Jobs sellout

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By Paul Craig Roberts

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Americans are being sold out on the jobs front. Americans' employment opportunities are declining as a result of corporate outsourcing of U.S. .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. To stretch budgets, state and local governments bring in lower-paid foreign nurses and schoolteachers. To reduce costs, U.S. corporations outsource jobs abroad and use work visa programs to import foreign engineers and programmers. The U.S. job giveaway is explained by a "shortage" of Americans to take the jobs.

The U.S. is bursting at the seams with unemployed computer engineers and well-educated professionals displaced by outsourcing and H-1B visas. During Mr. 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 U.S. economy than when Mr. Bush was first inaugurated in January 2001. Comparing this pathetic result to normal performance produces a shortage of 8 million U.S. jobs. What happened to these jobs?

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

Proponents claim outsourcing creates more U.S. jobs. The problem is, no one can identify the U.S. jobs outsourcing is claimed to create. They are certainly not in the BLS jobs statistics. However, the Indian and Chinese jobs created by U.S. outsourcing are highly visible.

On Feb. 13, the Dayton (Ohio) Daily News reported jobs outsourcing is transforming Indian "cities like Bangalore from sleepy little backwaters into the New York Cities of Asia." Very quickly, outsourcing helped raise India from one of the world's poorest countries to its seventh-largest economy.

If outsourcing is really just a small thing involving a few call centers, how is it transforming sleepy Indian cities into "the New York Cities of Asia"? If it's really no big deal, why are Bangalore hotels "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 D.C. (April 20-21)?

Another clear indication outsourcing is no small thing comes from the reported earnings of the leading Indian corporations that provide American firms with outsourced IT employees and engineers. In the recent quarter, Ifosys' revenues rose 53 percent, TCS grew 38 percent, and Wipro 34 percent.

Many Americans think an outsourced job is an existing job moved offshore. But many outsourced jobs are created offshore in the first place. On Feb. 11, USA Today told of OfficeTiger, "the sort of young technology company that once created thousands of high-paying jobs in the U.S.A., fueling sizzling economic growth." The 5-year-old startup firm employs 200 Americans and 10 times as many Indians.

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 replace those moved offshore by mature firms, are creating jobs for foreigners.

As a result, U.S. tech jobs are falling as a percentage of the total. Clearly, tax breaks for venture capitalists are self-defeating when they create jobs for foreigners, rather than 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 10 years says the vast majority of U.S. jobs will not require a college education. University enrollments will decline and so will the production of Ph.D.s as fewer professors are needed. As India and China rise to First World status, the U.S. falls to Third World status, where the only jobs are in domestic services.

This has enormous implications for the U.S. balance of payments. U.S. manufactured goods consumption depends heavily on foreign manufacture, whether of foreign firms or U.S. multinationals 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 U.S. has paid for its imports by giving foreigners its assets. In the last 15 years, foreigners have accumulated $3.6 trillion of America's wealth.

Economists assure us the dollar's decline and fall will bring jobs and industry back to the U.S. Once Americans are as poor as Indians and Chinese, the process will reverse. Multinational corporations will locate in America to take advantage of cheap labor and unserved markets. By becoming poor, the U.S. 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.

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