

The Myth of the Outsourcing Crisis by Austin Keeley

If you ever happen to pass through Hermiston, Oregon, be sure to take the exit off of Highway 395 to visit the local McDonald's for an original experience in the culture of capitalism. While pulling through the drive-thru, everything seems normal; you place your order at the traditional static-filled speaker and then pull forward to the next window before paying and receiving your order. Nothing different from any of the other 31,000 McDonald's locations, correct? Not quite. This particular restaurant is experimenting with an unheard of form of job outsourcing. When the customer places an order at the drive-thru at the Hermiston, Oregon McDonald's, instead of talking to an employee a few dozen feet inside the restaurant, the customer is actually communicating with an employee at another McDonald's franchise a little over 1,400 miles away in Grand Forks, North Dakota. After receiving the order, the employee processes it and sends it back to the Hermiston location where it is prepared, bagged, and handed out the window to the unknowing customer, all in a matter of seconds. The reason behind this is purely monetary. Oregon has the third highest minimum wage requirements in the United States while North Dakota remains at the federal minimum for all states, resulting in a savings of about \$2 an hour at this location ("Would you like Fries with That?").

Welcome to the world of outsourcing: the practice of "subcontracting manufacturing work to outside and especially to foreign or nonunion companies" ("Outsourcing"). Shocked? Perhaps you shouldn't be. The average consumer doesn't blink when purchasing clothing products produced outside the borders of the United States, yet the idea of sending a job across three state borders seems to invoke feelings of apprehension over capitalist tactics. In the McDonald's example, an American job was replaced with another American job. The point there is not about moving jobs overseas, but that the modern capitalist is clearly not afraid to try new tactics involving the movement of the workforce. "Such is the delicacy of man alone, that no object is produced to his liking," philosopher and economist Adam Smith says in *Lectures on Justice, Police, Revenue and Arms*, "The whole industry of human life is employed not in procuring the supply of our three humble necessities, food, clothes and lodging, but in procuring the conveniences of it..." (qtd. in Butler). As Smith's remarks in 1763 suggest, the basic idea of a workforce segmented by location and mobility is certainly not a recent invention. At the turn of the nineteenth century, "laborers were remarkably geographically mobile," says sociologist Richard H. Robbins in *Global Problems and the Culture of Capitalism*, "[They moved] temporarily or permanently to sources of employment" (45). However, the phenomenon of modern outsourcing could not be possible without the process of globalization, the process of the world becoming "increasingly enmeshed in worldwide systems and networks of interaction" due to cultural and technological advances, according to David Held and Anthony McGrew in "The Great Globalization Debate: An Introduction" (3). The role of the capitalist is to find the most efficient means possible of production, and since the birth of capitalism in the 18th century, one way to undercut the costs of production has been to hire the cheapest means of labor (whether that is human or non-human). A modern theory that blends Smith's eighteenth-century and Held and McGrew's twentieth-century ideas of capitalist society is given by Theodore Roszak in

The Cult of Information: “[the] model connects with a major transition in our economic life, one that brings us to a new stage of high tech industrialism, the so-called Information Age with its service-oriented economy. Behind that transition, powerful corporate interests are at work shaping a new social order” (217). The outsourcing of American jobs overseas is inevitable. The country as a whole should find ways to embrace outsourcing because resistance will cause more damage than finding ways to evolve along with it.

Obviously, the first step towards arguing against those up in arms over outsourcing is to see how big the “situation” really is and find a true perspective. It’s clear that the media considers the recent boom in information technology outsourcing to be nothing short of a crisis. One of the most infamous cases of outsourcing came about around 2001 after the “dot-com-crash” left many tech companies looking for ways to cut spending. One method was to train employees in Asia and India who would perform the same low-level work in the information technology field [...] as American employees for a fraction of their salaries. The outcry was huge. *Time*, *Newsweek*, *The Economist*, and *Business Week* all ran simultaneous cover stories on the subject of outsourcing jobs, all conjuring images of the working-class American who finds him or herself the victim in the latest round of layoffs (Luskin). But is the hype true? A 2004 report by the Governmental Accountability Office (report #GAO-04-932) notes that between the years 1999 and 2004, there was “little change” in terms of the dollar value of public sector offshoring. Furthermore, the report indicates that of the mass-layoffs that occurred in the private sector, only around one percent were due to those jobs moving overseas (United States 3). Calling outsourcing an epidemic is overstated, to say the least.

