

Whatever Happened to Jobs?

Automation, immigration, and joblessness

By WILLIAM BUCHANAN

President Obama, the Senate, and House Democrats wish to “fix” our “broken immigration system” by doubling legal immigration. Not content with that, and casting aside the rule of law, they wish to reward 11 to 20 million illegal aliens with legal status and, moreover, provide these miscreants with a “pathway to citizenship”—our most precious possession. A good idea?

Between 1916 and 1965—fifty years—immigration averaged just 218,000 per year. Since then the annual take has risen gradually to over a million per year, a growth unabated during the Great Recession and indolent recovery. Some blame our sluggish economy on imports, globalization, and off-shoring. Others point to excessive regulations, high taxes, or failure to complete the Keystone XL Pipeline. Surely massive immigration plays a role—more workers, more competition, lower wages, unemployment. Want evidence?

- The labor participation rate, which peaked at 67.3 in 2000, has gradually declined to 63.0, a level not seen since Jimmy Carter was in the White House.

- Brookings reports that men’s median wage has dropped 19 percent since 1970, while women’s climbing median wage stalled in 2000 and has since declined by 6 percent.

- Employment in America reached its peak in July 2007. Today, the number of employed workers is down by over 2 million, while the working-age population (16-65) has grown by more than 6 million.

- Each year Census arrays median household incomes from the bottom to the top and divides these into five equal parts (fifths or quintiles). The percentage of the nation’s income going to the four lower fifths has been in steady decline since the 1970s. Only the top fifth has grown—from 42.6 percent in 1968 to 51.0 percent in 2012. NYU economist Edward Wolff found similar declines in household *wealth* for all but the top quintile.

These statistics conform to the pattern of the gradual growth in immigration. But another bear is gnawing at the worker’s door. When Nicholas Kaldor began modeling the economy, “labor’s share,” the percent of income that goes to workers, was among his six “stylized facts.” A stable percentage for many years, economists have noticed that since 1980, it has been in decline. Increasing labor productivity no longer means higher pay.

The OECD, an organization of wealthy first-world countries, reports: “During the past three decades, the share of national income represented by wages, salaries, and benefits—the labour share—has declined in nearly all OECD countries.” To explain this, it cited cheaper technology and a reduction in workers’ bargaining power. OECD feared this might “endanger social cohesion” and favored “investment in education” as an antidote. Going back to school to learn a new skill is the impermanent worker’s permanent task.

We’ve been taught that technology is our friend—that the “creative destruction” that follows in its wake means more and higher-paying jobs and cheaper goods. Renowned economists, from David Ricardo to John Maynard Keynes, were skeptical. In the competitive global economy new technology always wins, but workers may not. There must be people who’ve figured out that our jobs are in jeopardy. And they are.

- Jeremy Rifkin coined the expression, “The End of Work,” with his 1996 book of the same name. In it he spoke of a “Jobless Recovery.” There will always be jobs for riot police, soldiers, craft workers, and those who offer personal services; the arts, and organized crime are not going away. But what else?

- In their aptly named book, *Race Against the Machine*, MIT professors Erik Brynjolfsson and Andrew McAfee update us on the brutal facts. Why are profits soaring while workers languish? They first consider stagnation and the cyclical nature of our economy before deciding on “the end of work.”

When accessing the ATM or buying goods or airline reservations online, do we consider how many tellers, clerks, and agents we displace? Many of us are employed at routine jobs. Unlike machines we get

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bored, we get headaches, we hate “drudgery,” we need sleep. Routine jobs are targeted for automation.

Or take pattern recognition tasks, tasks where rules can’t be inferred. In the 2004 DARPA Grand Challenge, the most successful driverless vehicle took hours to go 8 miles before running into a rock. Google’s driverless Toyota has driven over 175,000 miles with no accidents attributed to the car. The implications are staggering.

Brynjolfsson and McAfee point to the dual forces of hardware and software development. They invoke Moore’s law—computer power doubles every 18 months—and cite the relevant exponential process (1, 2, 4, 8...and so on). Race with the machine? Workers are losing.

- The McKinsey Global Institute (MGI) looks at the years between now and 2025. MGI details twelve what they call “disruptive technologies.” Throughout the study, the emphasis is on “disruption” and “rapid advances.” Some jobs will become “fully automated.” Workers will have to train to keep up with the machine.

The annual payoff for just one of the twelve technologies, Automation of Knowledge Work, could be \$5-\$7 trillion dollars. An example of how this might work: *Yesterday* you called a business and the \$8/hr. operator directed you to \$20, or \$35, or \$50/hr. experts. *Today* you call and a recorded voice answers one of a series of questions or directs you to \$35 or \$50/hr. experts. Gone are the \$8/hr. operators and \$20/hr. experts. *By 2025* you call

and a disembodied voice in any of 150 languages consults “the cloud,” answers your questions, and markets your visit. Gone are all the \$35/hour experts.

- In *Robot Futures*, Illah Reza Nourbakhsh’ whimsical (and scary) look at the future, artificial intelligence, nanotechnology, and robots—some of them looking quite human—complete the conquest of work—and a lot more.

Conclusions: If the Devil still finds work for idle hands, what becomes of the worker who can no longer be employed? Among the entrails of the immigration argument, we find: “In diversity is our strength.” A growing population faced with a declining job market will test that theory.

How does an unemployed population buy the wonderful products robots make? There’s a story that Henry Ford II escorted United Auto Workers President Walter Reuther around his new robotic assembly plant. “Walter,” said Ford, “How you gonna get union dues from these guys?” To which Reuther replied: “Henry, how you gonna get these guys to buy your cars?”

Oh, and by the way, this is a world-wide phenomenon. That includes China. Nations will seek to promote emigration (ahem!) “dump workers”—it’s not a good time to be on the receiving end. Before Congress passes anything they might want to consider that foreign workers are something we can no longer afford. Every job is precious. ■

Sixty-One Per Cent of Jobs May Be Automated Out of Existence — NC State University Study

By WAYNE LUTTON

Advances in automation (robotization) threaten to place over sixty percent of existing jobs at risk for elimination, according to a new study prepared by Economics Professor Mike Walden of North Carolina State University’s Institute for Emerging Issues. Over the next twenty years, “we are going to see entire occupations wiped out,” Dr. Walden told WSOC-TV Channel 9 (North Carolina).

Food service workers top the list of the 20 most vulnerable job categories, as more kiosks and smart phone apps can take customer’s orders. But Professor Walden also found that white collar jobs, such as accountants and auditors, are at risk. “We are now seeing, for example, legal firms able to download computer programs that will do all the background research for their cases so that will throw out of work thousands of paralegals,” Walden observed.

The trend is for more automation and the need for fewer workers in the future. Technological unemployment is likely to be accompanied by lower wages (a reduction of 20 percent or more) for many of the remaining jobs.

Professor Walden said that health care workers, teachers, and police supervisors are career fields that are less likely to be replaced by technology.

The NC State study suggests that job-killing technology will have a more serious impact than previously thought.

Clearly, as our friend Brenda Walker reminds us, “For sure, immigration of cheap foreign workers for ‘jobs Americans just don’t want’ (a questionable concept anyway) is a relic from the twentieth century, because machines are doing those unpleasant jobs now. Therefore: Automation makes immigration obsolete.”

[Sources: 9 investigates: Automation threatens thousands of North Carolina jobs, by Brittney Johnson, WSOC-TV, June 30, 2016; FutureWork Disruption Index for North Carolina: How do North Carolina counties compare on vulnerability to the disruptions of technological unemployment and demographic change? Institute for Emerging Issues, North Carolina State University, www.emergingissues.org] ■