

# Outsourcing and Patriotism

By Bill Moyers, NOW

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*Following is Bill Moyers interview with CNN's Lou Dobbs on the PBS program NOW. Moyers starts the interview by discussing Dobbs' new book, "Exporting America : Why Corporate Greed Is Shipping American Jobs Overseas."*

**Bill Moyers:** This book is more than an economic argument, it's a political manifesto. Let me read you the opening paragraph. Quote, "The power of big business over our national life has never been greater. Never have there been fewer business leaders willing to commit to the national interest over the selfish interest for the good of the company over that of the company's they head." Are you saying that these companies are unpatriotic for outsourcing jobs?

**Lou Dobbs:** I'm saying not that they're unpatriotic but they're absolutely indifferent to the national interest, that they have given other interests primacy over the national interest. They've done so because, in my opinion, of a cultural shift over the last three to four decades in this country. The absence of a countervailing political influence to the power of corporate America. Lobbyists, think tanks, across the board the power of corporate America is unparalleled in Washington, DC.

**Moyers:** It's not just corporations that are outsourcing jobs though. I mean in your own book you report 40 state governments, hospitals, even the non-profit Smithsonian Institution...

**Dobbs:** Right.

**Moyers:** [is] sending jobs abroad looking for cheaper labor and for skilled workers.

**Dobbs:** And in each instance the enablers are corporate America. They are businesses whose business it is to kill American jobs and to ship those jobs overseas. This is insidious, it is spreading, it is absolutely dangerous in ever respect.

**Moyers:** I'm no economist. Made only a B in economics by sitting next to my wife who was very helpful to me. She made an A. But even I know that services are now so much a part of any advanced economy that it seems inevitable that some service jobs will go to where they can be performed more cheaply.

**Dobbs:** I think that's right. And I think that international trade is a reality of our modern existence. And it should be. I believe however that the idea that our middle class should be forced to compete on a price basis with those workers in an emerging market who are making in many cases cents, while our workers are making \$15 to \$20 an hour is totally unfair.

We're talking about not an economic judgment but a political judgment, a social judgment. What kind of country do we want? Do we want to destroy the middle class? Because if we do let's continue outsourcing jobs.

**Moyers:** But the law of classic comparative advantage...

**Dobbs:** Sure.

**Moyers:** ...has an affect. If a car if can be made more cheaply in Mexico that's where it should be made.

**Dobbs:** Right.

**Moyers:** If our telephone bill can be processed more cheaply in India that's where it should be sent.

**Dobbs:** Actually Ricardo did not suggest in any way....

**Moyers:** The great economist.

**Dobbs:** The economist who is the father of the comparative and absolute advantage. He did not in any way suggest that you should have the middle class of any country competing with 30 million unemployed Chinese. He never dreamed about the portability of the factors of production, capital and labor, our knowledge base, our technological advantages, which are being exported and sent to these countries for no other reason than the fact that their labor is cheaper than ours. And the idea that we would put our labor force in competition with the labor force in the case of India that's basically double our size, most of whom speak English, and work for about a tenth of our wages, is a political judgment. It is not an economic judgment.

**Moyers:** A political judgment?

**Dobbs:** Absolutely.

**Moyers:** But libertarian economists like Lew Rockwell, who's been on this show, says it's government that's driving these jobs overseas by their high taxation, by regulation, by the big cost of lawyers.

**Dobbs:** And I think there's a good case to be made that regulation, tort law, healthcare adds about, according to the U.S. Chamber of Commerce, about 22 percent to the cost of goods. So what. It's part of the cost of a better life. That's what this society is. We're a democratic free enterprise society. Unparalleled in our success.

Are we to absolutely turn back the clock on every achievement that we've made to improve the lives of our citizens in order for a U.S. multinational to get cheaper labor in Romania or the Philippines or India or China? I don't think so.

**Moyers:** But isn't it an economic fact that people whose skills are obsolete or who don't seek the requisite education and training will be left behind in the world's changing markets? A world that Adam Smith and David Ricardo never could imagine.

**Dobbs:** I think that that is probably a fair statement. But not necessarily relevant to outsourcing. They're not sending those jobs overseas because the labor force in this country is not capable of conducting a business operation of actually doing those jobs. Not because they have an inferior education.

They're doing so because they, the financial institution, can pay cents on the dollar for labor in India, or the Philippines, or Romania and have to pay a living wage that provides a meaningful improvement in the quality of life for an American employee. And that's – that's damnable to me. Do you remember through the 1980's and the 1990's when you heard corporate leaders and some of the best management consultants in the world talking about the empowerment of the employee. The importance of empowerment to provide the basis for innovation. The importance of having a happy, satisfied, educated, striving, aspirational employee in order to drive the successful corporation. That talk has disappeared.

Corporate America through its own devices over the course of the past decade has created an adversarial relationship between the employee and the corporate leaders. And that's unfortunate. And so, yes, I think you not only can be sentimental, and I think there's room for it, but in driving a business you have a responsibility to a variety of stakeholders.

You have a responsibility not only to your investors, you have a responsibility to the marketplace, you have a responsibility to your customers, to the community in which you work. You have a responsibility to the country that makes your business possible in the first place.

**Moyers:** Heresy. Are you a traitor to your class? The investor class.

**Dobbs:** Well, I'm, you know, I think most of us are investors. And I hardly think I'm a traitor. I think it's traitorous and treasonous and absolutely ignorant for these people to be out ballyhooing double digit returns on equities when first we have to get our house in order in this country. And bring back integrity, principle, leadership to our business enterprises, to our markets. And try to do a lot better for the people who count. That is the middle class.

