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When outsourcing takes your job, then it will matter

By Leo Hindery Jr.

A recession is when someone else loses his or her job; a depression is when you lose your job. I was reminded of this adage when a recent report by three Bay Area groups said we shouldn't worry about outsourcing of good jobs to other countries. Those losing their jobs would beg to differ.

Throwing in the towel, one of the report's sponsors said, "Offshoring is here to stay." That's particularly troubling when a UC-Berkeley analysis found that one-in-six jobs are at risk of being exported from Silicon Valley.

But voters aren't buying the lines coming from think tanks and Washington. First, they were told that the few jobs lost would be quickly replaced. They weren't. Then President Bush's economic adviser said outsourcing jobs was actually good in the long run. Displaced workers know better. And now, it seems, the new line is that nothing should be done. Voters don't buy inaction, either.

Offshoring of jobs is not inevitable. There's much government can do, and it should act before more good jobs disappear and the middle class shrinks even more.

First, we must ensure that free trade is also fair trade. How can we keep manufacturing jobs in America when foreign competitors often employ children, pay pennies, provide little or no benefits and ignore environmental standards? Likewise, how can we keep high-quality customer and technical-service jobs here when employees in Bangalore, India, earn \$200 to \$300 a month for jobs that pay Americans \$2,000-3,000?

America has a responsibility to the rest of the world, especially developing countries, to foster responsible free trade. But we can no longer condone -- or support -- practices that pay subsistence wages, violate child labor standards and degrade the environment.

Second, we must responsibly use our nation's corporate tax laws to provide incentives for American businesses to keep high-quality jobs here. Today, corporations take advantage of tax benefits by shipping operations overseas, shielding profits earned there. Sen. John Kerry has rightly proposed eliminating that loophole, which is a glaring incentive to move operations overseas and keep them abroad by reinvesting profits there.

We should also adopt a levy on corporations that use loopholes to escape taxation. That would help redress the imbalance between job retention and untaxed overseas profits, and aid workers who lose jobs in part because of skewed tax policies.

Part of the bargain that was supposed to accompany "free trade" was help for workers who lose their livelihood through no fault of their own. Workers need retraining for new careers when industries disappear. They need unemployment benefits and medical benefits.

Action on outsourcing would be far less urgent if enough jobs were being created here at home. But today's lukewarm economic recovery provides no place for laid-off workers to go.

None of this is "protectionism," except that it will protect foreign workers and nations from exploitation, the U.S. tax code from encouraging companies to offshore jobs, and American workers from the unchecked whims of globalization.

Corporate leaders need to work smarter. Having served as a CEO, I know the pressures to outsource can be intense. But business executives must look beyond the short-term, cost-cutting gains that outsourcing sometimes provides and focus instead on the long-term costs and devastation to employees and our national economy.

And political candidates will have to show they understand the voters' call for action. Because this election should be about getting the economy moving and about who will best protect the middle class and those striving to join it.

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