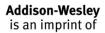


# Lecture 10-1 Work and Wealth





## **Participation Quiz**

6. You're in a car with a helium balloon tied to the floor. The windows are closed. When you step on the gas pedal, what happens to the balloon – does it move forward, move backward, or stay put?

Does the balloon move forward, backward or stay still?



By Kirit Saelensminde

Moves forward

Moves backward

Stays put

### **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 improve or degrade employee experience?

#### 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 think globalization is a problem or a benefit?

## 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

#### **Automation**

Let's try a class debate:

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

If the last digit of your primary (e.g., mobile) phone number is **even**, you're arguing **for** the proposition.

