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OUTSOURCING AMERICA

A new book sounds the alarm on behalf of workers

by Rich Heintz

If you are a US worker, you don't have to read too many pages of the new book *Outsourcing America* (by Ron & Anil Hira, AmaCom Books) to feel a chill down your spine. In fact, just scanning the opening sentences on the book jacket may be enough to make you queasy:

"In the debate over outsourcing, one fact is clear: Most companies believe they can save a tremendous amount of money by shipping American jobs overseas. They no longer see outsourcing as an option but rather as an imperative. Consequently, as many as 14 million white-collar jobs are vulnerable . . .

"By 2015, analysts forecast that \$151 billion in wages will be outsourced to foreign workers. Even for highly skilled and specialized jobs in technology, financial and legal services, and other disciplines, a cheaper workforce is ready to be tapped somewhere in the world."

And you thought 'War of the Worlds' was going to be your summer fright fest. Reading *Outsourcing America* could really ratchet up your fear factor, especially since it's dealing with fact, not fiction. The book effectively chronicles how the global economy coupled with corporate strategies and our own misguided government policies are combining to erode the American workplace.

Who's Affected?

What occupations are threatened by offshoring? "A wide variety of jobs, some high-skilled, some low, are vulnerable – (from) computer programming to insurance claims processing to radiology to legal work," asserts Ron Hira. "As one of the CEOs of a major offshore outsourcing firm puts it, any task that can be sent down a wire can be outsourced." Put another way, just think how few jobs require face-to-face interaction with a customer and you "get an idea of how big an impact this is going to have."

Even if you are lucky enough to retain your job, you are likely to suffer a reduction in pay, as US tech workers are now experiencing. "American workers are more reluctant to ask for raises, and wages for workers in the technology occupations are actually dropping for the first time in history," Hira writes.

Not even CEOs are safe, since the rush to develop offshore workforces may eventually lead to the exporting of the top executives' jobs as well.

Who's to Blame?

From the perspective of the authors, in addition to exporting jobs, many American businesses are compounding the problem in other ways. First, they are "taking the latest tools, techniques and technologies to the high-skilled workforces overseas. In essence, companies are now pitting US workers against overseas workers, and by taking the latest tools to the overseas workers" they are neutralizing the American workers' competitive edge.

Secondly, American companies are inadvertently exporting trained foreign workers. This happens when US firms

bring in cheap foreign labor. After a few years, many of those visa workers are sent back home – trained in the latest and greatest software programs, ready to work for an offshoring company in their homeland.

What's the Solution?

The authors offer several suggestions. First, American companies have to agree there is a problem. Next, the US government needs to begin to measure the magnitude of the problem (currently, no one really knows how many jobs have actually been offshored). US visa policies should also be reviewed with an eye toward protecting America's labor market.

Meanwhile, the US should put more effort into helping and retraining workers displaced by offshoring. Furthermore, the authors see a need to better protect workers in their current jobs. They should not, for example, ever be required to train their foreign replacements.

As for the offshoring of government work, while falling short of calling for a prohibition, the writers point out that public agencies need to be more judicious in striving to keep taxpayer-supported jobs in the states. "We should recognize the enormous value of keeping certain types of government procurement onshore, especially in a time when we are far from full employment. In terms of high technology, creating strong preferences for American workers not only is in the national interest but is in the interests of national security."

In the long term, the writers feel that tomorrow's workers need to be trained to have lifelong marketable skills. "If, indeed, our young people are facing a future in which they will have five careers rather than five jobs within one career, then adaptability is the desirable attribute for students." That means developing transferable skills that can be applicable to a new career, whatever it might be.

The writers also see a need for workers to have a stronger voice. "Right now, US workers are not represented . . ." Hira complains. Instead, corporate interests rule the day. Unions, laid-off workers, and educators need to assert the needs of the working class.

Finally, America needs to work to keep its technological edge while negotiating more favorable trade policies. Right now, foreign countries (along with US companies) are all too often exploiting trade-policy loopholes that need to be closed.

Losing Workers and Consumers

"Companies believe that offshoring is good for their bottom line. Like economists and politicians, they seem to forget that the greatness of this country was built on the backs of its workers," Hira asserts. "When they lose their base of skilled workers, companies will find that they have lost not only their best employees – what economists call human capital – but also the consumers who buy their products."

"Obviously, unemployed workers can neither pay taxes nor buy products. Unemployed workers cannot provide retirement savings to banks and pension funds to invest in new companies. In their short-term mentality, companies that outsource jobs are cutting the lifeline that keeps the American economy robust," Hira believes.

The authors maintain that unless something is done, they fear for the future. "We are concerned about the lack of leadership on the future of the American economy, and what the outsourcing trends portend for future job growth and availability," explains Ron Hira. "We are concerned about whether and what types of jobs are going to be available for our children and their children in the future. Finally, we are concerned about the breakdown of cooperation between workers and companies that made the US the strongest economy and the most desired destination for our immigrants."

Only time will tell if *Outsourcing America* is the call to arms the authors hope – or whether it is but a footnote to an unchecked exodus of US jobs.

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