

The Raffles Review

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Innovation, the Future of Employment and Public Policy



Empowered lives.
Resilient nations.

BIG IDEAS and QUOTABLE FACTS

- 1) The current digital revolution has not been as transformative as the invention of earlier general purpose technologies like electricity and the steam engine: “you can see the computer age everywhere but in the productivity statistics.”
- 2) “Innovation this time around benefits the few rather than the many.” While consumers (and owners) are benefiting in the digital age, it is changing the world of work in ways that may make a growing share of workers worse off over the long-run.
- 3) Average labour shares of income (across 19 advanced economies) have declined from around 61% in the mid-1970s to 54% in 2014, and “the greatest beneficiaries of the digital age have been shareholders.”
- 4) There is a growing gap between productivity and real hourly labour compensation beginning in the 1980s, with the average difference in growth rate (in 16 advanced economies) at 0.6%.
- 5) Income inequality is worsening due to a structural shift in the labour market, with middle-income workers doing low-income jobs hitherto less susceptible to automation. But as many as 47% of US jobs are at risk of automation over the forthcoming decades.
- 6) ‘Secular stagnation’¹ in the digital age can be avoided by a shift towards inclusive growth.

IMPLICATIONS FOR PUBLIC SERVICE

Inclusive growth is a matter of public policy that requires “a shift in mindsets about labour market policy, tax reform, public investment and education.” There are some things governments can do to minimise disruption and ensure inclusive growth in the face of increasing automation and digitisation of employment.

The agenda for change

- Understand the direction and pace of technological change and plan for the long term.
- Initiate tax reforms that shift the burden from labour towards consumption and wealth.
- Make public investments that boost growth inclusively, including in promising technologies and in skills and training to prepare workers for the jobs of the future.
- Capture opportunities created by the digital revolution, for instance designing economic policy that encourages more entrepreneurial risk-taking.
- Transform the education landscape by leveraging disruptions like MOOCs, and automating administration work to reduce the burden of school fees.

SOURCE

Published by the [Oxford Martin School](#) and [Citi](#) in February 2015, [Technology at Work](#) explores the changing nature of innovation over the last five decades, tracks the increasing trend in automation and its effects on job creation and income equality, forecasts the future of work and employment in the 21st century, and makes recommendations for mitigating some of the negative effects.

¹ A slowdown in population growth and the rate of capital-absorbing innovation that causes net savings at full employment to grow, and net investment to fall, which in turn results in a savings glut and slower growth caused by decline in new investment opportunities.