Apple invests in U.S. so U.S. can invest in Apple

By Phil Rosenthal
December 12, 2012

Whatever problems Apple is having with its Maps app — the latest embarrassment has police in Australia branding it "potentially life threatening" for drivers who are stranded in the middle of the desert — its inner compass appears to be in order.

It's led the company back home.

Almost two years after the late Steve Jobs famously told President Barack Obama, "Those jobs aren't coming back," in response to a suggestion that Apple consider returning some of its manufacturing from China to the United States, his successor as chief executive has indicated he will do just that, with a $100 million investment in building Macs here.

If Apple can't afford to invest in America, who can? But given the frequency with which job cuts, wage reductions and outsourcing are justified in the name of fiduciary responsibility to investors, it's a relief that someone somewhere believes hiring at home can be profitable, too — in more ways than one.

"I do feel we have a responsibility to create jobs," Apple CEO Tim Cook told Bloomberg Businessweek. "I don't think we have a responsibility to create a certain kind of job, but I think we do have a responsibility to create jobs. I think we have a responsibility to give back to the communities, to pick ways that we can do that … and not just in the U.S., but abroad as well."

There's a need for corporations to create jobs. U.S. profits have bounced back from the recession. Wages have not. For the three-month period that ended in September, U.S. corporate profits hit an all-time high of $1.75 trillion — with a "t" — or 11.1 percent of the gross domestic product, CNNMoney reported last week, citing government stats. Wages, meanwhile, accounted for just 43.5 percent of GDP in the quarter, an all-time low.

"Everyone's worried about making a profit," said Al Gini, a professor of business ethics at Loyola University Chicago. "(But) capitalism is like a fire. It works perfectly so long as you feed it, but it has to be fed. So you need workers."

Business leaders have cited the uncertain costs of Obamacare, economic havoc overseas and the ramifications of the looming "fiscal cliff" as reasons to sit on their cash. The fast-fading middle class poses its own threat, however.

When people have jobs, they have money. With money, they become consumers. You see where this is going, right?
"You can make production more efficient and therefore more economical, but you're not really firing the engine of capitalism," said Gini, chair of the management department in the Quinlan School of Business.

It was hardly altruism when Henry Ford in 1914 moved to pay assembly-line workers $5 a day, effectively doubling their pay, and cutting shifts from nine hours to eight. The pay hike helped retain employees, and the shorter workday made it possible to run three shifts a day, boosting productivity. But Ford also recognized the ancillary value in helping build the American middle class, selling more cars because more workers could afford them.

That middle class came to define the American 20th century. It's at risk in the 21st.

Starbucks Chairman and CEO Howard Schultz, who says the American Dream is endangered by the jobs crisis, has helped establish the Create Jobs for USA fund. It works with community development financial institutions to provide loans to underserved small businesses, nonprofit organizations and other enterprises with the goal of creating and sustaining jobs nationwide.

"There are so many people being left behind," Schultz said this fall on CNBC. "We can't wait for government solutions. … Businesses have to step up and do their share."

Cook is quick to claim that Apple already has a stake in close to 600,000 U.S. jobs, when counting not just those directly on its payroll, meaning app developers, subcontractors and so on. The processors for its iPhones and iPads are made in Texas. The glass comes from Kentucky. It's building a multibillion-dollar headquarters in California, a campus in Texas and new data centers in Oregon and Nevada to go with the one it already has in North Carolina.

To be fair, Hewlett-Packard already makes all its workstation PCs and more than a third of its business desktops in the United States. Lenovo, the Chinese-owned PC outfit, announced plans earlier this fall to add manufacturing — and manufacturing jobs — to a distribution center it has in North Carolina.

Some may see Apple's U.S. Mac manufacturing, at a site to be named later, as part of a campaign to temper criticism of its other operations. But it may also simply be good business and good politics to spread itself — like its products — around the globe.

"We could have quickly, maybe, done just assembly" of Macs in the United States, Cook told Bloomberg. "But it's broader because we wanted to do something more substantial."

Computers may be the least of what it stands to build.