

Title:

Where Are The Facts About Outsourcing

Word Count:

404

Summary:

Outsourcing of jobs to offshore companies has been a hot-button issue since the 1960s when the United States began losing automotive manufacturing jobs to Japan. In recent years, the outsourcing of technical jobs has revived the debate which became one of the top issues in the 2004 presidential campaign. However, actual facts and statistics about the effect of outsourcing on the American economy are hard to come by. Rhetoric, not facts, dominate the discussion of whether outs...

Keywords:

Outsourcing, business, jobs, economic

Article Body:

Outsourcing of jobs to offshore companies has been a hot-button issue since the 1960s when the United States began losing automotive manufacturing jobs to Japan. In recent years, the outsourcing of technical jobs has revived the debate which became one of the top issues in the 2004 presidential campaign. However, actual facts and statistics about the effect of outsourcing on the American economy are hard to come by. Rhetoric, not facts, dominate the discussion of whether outsourcing has an effect on the economy.

There is a serious dichotomy between the beliefs of average Americans and those of economists and other experts. For example, a Zogby International Poll showed that 71% of Americans believe that outsourcing hurts the economy but when the Wall Street Journal asked the same question of economists, only 15% felt that outsourcing had a negative effect.

Opinions on outsourcing tend to be divided by economic status rather than political persuasion. For example, some Republicans in the House and Senate believe that outsourcing has a terrible effect on the economy and that legislation should be enacted to stop it. However, conservative think tanks like the Heritage Foundation and Republicans with ties to big business believe that the threat of outsourcing has been over exaggerated.

Liberals are also divided about outsourcing. The Democratic party has

traditionally been the party of labor in the United States but it was a Democratic president, Bill Clinton, who shepherded the North American Free Trade Agreement through Congress, a treaty which most experts agree facilitated the current outsourcing trend.

For every argument for outsourcing, there is another argument against it. For example, the Heritage Foundation argues that despite outsourcing more Americans are employed than ever before and that jobs continue to be created to compensate for those lost overseas. Anti-outsourcing advocates point out that gross wages are dropping because the jobs that are being created are low-level service sector jobs, not high-tech jobs to replace the ones that are being lost.

The Heritage Foundation, citing the Organization for International Investment also argues that for every job outsourced, another is "insourced" to the United States from another country, often at a higher rate of pay than the job lost. Anti-outsourcing advocates say that those numbers can't be accurately verified.

What is clear is that until the federal government conducts accurate research into the effects of outsourcing on the United States economy, there will be no definitive answer one way or the other.