BUSINESS & ECONOMICS

# The Future of Work: Stagnation, Automation ... Frustration

## The latest entry in a special project in which business and labor leaders, social scientists, technology visionaries, activists, and journalists weigh in on the most consequential changes in the workplace.

STEVEN GREENHOUSE · 20 HOURS AGO

By and large, the American economy has grown less friendly to workers in recent years. Myriad trends—among them offshoring, ever-more sophisticated robots and automation, growing pressures to maximize profits and the decline of labor unions—have set back workers in various ways. To many economists and workplace experts, one of the biggest mysteries—and one of the most disconcerting questions—is why wages for the average worker have stagnated year after year even as stock prices, corporate profits, and productivity have climbed to new records. Indeed, I wrote a book, *The Big Squeeze: Tough Times for the American Worker*, back in 2006 and 2007 to explore this disconnect—that American corporations were thriving, while wages for the typical American worker were languishing, with health and pension benefits generally growing worse.

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Let's explore two major workplace issues, starting with wage stagnation. This is a huge problem, and unfortunately many Americans don't realize how serious it is. Wages for the typical worker are up just 1.6 percent over the past six years, and, believe it or not, after-inflation wages remain below where they were in 1973. Try to raise a family on that. Median household income—$52,250—remains 8.6 percent or nearly $5,000 below its peak back in 2000. Forty-two percent of American workers earn less than $15 an hour—that translates to just $31,200 a year for a full-time worker.

On the right, many argue that wherever the market sets wages, that's the proper place, and that neither government nor labor unions should mess with wage levels. And many people tell $8-an-hour McDonald's workers that if they want to earn more, they shouldn't be protesting with the Fight for $15, they should go to college to upgrade their skills. I've interviewed scores of fast-food workers, and many say they would love to go to college, but they can't begin to afford it, partly because many of them have families to support. And don't forget, even if every American worker had a bachelor's degree, the economy would still require millions of fast-food workers (average pay $8.90 an hour), big box cashiers, home-care aides, janitors, nursing home workers, security guards, warehouse workers, gardeners. Indeed, many of these are among the fastest-growing job categories in the nation. The fact is, many jobs do not require college skills. When I interview fast-food or Walmart workers, they often say that something is hugely wrong when they earn just $8, $9, $10 an hour and they and their families have to turn to food stamps, Medicaid, and heating assistance from the government.

One doesn't have to be an Einstein to realize that wage stagnation has contributed to America's income inequality—the worst it's been since the Gilded Age of the 1920s. According to Emmanuel Saez, an economist at the University of California–Berkeley, the top one percent of American households captured 95 percent of the income gains between 2009 and 2012. The United States as a nation faces a question of what to do about wage stagnation. Some support new laws that would raise the minimum wage or make it easier to unionize workers; some call for spending more on education for the poorest Americans to make it easier for them to go to college and move up in the world. Others say, "Let's just leave it to the market." What's clear is something is badly broken and needs fixing.

A second major issue: the effects of automation. For more than a century, economists have maintained that new technologies create as many jobs as they destroy. Think of the auto plants that succeeded the buggy makers. But now robots and artificial intelligence have become so hugely sophisticated—doing more and more work that humans do, doing knowledge jobs and service jobs and no longer just factory jobs—that many economists say automation might begin wiping out far more jobs than it creates. That is one explanation economists give for why some five million workers have dropped out of the U.S. labor force since 2008. Not only does automated checkout replace many cashiers at CVS, but bellhop robots deliver items to hotel guests' rooms, software algorithms write sports articles for newspapers, and self-driving vehicles might someday replace truck and taxi drivers, perhaps even Uber drivers.

In a recent article, Claire Cain Miller of the *New York Times* wrote that over the "15-year period that digital technology has inserted itself into nearly every aspect of life, the job market has fallen into a long malaise." She noted that more than 16 percent of men between the ages of 25 and 54 are not working, up from five percent in the late 1960s, while 30 percent of women in that age group are not working, up from 25 percent in the late 1990s.

Automation of course means greater productivity per worker, indeed greater economic output overall. And that's certainly a good thing. But what happens if today's vastly more sophisticated robots and automation lead to fewer jobs overall and millions of workers forced out of the labor market? This raises some weighty questions: How do we as a nation, as a world, share the benefits of automation? Will those benefits go overwhelmingly to the shareholders of the companies that own that automation—the companies that own the bellhop robots and the self-driving cars? (To be sure, automation helps lower production costs, leading to lower prices for consumers.)

If automation means we do not need as many workers, what happens to those displaced? Do we let them languish, do we let them fall into poverty? Or will we as a society figure out a way to spread the work—perhaps by adopting a four-day (or even three-day) workweek, spreading the work to reduce unemployment and giving full-time workers an extra day or two off? Or will we, should we, adopt a broader, more generous social safety net to help those displaced by ever more sophisticated automation?

*For the Future of Work, a special project from the Center for Advanced Study in the Behavioral Sciences at Stanford University, business and labor leaders, social scientists, technology visionaries, activists, and journalists weigh in on the most consequential changes in the workplace, and what anxieties and possibilities they might produce.*