



U.S. JOBS GOING OVERSEAS BECOMES ELECTION 2004 ISSUE

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One of the major political issues in the 2004 presidential election is framing up to be outsourcing -- the movement of jobs and sometimes entire companies to other countries in search of cheaper labor.

Outsourcing is not a new issue. It has been occurring since the 1970s when thousands of manufacturing jobs were slowly moving to countries such as Mexico, Taiwan and Korea where workers, making anything from tennis shoes to clothing, work longer hours for less pay.

While cheap labor is the primary cause for outsourcing, low shipping and communication costs contribute; companies can produce goods overseas and then ship them back to the United States without significant tax.

Not just cheap clothing

But recent trends have shown that manufacturing jobs are not the only jobs being outsourced.

"Any worker whose job does not require daily face-to-face interaction is now in jeopardy of being replaced by a lower-paid, equally skilled worker thousands of miles away," said Paul Craig Roberts, an economist with the Institute for Political Economy who worked for President Reagan in the 1980s.

This means that high paying jobs once thought safe, such as software engineers, data processors, phone bankers and software designers, are now at risk of being outsourced.

As Goldman Sachs Asia official Ken Courtis explains, outsourcing makes economic sense: "We pay hundreds of thousands of dollars a year to hire a good engineer. You can hire ten engineers for that price in India."

Why go overseas?

New York Times columnist Thomas Friedman told The NewsHour that India is the most popular destination for outsourced high-tech jobs because there is a "huge amount of educated people who speak English."

The Internet makes transferring technical data easier and cost effective, and by locating workers in different time zones around the world, the company can have 24-hour service.

Greg Mankiw, chairman of the White House Council of Economic Advisors that produced the Bush administration's 2004 Economic Report to Congress, said that outsourcing white-collar jobs is inevitable.

"It's something that we should realize is probably a plus for the economy in the long run," he said, adding that it is "just a new way of doing international trade."

His message echoes the recent White House economic report signed by President Bush earlier this year, stating, "When a good or service is produced more cheaply abroad it makes sense to import it than make or provide it domestically."

Friedman argues that outsourcing works for U.S. businesses, not only because it provides cheaper labor, but because those new workers create a middle class that can then purchase more from American companies (if Americas stay creative enough to come up with innovative products that these new consumers will want).

Opposition is building

However, many American workers see outsourcing as a dangerous trend. The AFL-CIO, one of the largest union groups in the United States, is highly critical of any attempt to outsource traditionally American jobs.

AFL-CIO President John Sweeney, in a statement published on the organization's Web site, criticized the Bush administration for its support of outsourcing.

"It's outrageous that despite one of the worst job creation records in history, and despite the 9.9 million Americans still out of work in our jobless 'recovery,' the Bush administration has blessed sending more jobs overseas in its annual economic report to Congress," he said.

Politicians are beginning to respond to pressure to do something about the movement of jobs to other countries. Congress is currently debating a proposed law that would stop the government from buying goods and services from companies that outsource. Another proposal would require workers at telephone call centers to disclose their physical locations at the beginning of each call.

Presidential politics

As the November election approaches, President Bush has tried to distance himself from Mankiw's remarks.

"People are looking for work because jobs have gone overseas and we need to act in this country. We need to act to make sure there are more jobs at home," the president told a Harrisburg, Pa. audience in February.

Mr. Bush was in Pennsylvania, a state he lost in 2000, to talk about his jobs initiative, a program to retrain workers for high-tech jobs.

At a recent campaign speech in Florida, another important state in the 2004 presidential election, leading Democratic candidate Sen. John Kerry of Massachusetts criticized corporations that outsource jobs and avoid paying taxes using loopholes.

"Why should the American people subsidize the corporations who take jobs overseas?" he asked.

"It will be an economy based on people and products," he said, "not perks and profits."

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