After establishing the fact that outsourcing does exist, but not at the extreme levels the nightly news reports prophecy, then there should be some rational ways to soften the blow, or perhaps even try to benefit from it. Putting up a resistance will only add salt to the wound, as it will focus too much time and money on a lost cause. One of the strategies being used by the opponents of the outsourcing crisis is the lobbying for legislation that will hinder the process of moving jobs from United States soil. Consider this paradox: outsourcing actually creates American jobs. Opponents to outsourcing rarely look at the other end of the bargain; that is, foreign businesses also hire employees in the United States. To put a dollar sign on this situation, 2003 saw a surplus of \$53 billion brought in by American workers performing work for non-U.S. companies (Hensarling). Currently there is no such legislation against outsourcing, but the consequences of legislation existing could mean that the surplus would decline since the United States would no longer be “playing fair” in the global marketplace. Furthermore, imposing laws dealing with who and where employees should come from undermines some of the basic principles of capitalism. “People are saying, well, we’ll stop jobs from going overseas by making sure we put up walls and barriers between the United States and the rest of the world. That’s lousy policy,” said President George W. Bush while on the 2004 campaign trail, “Consumer prices will go up if we wall ourselves from the rest of the world. Economic isolationism is bad economic policy and it will cost people jobs” (qtd. in “Jobs”). Candidate and opponent John Kerry had largely different opinions on the matter. “Workers, factories gone, outsourcing jobs, this president thinks it’s good for America,” Kerry said to a crowd, “The one person in the United States of America who deserves to be laid off is George W. Bush...” (qtd. in “Jobs”).

Return to the drive-thru in Oregon for a moment. Your order has been placed and is en route to the employees inside after a 3,000 mile detour. Perhaps we are presented with an unlikely analogy here. You could shift the car into park (much to the animosity of your fellow customers) and resist the brave new world of incredulous capitalism by the way of outsourcing. The other option would be to seek the benefits from the new wave and pull forward to the next window. The flow continues, prosperity is achieved, and with a little optimism, they will still remember the extra pickles on your hamburger.

Works Cited

- Butler, Eamonn. "FMNews Email List Archive." Free-Market.Net. 2004. 21 Feb. 2005
<<http://www.hazlitt.org/list-archives/adamsmith-news/msg00044.html>>.
- Held, David, and Anthony McGrew. "The Great Globalization Debate: An Introduction." The Global Transformations Reader. 2nd ed. Ed. David Held and Anthony McGrew. Cambridge: Polity, 2003. 1-50.
- Hensarling, Jeb. United States. House. "Outsourcing and Free Trade." Congressional Record: Proceedings and Debates of the 108th Congress, First Session. 30 Mar. 2004. 21 Feb. 2005 http://www.house.gov/apps/list/speech/tx05_hensarling/033004CR.html>.
- "Jobs Moving Overseas." Online NewsHour. 11 Mar. 2004. PBS. 21. Feb. 2005
<http://www.pbs.org/newshour/bb/economy/jan-june04/jobs_3-11.html>.
- Luskin, Donald L. "Chronicle of the Conspiracy." The Conspiracy to Keep You Poor and Stupid. 27 Feb. 2004. 21 Feb. 2005 <http://www.poorandstupid.com/2004_02_22_chronArchive.asp>.
- "Outsourcing." Merriam-Webster OnLine. 21, Feb. 2005. Merriam-Webster. 21 Feb. 2005.
<<http://www.m-w.com/dictionary/outsourcing>>.
- Robbins, Richard H. Global Problems and the Culture of Capitalism. 3rd ed. Boston: Pearson, 2004.
- Roszak, Theodore. The Cult of Information. New York: Pantheon Books, 1986.
- United States. GAO. International Trade: Current Government Data Provide Limited Insight into Offshoring of Services. Washington: Governmental Accountability Office, 2004. 21 Feb. 2005 <<http://www.gao.gov/new.items/d04932.pdf>>.
- "Would you like Fries with That?" KXMC News. 29 Jan 2005. KXMC News. 21 Feb. 2005
<<http://www.kxmc.com/news/local.asp?ID=3940>>.