# The New Hall Economist



### Policies to improve biodiversity

My first proposal is that governments abandon their use of GDP as a measure of one's success and wealth

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### Banking turmoil as SVB collapses

On the 10th March, .Silicon Valley Bank collapsed only 48 hours after a statement was released which sought to raise US$ 2.5 Billion

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## Will Robots Reduce Wages?

Today we see that robots are the product of the economic evolution towards the automative industry, in particular automation capital. Yet despite economists forecasting that £290Bn of wages could be lost to automation, assuming to around a third of wages accrued in the United Kingdom, the introduction of robots is unlikely to engender such profound instability in the labour market. Empirical evidence denotes that when economies are subject to major changes with regards to the potential to exponentially increase output, jobs shift structurally as opposed, to widespread unemployment and excess supply of labour engendering periods of lower wages, either to the downsizing of firms or demand-pull inflation eroding nominal incomes. Many economists posit the notion that automation provides favourable conditions in society, ultimately leading to workers being the recipient of higher wages. Such a conclusion is derived from the tenet that instead of people engaging in conventional forms of labour, members of the workforce can begin to specialise in the design and maintenance of robots, a particularly versatile skill. Moreover if the advancements in

> "Workers whose jobs are not automated tend to be more educated."

automation signify that workers are not required to work such strenuous hours, employees can begin to engage in endeavours with the propensity to enhance intellect, such as training schemes and apprenticeships. Such actions correspond with increased employability and higher wages, insinuating that with efficient

planning in an economy, one can inhibit the downward pressure on wages, which is rooted in the concept of low-skilled labour being phased out, transitioning into a state where one is deemed obsolete.

## The Reality of Automation Capital

The prospect of robots entirely replacing the production factor of low skilled labour is plausible due to capital such as 3D printers requiring less labour inputs in production to produce customised goods- recently 3D printers have been employed to construct houses: this could render construction workers completely obsolete or cause a significant decline in demand for their services. Additionally the phenomena of self-driving cars is readily becoming more well-researched with brands such as Tesla scaling up efforts to place automated cars on our streets, posing substantial risks to those who accrue money by means of driving taxis. This highlights the challenges regarding automation capital, as such technology doesn't result in higher demand for workers. Ticket machines, for instance, provide further employment in roles involving controlling and maintaining its condition, thus the impact on wages is minimal as roles simply shift structurally (this is due to new jobs being simultaneously created in other industries)

as mentioned prior, therefore workers would likely only be unemployed frictionally while searching for further economic opportunity. Contrastingly, firms investing into self-driving technology implies the need to phase out labour as oppose to hiring more: since no physical capital is in use, low skilled workers face wages being driven downward due to the ability of robots to perform at exceptional speeds, as mentioned prior. Such propositions are particularly intriguing, given that in traditional economic models, capital deepening is said to influence growth favourably- the concept that an increase in investment causes an increase in aggregate demand, which then begets a multiplier effect, with marked wage rises. Hence we have an inherent contradiction, between the glorified economic concepts which governments tend to abide by strenuously and contemporary issues, raising uncertainty as to the future prospects for labour while wages continue on a downward trend