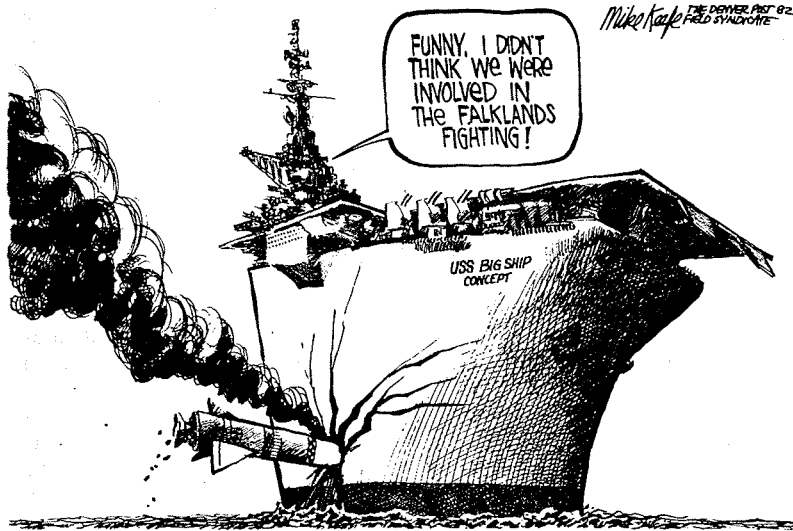


FOREIGN POLICY & DEFENSE



Big aircraft carriers are the mainstays of today's U.S. Navy. But reformers argue that the ships are "sitting ducks" in an age of "smart" missiles.

launched the Exocets. Moreover, the British carriers' Sea Harriers were too few to give full air support to the British assault force on the island itself or to knock out the Argentines' airfield at Port Stanley.

Friedman has reservations about the "big ship, big navy" school of thought. Surface ships are vulnerable. But for a nation fighting a far-away war, there is no substitute for a sturdy, full-fledged navy.

ECONOMICS, LABOR, & BUSINESS

The Robot Scare

"Grasping the New Unemployment" by A. F. Ehrbar, in *Fortune* (May 16, 1983), 541 North Fairbanks Ct., Chicago, Ill. 60611.

Some economists and politicians worry that high-tech factories and foreign competition will cost millions of American blue-collar workers their jobs over the next several decades. But Ehrbar, a *Fortune* editor, says such fears are "overblown."

An oft-cited Congressional Budget Office (CBO) report, for example,

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suggests that as of last January, 1.6 million American workers were permanently "displaced" from their jobs, due chiefly to an influx of Japanese autos, Brazilian steel, and other foreign goods. But that figure includes *all* workers laid off or fired in declining industries. Once the economy picks up, Ehrbar contends, most of them will return to work.

A better measure of the "displaced" is the number of unemployed who had 10 or more years on the job and have been out of work for at least six months: 60,000, or some .5 percent of the 11.4 million unemployed.

The-sky-is-falling estimates of future "displacement" will prove equally wide of the mark, Ehrbar believes. Pat Choate, a senior analyst at TRW, Inc., predicts that 10–15 million blue-collar jobs will vanish by the year 2000 [see *WQ*, New Year's 1983, p. 40]. He pins part of the blame on industrial robots, whose numbers he expects to grow from a few thousand today to more than 200,000 by 1990. But other studies peg the total robot population in 1990 at a maximum of 150,000—and a low of 70,000.

Ehrbar adds that the long decline of America's "smokestack" industries now appears to have bottomed out. Between 1950 and 1978, their share of all U.S. employment fell from 34 percent to 24 percent. But the U.S. Bureau of Labor Statistics predicted this year that the proportion will drop no further during the 1980s, and that the absolute number of manufacturing jobs will *increase* by five million by 1990.

In Ehrbar's view, the massive national job retraining programs sought by Choate and his allies are not needed. U.S. corporations already spend \$30–50 billion annually on employee education, much of it for retraining; as the Baby Boom generation matures and labor markets tighten, businesses will have even stronger incentives to retrain their few "displaced" employees. Federally funded programs to match people with jobs could help those who fall by the wayside.

It will be a very long time, Ehrbar says, before the only jobs left in America will be sweeping up after the robots.

Electrifying U.S. Factories

"From Shafts to Wires: Historical Perspective on Electrification" by Warren D. Devine, Jr., in *The Journal of Economic History* (June 1983), Eleutherian Mills Historical Library, P.O. Box 3630, Wilmington, Del. 19807.

A century ago, American industry was just beginning to switch from steam to electric power. By 1930, most American factories had plugged in, spurring a complete physical overhaul of the shop floor that revitalized the U.S. economy.

The typical 19th-century factory was powered by a single "prime mover" steam engine, fed by coal, which turned several main line shafts that ran along the ceiling of each floor for the length of the building. These were connected by pulleys and leather belts to subsidiary shafts, which were in turn belted to the production machinery.