

Worried automation in the workplace kills jobs? Think again.



In late 2017, the McKinsey Global Institute released a report estimating that automation in the workplace could eliminate up to 73 million jobs in the U.S. by 2030. A growing chorus of skeptics is proclaiming: We don't buy it!

"The largest corporate layoffs of this century to date seem primarily to have been caused not by advanced technology, but by market changes, mergers, and plain old bad business decisions," says Elliot Dinkin, CEO of Cowden Associates, a compensation and benefits consultancy in Pittsburgh.

For more than a half-century, technology has been blamed for killing jobs. Yet, in 1950, the U.S. Census Bureau listed 250 separate jobs. Only one has been completely eliminated: elevator operator. And some elevator operator tasks, like greeting visitors and guiding them to the right office, have been redistributed to receptionists and security guards.

Dinkin notes that automation often facilitates business growth and stimulates employment. When the Ford Motor Company introduced the auto assembly line in 1913, it reduced the build time on a Model T from 12 hours to 90 minutes. Ford used that breakthrough not to cut staffing, but to ramp up production. Despite recent grumbling about offshoring jobs to other nations, auto industry employment is growing, largely thanks to automation.

Between 2011 and 2017, auto making and auto supplies employment increased by almost 50%, adding nearly

130,000 jobs in the U.S., according to an American Automotive Policy Council report.

Another too often overlooked aspect of the future labor market, says Dinkin, is worker availability. Hal Varian, chief economist at Google, points out that while most popular discussions of technology center around replacing people with machines, current demographic trends point to a coming substantial drop in the supply of labor.

According to Varian, the demographic effect on the labor market is 53% larger than the automation effect—meaning that when both are considered, both employment and real wages are more likely to increase than decrease.

“In the future as in the past,” says Dinkin, “workforce reductions will always be a possibility. In the future as in the past, automation will play a role in these decisions—but only as one of a number of factors, all of which need to be taken into account. What matters is to understand the situation, and to handle it in a manner fair to all parties.”

The lesson, Dinkin says: “We urge both labor representatives and corporate management to approach workforce decisions with as little passion and as much analysis as possible.”