WEEK 2

1. Review basic trends in occupation, industry, and the nature of work.

2. In terms of industry, basic trend in all industrial economies has been a shift of employment over time of employment from agriculture to manufacturing to services. The shift reflects two factors:

   a. On the supply side, productivity has traditionally grown faster in agriculture than manufacturing and faster in manufacturing than in services, so even if demand for all three sectors grew at the same rate, employment would shift as described above.

   b. On the demand side, income elasticity is greater for services than manufacturing and greater for manufacturing than agriculture. As incomes rise, this pattern shifts demand for goods in a way that reinforces the productivity differences.

3. In terms of occupation, if we rank broad occupational groups in terms of average pay, there has been, since the end of the 1960s, a U-shaped pattern of growth. High end occupations (managers, professionals, etc.) have grown rapidly as have sales occupations. The lowest paid occupations (janitors, security guards, food service workers) have grown as well. The big shrinkage has occurred in the lower middle of the distribution – blue collar work and clerical work. The question is why? For example, why hasn't e-commerce eliminated huge numbers of sales positions?

4. Use Kochan piece to describe changes in the nature of work – in particular, attempts to push discretion down to lower levels of the organization. Use as supplementary example, the transition of automobile assembly lines from Fordist system to Toyota system.

5. Spend time carefully discussing the Simon chapter – written in 1960, remarkably prescient when compared to most other predictions. Simon is not explicit about his theory (he could have been but this is not the forum) but he clearly applies his knowledge of artificial intelligence as he walks through different occupations and predicts which ones will become more or less important. Earlier in the essay, he also uses the theory of comparative advantage to explain why computerization will not lead to mass unemployment. Essay is a little too optimistic in predictions what computers would soon do (most AI people had the same excessive optimism at the time) but this essay is the backbone of the course.