

Re: Offshore Outsourcing

Source: <http://coding.derkeiler.com/Archive/General/comp.programming/2004-05/1089.html>

From: Edward G. Nilges (*spinoza1111_at_yahoo.com*)

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gerryq@DELETETHISindigo.ie (Gerry Quinn) wrote in message news:<zjlpc.7819\$qp2.15891@news.indigo.ie>...

> *In article <i6Knc.7344\$qp2.15506@news.indigo.ie>, gerryq@DELETETHISindigo.ie (Gerry Quinn) wrote:*

> >*In article <f5dda427.0405091608.76208927@posting.google.com>,*

> > *spinoza1111@yahoo.com (Edward G. Nilges) wrote:*

>

> >>*According to the CIA World Factbook, since 1980, 20% of Americans have*

> >>*done well while all others have been made worse off. 1980 was of*

> >>*course the election of Ronald Reagan and in the 20+ years since 1980,*

> >>*NO administration has departed from free market ideology. Clinton was*

> >>*indeed more activist in this direction than either Bush or Reagan in*

> >>*both NAFTA and the end of traditional welfare.*

> >

> >*The way you change and distort facts is interesting. Actually, the 2003*

> >*handbook says: "Since 1975, practically all the gains in household*

> >*income have gone to the top 20% of households." First you changed the*

> >*date to suit your political predilections, and then you added an*

> >*assertion that is not there, i.e. that the other 80% are worse off, as*

> >*distinct from not being much better off, or failing to get comparable*

> >*benefits to those in the top tier.*

>

> *I left something important out of the equation here, which significantly*

> *changes the implication of the above. You see, the naive interpretation*

> *of the above facts (assuming they are facts) is that the people who were*

> *poor in 1980 are little better off. But that's not what it says at all,*

> *because it doesn't make any statement about whether the top 20% of*

> *households in 2003 were the same households as the top 20% in 1980!*

> *Quite obviously, some households will have changed places over a quarter*

> *century, some households will have disappeared, and some new households*

> *will have appeared. Furthermore, the changes in wealth for a given*

> *household over time will have an impact that is hard to disentangle from*

> *the other effects in any sensible way.*

>

> *Let's look at a very simplified example. We shall ignore the confounding*

> *factors of temporal change as people age and give birth, of households*

> *splitting and amalgamating, etc. We'll assume that households fall into*

> *exactly two wealth categories, and that a person who has over the*

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- > years entered one category will on average now have the same income as
- > someone who has always been there. Gross assumptions, but they will
- > suffice to illustrate why the obvious conclusion from the data above is
- > dead wrong.
- >
- > In 1980 (say) the poorest 80% of households have an income of \$20000
- > p.a. and the other 20% have an income of \$40000. In 2003, the figures
- > are \$20000 and \$60000 respectively. Obvious conclusion: the poorer
- > people are no better off, the richer people are 50% better off. But
- > this conclusion is dead wrong.
- >
- > Suppose 10% of people (over 23 years this seems a very modest amount)
- > changed category. 5% went from the bottom to the top category and 5%
- > went the other way round. Whether the changes were due to luck,
- > to differences in talent and industry, or to the arbitrary application
- > of my 20% dividing line, is neither here nor there.
- >
- > The average income of those originally in the bottom 80% is now
- > $(75 \times 20000 + 5 \times 60000) / 80 = \22500 . The average income of those originally
- > in the top 20% is $(15 \times 60000 + 5 \times 20000) / 20 = \50000 .
- >
- > So in fact, the originally poorer 80% are 12.5% better off on average,
- > and the originally richer 20% are now 25% better off on average. This
- > compares with the naive extrapolation from the figures, which gives 0%
- > and 50% respectively.
- >
- > A useful point to remember in such contexts. Changes in wealth
- > distribution over time cannot be taken to directly apply to all
- > individuals of the selected cohorts.

Actually, I am impressed because old Gerry here has stumbled onto something. It is that social classes in a mobile society like the USA change their membership over time and this is a good thing.

I agree with the Quinn man here that in fact, some old money of 1980 may now be begging for change on Market street while some grubbers of the same year may now be driving Ferraris. In fact, I have noticed in Palo Alto that some of the homeless men look rather distinguished, rather like former news broadcasters or electronic executives.

Whereas some of the new money in California were car thieves in 1980, or gym rats.

However, there are two problems with old Gerry's analysis.

I shall label them, for convenience, the wet and the dry.

The "wet" problem is that the current constituents of the new classes may not be the right sort of people. It is at least possible that inventors of car alarms and gym rats may be selfish and stupid men.

[In the case of the car alarm, the selfishness and stupidity are clear. The selfishness is constituted in the very idea that a klaxon should interrupt the sleep of the working man with the howl of violated private property, as if this is the real Angelus, or cry of the muezzin, of a society that worships money. The stupidity is constituted in the very idea that I am about to run down to the street, and go mano a mano with the car thief merely because he's fucking with somebody else's car.]

The wealthy of the previous generation, before 1980, had in many cases fought in WWII and returned home to provide real value for the common man while paying high income taxes. Overall these men and women may have been more deserving.

But, this is a "wet" objection, familiar enough as the reaction of any downsized former mandarin to the New Rich. For millennia, guys like me have shuddered at the vulgarity of new money (for example, my Mom noticed, when invited to dine with Clement Stone, that he had no books in his house other than his dubious success advisories).

Therefore it is not defensible insofar as fortune's wheel is a reminder that we are all mortal.

My "dry" objection is more serious. It is that the Quinn man fails to factor in inequality and therefore doesn't value equality of result in addition to equality of opportunity.

I really doubt, given our racist, classist and sexist educational system, that we have, thanks to conservative hegemony, equality of opportunity in America, but beyond that I think relative equality of condition, with inequalities only to the benefit of the least well off, is a feature of good societies. I think that modern San Francisco, with its obscene differential of wealth and poverty, sucks. And that, is more or less, that.

But beyond my wet and dry objections, my most serious objection is that the social mobility of the 1980s and 1990s is not guaranteed to continue.

The Bush administration is trying every way it can to secure the actual membership of the new elite and new money by repeal of the so-called "death tax" and the overall tax cuts, which means that we may be in for a century of domination by dyslexic gym rats and former car thieves, who think it's O.K. to abuse prisoners at home and abroad.

>

> - *Gerry Quinn*