Lecture 10-2
Work and Wealth
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.