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Uyless Black

Offshoring of Jobs

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COEUR d'ALENE PRESS

SERVING KOOTENAI COUNTY SINCE 1892

www.cdapress.com

Thursday

December 29, 2016

Why bringing back jobs isn't really that simple

By UYLESS BLACK
Special to The Press

Few people argue that cheap labor markets in other countries have led to the transfer of millions of jobs that were once held by American workers. It's one of the reasons for the populists' ascension in the American political scene. President-elect Donald Trump has vowed to stem this outflow and bring back these jobs to American soil.

Mr. Trump's recent success of curtailing the Carrier Company from transferring several hundred jobs to Mexico is seen by some as a positive portent for the future. I would like to think so, but I am skeptical.

Cheap overseas labor has indeed been a principal part of the offshoring phenomenon. But the long-term problem will not be the wage disparities between the

United States and other countries. In the not too distant future, these other countries will find themselves in the same pickle as America due to two conditions: paying higher wages to workers and the displacement of jobs by computers.

An Intel microprocessor does not care if its software is being run in China or America. A Microsoft-based system that creates an engine piston without human intervention is unaware if it is located in Detroit or Shanghai.

Increasingly, jobs in America and elsewhere are not being replaced by cheaper human labor. They are being replaced by cheaper — and smarter — computers. In so doing, more people find themselves out of work; not just factory labor, but many other workers as well.

The confusion about this subject comes because many people

Analysis

hold to the belief that an increase in a company's business and a resulting expanding customer base will result in the creation of more human jobs to service this business. This premise may or may not hold true, depending on the nature of the job. It no longer holds true for an increasing number of occupations, as computers (software) become smarter and more intuitive.

It is not just the blue collar workers on assembly lines that computers are replacing. Computers and their apps are also replacing sections of the white collar class.

As an example of the



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former — the blue collar workers: Amazon need not increase its employee population in proportion to its increase in business. It simply deploys more robots in its fulfillment centers. Amazon has “hired” some 30,000 robots to take the place of humans scurrying around its warehouses to fulfill an order. No wage disputes. No union gripes. Overtime? Keep the robots charged and they will not charge you for their extra labor.

But what about the customer inquiries regarding Amazon’s offerings? Look again at your interactions with Amazon. Most of them are handled by computers.

As an example of the

latter — the white collar workers: In the 1970s, I wrote software for the Federal Reserve Board that simulated the money supply of the U.S. economy. My software put a number of people out of work. Later, I purchased a software package that ran on an Apple computer that created and printed elaborate graphic images.

This inexpensive software purchase led to my terminating contracts with talented graphic artists who simply did not have the ingenuity and speed to keep up with the power and processing efficiency of the computer and its software.

I wish Mr. Trump well in his endeavor to bring jobs back to American

soil; to fill those vacant offices with productive people. Given America’s vaunted prowess in automation, those vacant offices may well indeed be re-populated.

But their occupants will not be humans. They will be tens of thousands of computers, stacked on top of one another. They will do the work of thousands of humans, and not one of them will ask for a coffee break or a pay raise.

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Ulyess Black spent part of his career as a Senior Vice President at the Dallas Federal Reserve Bank and an Assistant Director at the Federal Reserve Board in Washington, D.C. He resides in Hayden, Idaho, and Palm Springs, Calif.