

The Great American Job Sellout

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"The Great American Job Sellout By Paul Craig Roberts

Americans are being sold out on the jobs front. Americans' employment opportunities are declining as a result of corporate outsourcing of US jobs, H-1B visas that import foreigners to displace Americans in their own country, and federal guest worker programs

President Bush and his Republican majority intend to legalize the aliens who hold down wages for construction companies and cleaning services. In order to stretch budgets, state and local governments bring in lower paid foreign nurses and school teachers. To reduce costs, US corporations outsource jobs abroad and use work visa programs to import foreign engineers and programmers. The American job give away is explained by a "shortage" of Americans to take the jobs.

There are not too many Americans willing to accept the pay and working conditions of migrant farm workers. However, the US is bursting at the seams with unemployed computer engineers and well-educated professionals who are displaced by outsourcing and H-1B visas. During Bush's entire first term, there was a net loss of American private sector jobs. Today there are 760,000 fewer private sector jobs in the US economy than when Bush was first inaugurated in January 2001.

For years the hallmark of the European economy was its inability to create any jobs other than government jobs. America has caught up with Europe. During Bush's first term, state and local government created 879,000 new government jobs. Offsetting these government jobs against the net loss in private sector jobs gives Bush a four-year jobs growth of 119,000 government jobs. Comparing this pathetic result to normal performance produces a shortage of 8 million US jobs. What happened to these jobs?

Over these same four years the composition of US jobs has changed from higher-paid manufacturing and information technology jobs to lower-paid domestic services. Why?

During this extraordinary breakdown in the American employment machine, politicians, government officials, corporate spokespersons, and "free trade" economists gave assurances that America was benefitting greatly from the work visa programs and outsourcing.

The mindless chatter continues. Just the other day Ambassador David Gross, US Coordinator for International Communications and Information Policy in the State Department, declared outsourcing to be an economic efficiency that works to America's benefit. There is no sign of this alleged benefit in US jobs statistics or the US balance of trade.

Repeatedly and incorrectly, US corporations state that outsourcing creates more US jobs. They even convinced a New York Times columnist that this was the case.

The problem is, no one can identify where the US jobs are that outsourcing allegedly creates. They are certainly not to be found in the BLS jobs statistics. However, the Indian and Chinese jobs created by US outsourcing are highly visible.

On February 13, the Dayton (Ohio) Daily News reported that jobs outsourcing is transforming Indian "cities like Bangalore from sleepy little backwaters into the New York Cities of Asia." In a very short period outsourcing has helped to raise India from one of the world's poorest countries to its seventh largest economy.

Outsourcing proponents claim that US job loss is being exaggerated, that outsourcing is really just a small thing involving a few call centers. If that is the case, how is it transforming sleepy Indian cities into "the New York Cities of Asia"? If outsourcing is no big deal, why are Bangalore hotel rooms "packed with foreigners paying rates higher than in Tokyo or London," as the Dayton Daily News reports?

If outsourcing is of no real consequence, why are American lawyers or their clients paying \$2,900 in fees plus hotel and travel expenses and two days' billings to attend the Fourth National Conference on Outsourcing in Financial Services in Washington DC (April 20–21)?

On the jobs front, as on the war front, the social security front and every other front, Americans are not being given the truth. Americans' news comes from people allied with the Bush administration or dependent on revenues from corporate advertisers. Displease the government or advertisers and your media empire is in trouble. The news most Americans get is filtered. It is the permitted news. Many "free trade" advocates also are dependent on the corporate money that funds their salaries, research and think tanks.

Another clear indication that outsourcing of US jobs is no small thing comes from the reported earnings of the leading Indian corporations that provide American firms with outsourced IT employees and

engineers. During the recent quarter, Infosys' revenues increased by 53%, TCS grew by 38%, and Wipro was up 34%.

On January 1, 2001, Cincinnati-based Convergys Corp had one Indian employee. Today it has 10,000. Why? Because it can hire Indian university graduates for \$240 a month, a sum that is a small fraction of the US poverty level income.

Many Americans think that an outsourced job is an existing job that is moved offshore. But many outsourced jobs are created offshore in the first place. On February 11, USA Today told the story of OfficeTiger, "the sort of young technology company that once created thousands of high-paying jobs in the USA, fueling sizzling economic growth." The five-year old startup business employs 200 Americans and ten times that number of Indians. The company has plans for hiring many more Indians to perform "tech-heavy financial services."

Under pressure from venture capitalists who fund new companies, American startup firms are starting up abroad. Thus, the new ventures, which "free trade" economists assured us would create new jobs to take the place of the ones moved offshore by mature firms, are in fact creating jobs for foreigners.

As a consequence, tech jobs in the US are falling as a percentage of the total. Clearly, tax breaks for venture capitalists are self-defeating when the result is to create jobs for foreigners, not for Americans. Why should the American taxpayer subsidize employment in India and China?

These developments have obvious adverse implications for engineering and professional education in America. The BLS jobs forecast for the next ten years says the vast majority of US jobs will not require a college education. University enrollments will decline and so will the production of PhDs as fewer professors are needed.

As India and China rise to first world status, the US falls to third world status where the only jobs are in domestic services.

This has enormous implications for the US balance of payments. Americans' consumption of manufactured goods is heavily dependent on foreign manufacture, whether that of foreign firms or that of US multinational firms that supply their American customers from offshore. How does an economy in which employment growth is concentrated in nontradable domestic services pay for its imports with exports?

Since 1990 the US has been paying for its imports by giving foreigners ownership of its assets. In the last 15 years foreigners have accumulated \$3.6 trillion of America's wealth.

America has been able to pay for its consumption by giving up its wealth because the dollar is the world's reserve currency. As America's high-tech and manufacturing capabilities decline and its red ink rises, the dollar's role as reserve currency must end.

When the dollar loses its reserve currency role, America will not be able to pay for the imports on which it has become dependent. Shopping in Wal-Mart will be like shopping at Neiman Marcus.

Until recent years, US companies employed Americans to produce the goods that Americans consumed. Employment supported sales, and sales supported employment. No more. By their shortsighted policy of moving US jobs abroad, our corporations are destroying their American markets.

Economists give assurances that the dollar's decline and fall will bring jobs and industry back to the US. Once Americans are as poor as Indians and Chinese are today, the process will reverse. Multinational corporations will locate in America to take advantage of cheap labor and unserved markets. By becoming poor, the US can become rich again.

You might want to ask the economists and our "leaders" in Washington why we should put ourselves and our descendants through such a wrenching process."

"Cosmic upheaval is not so moving as a little child pondering the death of a sparrow in the corner of a barn." –Anouk Aimee, French Actor

"Death is better, a milder fate than tyranny", Aeschylus (525BC–456BC), Agamemnon

"I wear no Burka." – Mother Nature

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