

## Re: How long until IT employment vanishes ?

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**From:** JF Mezei ([jfmezei.spamnot\\_at\\_istop.com](mailto:jfmezei.spamnot_at_istop.com))

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Duncan Macdonald wrote:

- > *This article says that any IT job that can be done at the end of a telephone*
- > *and/or a data line is a candidate for outsourcing to a low wage country such as*
- > *India.*

Consider the evolution of economies in Asia. Japan used to be low cost. Then, as Japanese increased their standard of living, Taiwan became the low cost country. Then, as Taiwanese increased their standard of living, China became the low cost country.

India capitalized on the IT industry because it has good education and a good enough grasp of english language (not the case in China, Taiwan, Japan). The big established Indian outsourcing firms are starting to see their costs rise and some competitors are appearing. As Indian standard of living increases, India may also suffer the fate of Japan and find some other country becoming popular.

As hard as it may be to accept, the west has already begun to see its standard of living go down in order to survive and/or remain competitive. Look at all the concessions the employees of the big airlines have had to accept because new airlines came on the market and found lots of employees willing to work at lower wages.

the US car makers have been aware of this competition for ages. By fighting for continued increase in standard of living, the car unions forced the car makers to increase competitiveness by decreasing the number of employees and increasing automation.

many chinese electronics firms employ hoardes of workers to assemble circuit boards manually because it costs less to do it that way. Which is best: having more people employed at a lower standard of living, or having fewer people employed at a higher standard of living and lots of unemployed who survive at poverty levels ?

One firm has had an interesting history: Hong Kong & Shanghai Banking Corporation. While it has always been a british bank on paper, its operations were in Hong Kong. But as the handover to China approached, it moved its operations (and money) to Britain, changed its name to HSBC and then went on a buying spree buying banks all over the world. It has recently announced the

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sacking of over 7000 jobs in the UK since it will outsource to some Asian country (I think it was also India).

Corporations in the west have a fiduciary duty to their shareholders to maximize return on investment. They have no duty to employ people locally, although this is sometimes part of a PR exercise to make the corporation look more attractive.

Now, back to IT: the ones that will be hurt the most are those large consulting firms that charge an arm and a leg. It will become harder to hire those big firms just so you can blame them when the project fails. Managers will be expected to stand by their decisions and not blame some big consulting firm. (remember the "nobody's ever been fired for choosing IBM" ?)

When you remove the "easy to blame the large consulting firm" aspect, managers will be more motivated to find solutions that work instead of politically motivated solutions backed by some large report nobody reads but everyone accepts because it has some reputable name on the top page.

On a final note: Empires have crumbled in the past. If westerners refuse to adapt to the new competition and try to protect their standard of living, the west may crumble.