



► *Business models are being supplanted by new models, often technology-enabled, to more efficiently sell or distribute goods and services.*

**T**echnological change is affecting every facet of the economy. Workers are increasingly being replaced by automation. Business models are being supplanted by new models, often technology-enabled, to more efficiently sell or distribute goods and services. Consumers are increasingly able to use technology to shop for goods and services at lower prices with greater convenience. As a result, business pricing power is being challenged. These trends appear to be accelerating.

Increasingly, workers with lower levels of educational attainment are seeing their jobs restructured or eliminated. Unless they have sufficient math and literacy skills, or are retrained, these workers may see their productivity and income decline as a result of disruption. This may help explain the muted wage gains and sluggish labor productivity growth we see in the U.S. as well as in other advanced economies.

The impact of technology-enabled disruption on the workforce is likely not susceptible to monetary policy—it requires structural reforms. The reforms could include improving early childhood literacy and overall college readiness in order to increase the percentage of students who graduate college in six years or less—now estimated at 59 percent in the U.S. They could also include stepped-up efforts to increase middle-skills training in order to improve employment, close the skills gap and raise worker productivity.

To address these issues, the Federal Reserve Banks of Dallas and Atlanta jointly organized a conference in Dallas in May that drew business leaders, academics and educators from around the country to discuss the impact of technology-enabled disruption on business, overall economic conditions and the labor force and its implications for structural reforms and monetary policy. Atlanta Fed President Raphael Bostic and I welcomed fellow Federal Reserve Bank presidents from Chicago, Philadelphia and Richmond, as well as a variety of leaders from the Federal Reserve System as participants in two days of discussions.

At the Dallas Fed, we intend to continue to do research and explore the implications of technology-enabled disruption. This is likely to have critical implications for how we think about wages, prices and labor force dynamics. It will also impact our understanding of productivity growth in the U.S.

A handwritten signature in black ink that reads "Robert S. Kaplan". The signature is written in a cursive, flowing style.

**Robert S. Kaplan**  
*President and Chief Executive Officer*  
*Federal Reserve Bank of Dallas*