

Are There Jobs That Can't Be Outsourced?

As more companies scale back, what skills should American workers look to develop that will have staying power?

Labor's Weak Position

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There has been much speculation about what types of American jobs could be moved offshore and which will remain immune. A number of studies have explored this question. Probably [the best known](#) was done by Princeton's Alan Blinder who estimated that around 22 percent of all American jobs, or around 29 million, are vulnerable to offshoring.

Just because an occupation requires advanced technical degrees doesn't make it immune to offshoring.

His key variable in measuring "offshorability" is whether a particular occupation requires face-to-face interaction or if it could be done remotely. Those occupations that can be done remotely (think computer programmers and medical transcriptionists) are vulnerable while those that require face-to-face interaction (think surgeons and barbers) are not.

Two important findings in the Blinder study are worth highlighting because they run against conventional wisdom. First, it found no correlation between the offshorability of an occupation and the level of education it requires. Just because an occupation requires advanced degrees doesn't make it immune to offshoring.

This finding runs counter to the standard prescription given by pundits and many economists that American workers simply need to "up-skill," get more education, and concentrate on "innovation" and creativity. Second, and even more disturbing is his finding that 35 of the 39 science, technology, engineering and mathematics occupations are offshorable. This again contradicts the conventional wisdom that the answer to offshoring is to train more engineers.

Critics have called the study speculative, but we do have some empirical evidence, based mostly on news reports, supporting the contention that a wide variety of occupations at many different skill levels are being moved offshore, even ones based on "innovation." These include engineering design, software engineering, legal work done by attorneys, insurance claims processing, call centers, financial analysis, accounting, news reporting and editing (for [local online papers](#) like the one in Pasadena, Calif.), architecture, animation, and even college

professors offshoring their paper grading. We also know that many major American firms are **offshoring innovation** and very advanced research and development to low-cost countries.

But the fact is, we have very little public data about offshoring numbers, so rather than responding to actual trends workers are speculating. The government needs to correct this market failure by collecting data on the types and numbers of jobs that are being offshored. In addition to developing sound data, the government should stop promoting offshoring by immediately fixing the tax incentives and closing the loopholes in the H-1B and L-1 visa programs that **speed up offshoring**.

In the longer term, we need to fashion structural changes that would give American workers better representation and more power in labor policy. Some 93 percent of the private sector workforce is not represented by a labor union. Those workers have little or no ability to push for policies that might help retain jobs in this country. For example, information technology workers, the hardest hit by offshoring, are rarely members of unions or professional associations and have no seat at the table in the policy process. Offshoring has further concentrated bargaining power in the hands of employers.

When my students ask for practical advice, I tell them they have to manage their careers and get networked outside of their companies. They also need to monitor movements within their industry sectors since companies are apt to distort information given to their employees.