

Recent Effects of Industrial and Service Labor Outsourcing in the U.S. as Presented by the
Media

by

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Introduction

For a few decades now, working U.S. citizens have undoubtedly experienced the effects of global outsourcing. Deindustrialization in our country has sent many manufacturing plants overseas where labor is cheap and safety regulations are lax, in order to cut company spending and increase profits. This practice has been detrimental to the well-being of hundreds of thousands of U.S. blue-collar workers, many of whom are left jobless when their production plant employer packs up and leaves them in desperate need for a new job. In recent years, global outsourcing has impacted the white-collar employment industry as well. Information technology (IT) positions as well as other service-sector jobs are moving to countries like India where employees are not only well-educated, but do the job for as much as half the amount as a U.S. employee would agree to.

The issue of outsourcing is bound to be addressed in the pages of your advanced sociology textbook, and it is hard to object to the fact that its readers will be enlightened with the facts and perspectives presented therein. But what is “the word around town” in the U.S. right now regarding the matter of our blue and white-collar jobs being outsourced to overseas job markets? Comparatively, what are other countries’ positions on these facets of job outsourcing, if any at all? I have researched what the media has currently been reporting in relation to these above questions in hopes of better understanding the visible, tangible relevance of the issue in our modern lives.

Discussion

The act of researching a subject tells a story in itself. If it is relatively easy to find applicable material towards your topic of interest, it can be assumed that it is currently being (or has been in the past) discussed, questioned, analyzed, debated, or at least talked about during

some point in time. In the same sense, if the materials that present themselves are recent in origin, it can be assumed that your topic is affecting peoples' lives presently, and therefore is something to be taken into account when understanding our constantly-changing modern world. My search for "the effects of outsourcing in America" did just that: I stumbled across a wide range of relevant news articles, etc. that addressed the subject of outsourcing in all of its various dimensions.

One thing has made itself obvious from the beginning of my search, regarding our country's fast-approaching presidential election: U.S. citizens want a President that will understand their needs and interests as associated with the sad state of our declining manufacturing, industrial, and service-sector jobs. 2008 Presidential candidate Hillary Clinton made it clear to her Pittsburgh, Pennsylvania (PA) audience in April of this year that she wants to put an end to incentives the government hands out to companies who send their jobs out of the country (Bohan 2008). Clinton instead wants the government to allocate rewards and incentives to companies who create and sustain employment opportunities here in the States, especially those which provide their American employees with high-wages *and* benefits (Bohan 2008). She plans to do this through providing "\$7 billion...a year in new tax benefits and investments for companies that create U.S. jobs...[and]...\$500 million annually in investments that encourage high-wage jobs in clean energy technologies" (Bohan 2008: no pg. #).

I identify personally with Clinton's ideas on how to rectify -or at least reduce- a problem so many Pennsylvanian workers (as well as workers across the U.S.) face, being that I was born in PA. Adkins (2008) reports in his article concerning job losses in York County, PA, that Lancaster County, PA -my birthplace- has lost almost *a quarter* of its manufacturing positions between 2001 and 2008. Peter F. McKernan, President and CEO of Herculite, a synthetic fabric

manufacturer in Manchester Township, PA, wants to know what the new President is going to do concerning the country's escalating trade problems (Adkins 2008). Already angered by the fact that our government all but forces U.S. businesses to move overseas, McKernan is fearful that if federal trade positions do not change, more manufacturing jobs will be lost. His fears are not unwarranted. In the course of the past seven years the York-Hamilton metropolitan area has already lost 8,100 manufacturing jobs, a drop of 17.8% (Adkins 2008). McKernan urges the government to start giving businesses greater and better reasons to invest in U.S.-based companies, so they might no longer be swayed by countries like China to move overseas, where construction costs and infrastructure charges are minimal in comparison (Adkins 2008). Similar to Clinton, Barack Obama (the other democratic Presidential nominee also campaigning this month in Pennsylvania) tells PA citizens that there needs to be more focus on the average working-class family than the "wealthy and...well-connected" (Bohan 2008: no pg. #) who are currently the center of attention in our existing administration.

It seems to me that both Presidential candidates have a handle on what the American workforce wants in their new leader and chief. A poll taken by the non-partisan Employment Law Alliance (ELA) conducted a "work-place issues poll" that sampled 1,125 working Americans early this April. They found that a large majority of Americans (86% of pollsters) want a President that will make it more difficult for companies to outsource jobs overseas (The Employment Law Alliance 2008). An even greater number of people (87% of pollsters) want their next President to increase the number of jobs available in the U.S. which offers at least a living wage.

