# Group 5

**Originaltext:**

“Outsourcing, offshoring and the global competition for cheap materials and labour can undermine the standards of living and income in both rich and poor countries and can also lead to ‘brain drain’, especially in poorer countries.”

**Explanation:**

- Outsourcing and offshoring mean that companies move parts of their business (like production or services) to other countries where it’s cheaper.
- Because of this global competition, companies try to find the cheapest materials and workers.
- This can be bad for both rich and poor countries, because:
- People may earn less money.
- The standard of living (how well people live) may go down.
- In poor countries, this can also cause “brain drain” – that means:
- Smart and educated people leave their home country to find better jobs in richer countries.

**Example**: Tech companies outsourcing to India

Many big tech companies from the USA and Europe (like Microsoft, Google, or IBM) outsource customer service or IT support jobs to India because:

- Wages in India are much lower than in Western countries.
- There are many well-educated workers who speak good English.

**Effects**:

- In India (a poorer country):
- It creates jobs, but often with low salaries and stressful conditions.
- Many of the best-educated people move to the USA or Europe for better jobs — this is brain drain.
- In the USA or Europe (richer countries):
- Some local workers lose jobs because companies move them abroad to save money.
- This can lower incomes and increase job competition.

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