actors, athletes, etc?
  - I enjoy reading the same books as my friends (network effects)
  - Maybe a slightly better CEO (lawyer, etc.) really does make a huge difference to my company