**Moyers:** The powerful editorial page of *The Economist* says, Lou Dobbs has embarked on an anti-trade tirade. And that you greet each new announcement of outsourcing, like the one in the New York Times this morning, as akin to a terrorist assault.

**Dobbs:** Right. Well, the excess I assure you is not on my side. Those critics, whether it be *The Economist*, a number of other writers, using language like that, it's silly. And they're not dealing with the arguments that I'm putting forward. The argument I'm putting forward is – is simple, don't put our middle class at risk by forcing only one element of

our society and our economy to compete against the world. Particularly the cheap foreign labor.

I'm not on a Jihad. I'm trying simply to wake people up. Trying to point out that we deserve far better representation in Washington than we're getting. And corporate America deserves somewhat less representation in Washington. Some proportion, some balance.

**Moyers:** You say in your book that quote, "Corporations have overwhelmed government in the borderless global economy." How so?

**Dobbs:** They've overwhelmed it because they have had the maximum influence in lobbying, the creation of international trade agreements in the direction of this economy. The World Trade Organization and NAFTA it now turns out are really outsourcing agreements. They give corporate America an opportunity to move plant, production and yes jobs to Mexico, to any part of the world and ship back into this market.

**Moyers:** But your book is somewhat pessimistic on this. Because as you say this didn't just happen, this is the result of political decisions over the last quarter century. And you say big business all but controls the knowledge base on which Congress usually makes decisions –

**Dobbs:** Absolutely.

**Moyers:** – affecting economics and business. And that corporate interests spend more money on lobbying than the federal government spends on the staff of congress.

**Dobbs:** That's right. We need a counter veiling influence to corporate America. One time it was organized labor. Labor has been so weakened in this country by both the force of corporate America and also by it's own missteps and misjudgments and weaknesses. We need to find a role for institutions that can provide a countervailing influence.

What concerns me deeply though is that academia, our universities, many of them who resisted funding by the CIA or the federal government in the '60s and '70s are more than quick to embrace those dollars from corporate America. Understandably they want the money. But the fact is we're beholden at all cross purposes to corporate America. The independence of thought in this country, a countervailing influence is just not there.

**Moyers:** Aren't both parties, in effect, wholly subsidiaries of the big corporate donors?

**Dobbs:** Absolutely. And to watch the hundreds of millions of dollars that have moved into this campaign, Bill, has to make you sick as it does me. Because after McCain-Feingold it turns out there were one or two minor loopholes through which about a half billion dollars managed to move.

Yes, both parties are absolutely loathe to offend corporate America. They're loathe to look out and say, "You know, we're a government of the people, by the people and for the people," because I don't think the people, based on the reaction from my viewership, feel like they're being adequately represented.

**Moyers:** You begin with a stunning quote. I'll read it. Quote, "The 20th century has been characterized by three developments of great political importance: the growth of democracy, the growth of corporate power and the growth of corporate propaganda as a means of protecting corporate power against democracy."

**Dobbs:** Absolutely. Corporate America has at this time taken – controls the national media. It controls nearly every avenue of – an American citizen's access to information about the way he or she lives, about those forces that are influencing our lives.

And corporate America is protected in Washington by the dollars it spends. It is protected in the media by some virtue of ownership.

**Moyers:** Do you see any sharp differences between the two parties in this campaign on this issue? I mean, John Kerry has been calling the CEOs you write about Benedict Arnolds. But do you see in the platforms and the performance and the history of these two parties any profound difference on it?

**Dobbs:** Unfortunately, no. The Democrats brought us WTO. They brought us NAFTA in concert with the Republicans. John Kerry – has come up with some good ideas on how to incentivize corporations not to outsource. But Roger Altman, his advisor on economics, says he's not opposed to outsourcing itself.

We can't have it both ways. I want to hear one of these candidates sharply and clearly say this country is about the people who live in it. That it's about your quality of life and we're going to do everything in our power, irrespective of our party's ideology, our party platform, we're going to examine carefully and thoughtfully our future. And we're going to understand what works and doesn't for the people.

Not just the efficiency, the – productivity, the competitiveness of US multi-nationals which is really another code word for "you're going to work cheaper and you're not going to be able to buy as much." And you're not gonna be able to provide for your children and give them that opportunity. I want one of them desperately to say, "I'm all about America and I'm going to make it work, damn it."

**Moyers:** Capitalism has so many contradictions.

**Dobbs:** Absolutely.

**Moyers:** I'm involved with foundations that are out to save the environment, that nonetheless invest in the energy companies that pollute.

**Dobbs:** Right.

**Moyers:** Because that's where the money is. I mean we're all caught in these contradictions. There's a website run by the Columbia Journalism Review called [CampaignDesk.org](http://CampaignDesk.org). If you go there and click in you'll find a long article put up there recently called the two faces of Lou Dobbs. Have you seen it?

**Dobbs:** Sure I have.

**Moyers:** Is there a contradiction in denouncing these companies on the air and then recommending them as a financial advisor? Of saying this company is good even though it's outsourcing?

**Dobbs:** I don't think so. But that may be – and I do now include the fact that they're outsourcing on – in investment judgments. But I've never suggested anyone they make an investment judgment based on whether a company outsources or does not outsource. I suggest people make investment decisions based on the value of the company, the importance, the relevance, the success of its products. And the commitment of its management. The commitment of its management to being a better corporate citizen.

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