

## **Prof. Dr. iur Jens Lowitzsch**

Kelso Professorship of Comparative Law, East European Business Law and European Legal Policy, Faculty of Business Administration and Economics

Visitor address: Logenstraße 9-10, PG 202

Office hours: on appointment

## Syllabus

### **Automation, digital revolution and capital concentration: A race for the machine?**

- *Three decades of decline of the labour share – Where are we today?*
- *Creative destruction of jobs and “gross decoupling”*
- *The impact of the digital revolution on income and asset inequality*
- *Focus: Distributive effects of automation – the “elephant in the room”*

#### *Dates / Termine:*

Introduction: Wednesday, June 7, 11.00 – 12.30; **GD 311**

1st part: Wednesday, June 7, 13.30 – 17.30 & Thursday, June 8, 14.00 – 18.00; **GD 311**

2nd part: Tuesday, July 4, 14.00 – 18.00 & Thursday, July 6, 14.00 – 18.00; **GD 311**

3rd part: Wednesday, July 12, 14.00 – 18.00 (Presentation of results); **GD 102**

#### **Performance test and credits:**

ECTS: 6/9; Regular attendance; term paper; oral presentation (presentation 20% of final grade / 1 essays 70% of final grade); first draft of the term paper by 31<sup>st</sup> July 2017, finalized term paper by the end of the semester;

The course is assigned to the fields of economics, law, politics, sociology while employing methods which have a comparative orientation and deal with the phenomenon at a European level in a comprehensive view.

#### **Course description:**

In an age of globalization and technological progress the acceleration of digital information and communication technologies (ICT) has led and continues to lead to social changes which shake the foundations of the world of work, dubbed “industrial revolution 4.0”. This process mainly characterised by automation, robotics and artificial intelligence impacts not only national law and economic systems but also traditional institutions of social existence and such the foundations of our modern societies as such, in Europe as well as across the world. This course investigates the preconditions leading to and the results arising from this process of change in modern societies with a focus on distributive effects. In the light of the current discussion on growing income and asset disparity the shift away from labour to capital that accompanies automation is inclined to exacerbate inequalities putting into question distributive justice and increasing the danger of new social and cultural conflicts.

The seminar has three parts; the first one examines the new (b)orders within “Social Europe” with regards to the functions of property and to distributive justice focussing on inequality and the distribution of property ownership. -> The focus is on labour's declining income share and the role of capital accumulation and capital-augmenting technical change. The second part looks upon the question of how the digital revolution impacts on the shift between labour and capital as income factors? -> Issues of micro and macro distributional effects for different groups of society and the impact on wealth concentration are investigated. The third part explores to what extent a wider distribution of ownership of productive property, namely of robots and machines, can mitigate negative effects of digitalisation? -> It focuses on alternative economic models, namely the question to what extent an economic policy based on the broadening of productive property could serve as a counter model to the current mainstream.

**Registration until 9 April 2017** under [kelso-professorship@europa-uni.de](mailto:kelso-professorship@europa-uni.de).

## Literature:

- Arpaia, Alfonso / Pérez, Esther / Pichelman, Karl* "Understanding Labour Income Share Dynamics in Europe", *European Economy, Economic Papers* 379, May 2009.
- Bassanini, Andrea / Manfredi, Thomas* "Capital's Grabbing Hand? A Cross-Country/Cross-Industry Analysis of the Decline of the Labour Share" (2012), *OECD Social, Employment and Migration Working Papers, No. 133*.
- Belke, Ansgar / Dreger, Christian / Ochmann, Richard* "Do wealthier households save more?", *DIW discussion paper*, 2012.
- Bentolila Samuel / Saint-Paul, Gilles* "Explaining Movements in the Labor Share" *The B.E. Journal of Macroeconomics, De Gruyter*, vol. 3(1), pages 1-33, October 2003.
- Brynjolfsson, Erik / McAfee, Andrew* "Race against the machine" *Digital Frontier Press*, 2011.
- Driver, Ciaran / Muñoz-Bugarin* "Capital Investment and Unemployment in Europe: Neutrality or Not?" *Journal of Macroeconomics*, 32 (1). pp. 492-496, 2010.
- Economist*, "Outsourcing and offshoring", *Economist Special report*, January 2013.
- Freeman, Richard* "Who owns the robots rules the world", *IZA World of Labor* 2015: 5.
- Frey, Benedikt / Osborne, Michael* "The Future of Employment: How Susceptible Are Jobs to Computerisation?", September 2013.
- Hellebrandt, Thomas et al.*, „Income Inequality Developments in the Great Recession“, *DIW SOEP paper* 644, 2014;
- Kelso, Louis O./Hetter, Patricia*, "Uprooting World Poverty: A job for business", *Business Horizons, Fall, 1964*.
- Lanchester, John*, "The Robots Are Coming", *London Review of Books Vol. 37 No. 5 of 5 March 2015*.
- Landmann, Oliver* "Employment, productivity and output growth", *ILO Employment Strategy Papers*, 2004/17.
- Lowitzsch, Jens* "Automation, digital revolution and capital concentration – The elephant in the room: A race for the machine?" *EP public hearing "EFP in the age of digitalisation", EMPL-Com. 2016*
- Mishel, Lawrence*, "The wedges between productivity and median compensation growth", *Report, Economic Policy Institute, Issue Brief #330 April 26, 2012*.
- Pessoa, João Paulo / Van Reenen, John*, „Wage growth and productivity growth: the myth and reality of 'decoupling'“, *CentrePiece Autumn 2013*.
- Raurich, Xavier / Sala, Hector / Sorolla, Valeri* "Factor shares, the price markup, and the elasticity of substitution between capital and labor", *Journal of Macroeconomics*, 34(10), 181-198, 2012.
- Rotman, David*, "Who Will Own the Robots" *MIT Review* June 16, 2015;
- Rotman, David*, "How Technology Is Destroying Jobs", *MIT Review of June 12, 2013*.