

NEW GLOBAL
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Slovak Presidency Conference
“A Better Preventive Culture In A New Labour Market”

The Digital Revolution, Labour Markets and the Politics of Inequality

Dr Henning Meyer (PhD, MBA, MSc, MA)

New Global Strategy Ltd.

Public Policy Group, London School of Economics and Political Science

Innovation



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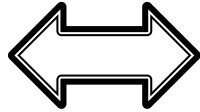
- New quality of core technologies such as processing power, sensors, networks & connectivity, new materials and decentralised production, ...
- Innovation is driven by new combinations of existing tech → rapidly increasing possibilities for new combinations
- Innovation push leads to industry disruption and mixing (Apple and Google in the car industry)

Implementation

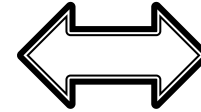
- **Ethical filter** (genetic engineering)
- **Social filter** (resistance against change – Uber)
- **Governance filter** (application through corporate governance – co-determination)
- **Legal filter** (self-driving cars, drones, ...)
- **Productivity filter** (MS Word, washing machines on moon)

Impact On Work

Substitution



Augmentation



New Jobs

- Which jobs will be completely replaced?
- Which jobs will be partitioned and crowd sourced (gig economy)?

- How do skill requirements change in the changing relationship between humans and machines?
- How does augmentation change the quantitative requirements for human labour?

- How quickly are new jobs being created?
- In what quantity and quality are they created?
- Where are they created?

The Need To Prepare

- The balance between these dynamics varies from country to country
- Estimates vary wildly (Oxford study & ZEW) and expert opinion is split (Pew study) → Productivity Puzzle
- Consensus: creativity and social capital based work will remain relatively sheltered
- Policy-makers need to prepare

Inequality

- If significant effects on labour markets come about they will further increase inequality against the backdrop of already high levels
- For instance downward social mobility in the US (lorry driver → teen jobs)
- Creation of winner-takes all markets and potential weakening of labour also reinforces existing inequality patterns (Piketty)

Inequality II

- Digitization essentially creates more pressure on solutions for primary and secondary distribution dynamics
- It is a supply-side revolution but an economy needs consumers
- Need to stabilise economies to absorb macroeconomic problems

Silicon Valley Idea

- Universal Basic Income (libertarian) has major problems: reduction of work to income, inefficient use of scarce resources, doesn't solve inequality, end of welfare state? How to implement in EU?
- Shifts but does not solve the inequality issue (relative issue and extra work might not be there)
- Idea also comes with a libertarian view of society → potential to fundamentally undermine solidarity-based institutions (welfare state)

Political Responses

- Need for a concept of a social democratic ‘digital society’
- Reform of educational systems (creative and analytical capabilities & social capital and interpersonal skills)
- Redistribution of remaining work (fewer hours)
- Rethinking capital ownership (worker and public ownership)

Political Responses II

- Job guarantee rather than Universal basic income
 - no reduction of work to income
 - no leakage of public funds
 - no need to abolish welfare state
 - creation of additional public policy tool to incentivize job creation (activity) in underserved areas such as health and elderly care