



Lecture 10-2

Work and Wealth

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Workplace Changes

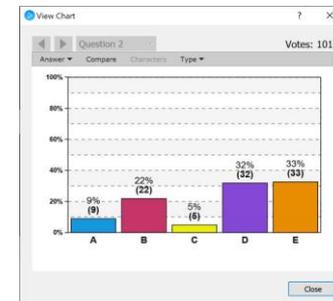
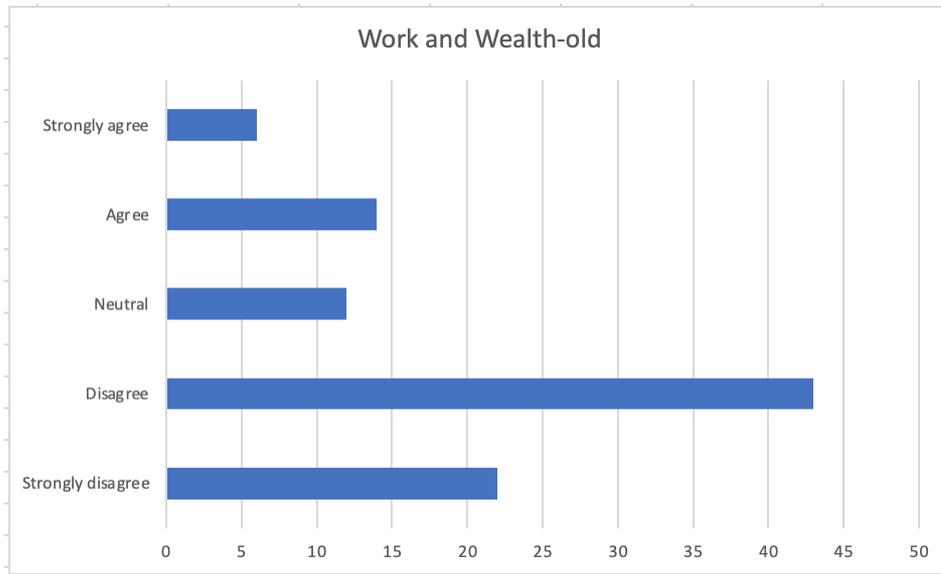
- Technology has fundamentally changed workplace organization
 - Flattening out organizational structures: reporting occurs between affected people rather than along predefined paths
 - Facilitating the monitoring of employees
 - Slacking off at work
 - Illegal activities by employees
 - Allowing telecommuting
 - Really accelerated changes due to COVID
- *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, often designed elsewhere
 - Call centers in India
 - Most chips are made in Taiwan
- Effects of globalization
 - Increased shipping and travel
 - Foreign workers (visas), students
 - Outsourcing
- *Do you think globalization is a problem or a benefit?*

Automation

“The government should attempt to slow or stop the spread of automation technologies that are likely to eliminate large numbers of jobs.”



Increase in Productivity

- Working long hours
 - North Americans (particularly Americans) work longer hours than other cultures and other times in history
- Protestant Ethic and the Spirit of Capitalism
 - A famous explanation of this restless work ethic
 - Linked it to Calvinist theology of predestination
- We have exchanged leisure time for possessions
 - *Do you think this exchange is worth it? Would you exchange a much lower standard of living for much more free time?*

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, social media
- 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

Inequality

Let's try a class debate:

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

Eight breakout rooms. If your room number is **even**, argue **for** the proposition.

Then we'll merge and have a debate, mediated by me and the TAs. We'll record all names of those who speak for participation.