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The "Knowledge Job" Deficit

The High-Tech "Competitiveness" Smokescreen

By JOHN PARDON

"Competitiveness" is a much-abused buzz-word with which "free trade" enthusiasts often salt their writings. No more prominent or public an example can be found than the influential New York Times' columnist Tom Friedman. When Friedman talks about economic issues, critics of the corporate managed state would do well to pay close attention.

In an April 15 New York Times column entitled "Bush Disarms Unilaterally", Friedman criticises the Bush administration for "taking little interest in America's economic competitiveness" while "focused on projecting U.S. military strength abroad". Admonishing his readership that our "economic competitiveness" is the "underlying engine of our strength", Friedman urges a big-government solution to this situation: a "New New Deal to make more Americans employable in 21st-century jobs. The hypocrisy of this man is incredible.

In previous columns and in his new book about globalisation, free trade (and, implicitly, offshore outsourcing of American jobs,) Friedman celebrates the movement of industrial and high technology work out of the United States to nations such as India and China. He considers this situation a "win-win" for Americans but he can't point to "21st-century jobs" created in the U.S. for Americans as a consequence of offshore outsourcing. (Sorry Tom, the growing number of low-skilled and low-paying nontradeable services jobs in the U.S. economy are not the "21st-century" jobs you imagine.)

Months ago, while writing from India, Friedman noted well-known "American" corporate branded products in use by Indian companies and employees engaged in doing work once performed in the U.S. by American workers. Based upon the simple appearance of some familiar brand names on the products in evidence, Friedman announced in triumph that "American products" were being consumed by Indians - a "win" for American workers.

The truth that Friedman forgot to share or was too ignorant to discern is that the only thing "American" about the products was their brand names; the computers and bottled water used by the Indian offshore workers were likewise made offshore with foreign labor. (Even the "innovative" and "knowledge age" development of the products is increasingly done offshore by non-Americans.)

Now, Friedman is warning that the flattened "global economic playing field" is "enabling young Indians and Chinese to collaborate and compete with Americans more than ever before." Friedman the outsourcing proponent and apologist for global labor arbitrage (i.e., replacing

American middle class workers with low-wage Third World workers) is now warning of the dark threat of declining U.S. "economic competitiveness"

Sadly, or perhaps inevitably, Friedman fails to either acknowledge or comprehend the fact that the very outsourcing and "free trade" policies he has breathlessly praised are at the core of why Americans cannot compete for the "21st century jobs". The "flattening" of which Friedman speaks is the result of political action -- laws which have enabled American corporations to simultaneously move work offshore while continuing to sell goods and services produced by foreign workers in the U.S. market without restriction. Businesses are able to offshore jobs and pay Third World wages while continuing to sell the goods and services at "American prices".

The "21st century jobs" of which Friedman speaks are in high technology and science. They are the knowledge age jobs requiring advanced education often focused on scientific, engineering and/or technical areas of study. Information technology ("IT"), computer science, computer engineering, biotechnology, pharmaceutical research, engineering and other areas are involved. These are the well-paying, "high labor cost" jobs which multinational corporations have targeted for elimination or sharp reduction in high labor cost developed nations such as the U.S.

So, while corporations are busily drawing up outsourcing plans, and eliminating their costly American knowledge workers on the basis of labor cost savings, Tom Friedman is urging the Bush administration to spend more money on national projects such as high-speed broadband and internet access by mobile phone. This is ludicrous.

The nonsense continues. Friedman thinks that more American innovation will occur if tax law changes alter the treatment of stock options. This, he says, will allow "U.S. high tech firms" to "attract talent".

Friedman is silent about the declining number of Americans entering high tech areas of study because they fear outsourcing or replacement by low wage foreign workers in the U.S. under a form of corporate welfare known as "non-immigrant visa" (NIV) programs. The sad fact is that formerly "American" high-tech firms treat their American workforce as a costly disadvantage and are rapidly shedding American workers -- notably highly-educated and experienced software engineers and programmers. It's cheaper to use Indian and Chinese workers in the U.S. under NIV programs or offshore work to "subsidiaries" and foreign outsourcing firms, you see...

Against such a backdrop of massive job outsourcing and use of NIV replacement workers, it is truly ridiculous for Friedman to attack Bush administration cuts in the "Pentagon's budget for basic science and technology research" or "slash[ing] the 2005 budget of the National Science Foundation by \$100 million".

What is the point of spending money on funding for research and education in the sciences if American citizens -- American workers are not the beneficiaries of this spending?

Friedman does not have an answer. He has shown that he does not have the capacity to rationally discuss the real problems of American competitiveness. The demands for a costly "big government" "New New Deal" to make the American economy "competitive" and stimulate the creation of "21st-century jobs" indicate that at the core, the "free trade" policies of politicians and outsourcing policies of business have failed. They are destroying the American middle class and creating an environment in which knowledge-age jobs can only exist offshore in developing nations or will be filled in the U.S. by imported low-wage NIV workers.

It does not have to be like this. Perhaps the only point with which one may agree with Friedman is with this, "Economics is not like war. It can be win-win." The first action which policy makers must undertake is to re-examine the rules of international trade with an eye toward benefitting

American workers and maintaining a middle class society which will offer widening middle class employment opportunities for American workers. The present "trade" and "business" policies rationalised by terms such as "competitiveness" guarantee the loss of the knowledge age jobs by Americans will not be reversed.

John Pardon is a software engineer and writer. In 2004 Pardon summarised the job loss situation faced by American information technology workers in a widely-read Computerworld article, "[Lost Your Job Yet?](#)". Pardon is the policy analyst for [Rescue American Jobs](#) and a supporter of the ITPAA (www.itpaa.org) and [WashTech](#).