

MANUFACTURING MAKING A COMEBACK TO THE U.S.



Apple, which a decade ago manufactured parts of its products, almost entirely in the country, but then found that it was cheaper, speedier and more competitive to get it done in China and elsewhere, outside the country has announced plans of investing around \$100 million in manufacturing some of its Mac computers within the country, its proposal perhaps motivated by the increasing economic and political benefits of bringing some of its Chinese manufacturing back home. However, given the ever-increasing demands on the company, as a recognized marketing giant, to create jobs, it has at last decided to do so, although it must be said, that conditions to relocate manufacturing back to the country are much better now than ever before. Apple's chief executive, Timothy Cook, whilst announcing the decision, acknowledged that the company shares the feeling that it has a responsibility to create jobs. Many economists feel that Apple's move could inspire other companies to follow in their footsteps and it could herald a new rebirth in American manufacturing. However, economists say that it is not mere nationalism or altruistic responsibility that is driving the prodigal companies across various industries, to return home. Energy costs in the US have declined, wages in places where jobs were being outsourced, in China, India, Brazil have risen, a hundredfold in some places. Human rights issues about hazardous conditions in the places where goods were manufactured and quality monitoring issues also factored in the company's decision. There were umpteen cases of workers committing suicide in China; in the plants where Apple products were manufactured, and recently a huge fire in a Bangladesh manufacturing factory, killed 100's of workers. American wages are going down, whereas wages elsewhere are going up. This of course does not mean that US wages are on par with wages in developing countries, people in Taiwan are paid only a quarter of what Americans get and those in Philippines, earn 20 times less than their American counterparts. But the gap has narrowed and this gradual erosion, coupled with other advantages, makes it prudent to shift base back to the country. The companies have realized that the unanticipated costs are adding up, to make overseas manufacturing not so lucrative and beneficial after all, and manufacturing back home will not only give them the advantage of being in close proximity to their customer base and save on freight charges, it would also give their firms a nationalistic flavor. Analysts say that it is not as if the jobs have returned en masse. A close scrutiny will show that the companies have been careful in recalling only those jobs that will not attract America's higher wages. Most of the jobs can be done by machines and will require workers only to operate those machines – in terms of creating new jobs, the recalling trend is not likely to impact so much, they opine. US manufacturing has been growing over the last couple of years but still needs an additional 2 million jobs to catch up with its 2007 numbers. Compared to the US, worldwide manufacturing, thanks in part to American companies, is growing even faster. General Electric whilst hiring American workers to make some of its appliances continues to add overseas jobs as well. Mind you Apple has not said that they are moving their iPad and iPhone products, back to the country, they are only assuring manufacturing of its Macs computers, that is a mere fraction of its nearly \$36 billion in earnings. The former will continue to be manufactured on contract in China.