This concern of the American workforce is definitely warranted, and substantiated with a number of articles I have found on job cuts taking place countrywide. For example, in

Manufacturers' News, Inc. (MNI) annual publication of Mississippi's compiled state industry for 2008, it was reported that industrial employment in Mississippi dropped 2.7% over the past 12 months ("Mississippi manufacturers' guide..." 2008). The President of MNI, Tom Dublin, admits that this substantial loss of jobs in the midst of reasonably high manufacturing rates is due to "outsourcing, consolidation and increased technology [contributing] to industrial employment declines across the nation" ("Mississippi manufacturers' guide..." 2008: no pg. #). Over 5,500 industrial jobs and 125 manufacturers left the state of Mississippi from March 2007 to March 2008 alone; according to MNI, these rates are higher than those of the past two years combined. Manufacturing divisions losing employees include food products, transportation equipment, printing and publishing, lumber and wood, textiles and apparel, and metal and fabricating ("Mississippi manufacturers' guide..." 2008). Even Avon Products Inc., the famous beauty-product manufacturer of items such as Skin-So-Soft and Avon Color, has plans to reduce a net of 2,400 jobs when manufacturing centers will be outsourced to countries with cheaper labor overheads, saving the company over \$400 million annually (Anderson 2008). MNI also reported a similar trend in California's industrial employment rates, who have lost over 16,000 industrial jobs and 564 manufacturers between 2007 and 2008, a loss even more alarming than Mississippi's rates in the same year ("California's manufacturing guide..." 2008). California is the nation's top manufacturing state, with over 25,000 manufacturers and 1,500,000 workers, despite their 1% downgrade in industrial employment. As he does Mississippi, MNI President Dublin holds outsourcing partly accountable for the plummeting manufacturing jobs in the western State ("California's manufacturing guide..." 2008).

Manufacturing is not the only area of employment that is slashing employment opportunities because of transitioning to outsourcing options. The hold that U.S. computer and

airplane technicians have on their jobs are quickly being snatched away by their ever-ready-to-boost-profits employers. Chrysler LLC is lacerating 400 of their computer technicians from their Detroit metro location, which totals to one-fifth of the 1,000 salaried technology workers population. Where are the jobs going? Overseas to India, in an attempt by the automaker to reduce spending and streamline its information technology department (Morath 2008). Believe it or not, this is not the end of their job eliminations. Chrysler's three-year Recovery and Transformation Plan –announced in February 2007- will remove 3,000 salaried positions, a number which is included in the 25,000 overall jobs eventually being eradicated (Morath 2008). On the other hand, I found that one columnist for *The Globalist* reported, “further large-scale offshore outsourcing of U.S. software work solely for the purposes of cutting back on wages may be narrowing” (Kirkegaard 2008: no pg. #). He states that software engineers based in Bangalore now demand as much as 75% of their U.S. counterparts, no longer making them such a cheap alternative (Kirkegaard 2008). Kirkegaard assures his readers that high-skilled software positions in the states are readily available (he found 3,000 job openings on the websites of just three large-scale U.S. software companies in less than 10 minutes), and this coupled with the declining appeal of overseas software technicians means no more worries for American computer programmers (Kirkegaard 2008).

Airline technicians seem to be yet another trade quickly becoming popular to outsource outside of the States (Smith and Bachman 2008). These are the people that look over our large passenger planes to check for defects or erosion in essential parts conducive to proper functioning. Aeroman, a jet maintenance contractor, pays their technicians anywhere from \$4,500 to \$15,000 annually (depending on their experience level), while airplane mechanics in the U.S. earn about \$52,000 per year (Smith and Bachman 2008). Outsourcing airplane repairs

to overseas contractors like Aeroman help airlines to cut costs; this may be why two-thirds of U.S. carriers use these overseas airline maintenance service providers to care for their planes. Missouri's Senator Claire McCaskill, whose state houses a large American Airlines maintenance center, points out that it is not right for the government to subsidize the airlines for outsourcing these jobs (Smith and Bachman 2008). She instead vies for the airlines to pay for the cost of the Federal Aviation Administration (FAA) to certify these overseas airlines mechanic companies. McCaskill states that if you cannot oblige companies to stop outsourcing, at least stop them from making taxpayers pay for their unpopular money-saving, profit-promoting strategies (Smith and Bachman 2008).

Apparently the U.S. is not the only country whose businesses are succumbing to the allure of the cut-costing, profit-boosting benefits of job outsourcing. In fact, the U.S. may start a new role as the nation other countries outsource *to*. Being that the dollar is quickly decreasing in value compared to Europe's euro, Britain's pound, or even China's currency, companies like the Rolls-Royce plant in England are moving their manufacturing plants overseas to the U.S (Burns 2008). Companies similar to this automobile maker are saving money by moving their productions overseas *to us*. "For a Midwest manufacturing sector that has lost 20 percent of its jobs since 2000, it's an unaccustomed relief to find a global economic trend finally working in its favor" says Burns of this almost comical new phenomenon (Burns 2008: no pg. #). He does not believe, however, that the weak dollar will singlehandedly rescue U.S. manufacturing from the effects of our country's current economic slump (Burns 2008).

Conclusion

In summary, I have found much evidence that job outsourcing continues to be a relevant problem for laborers in the U.S. This is not only drawn from the hard facts of numbers of jobs

cut by companies opting to move positions to less expensive overseas locals, but from opinion polls taken of working U.S. citizens exhibiting their desperate need for more work. I not only noticed the outsourcing of manufacturing jobs from states such as Mississippi and California to countries such as China, but service-sector IT positions from Michigan to India. However, one source believes that this sort of white-collar outsourcing is becoming less of a threat to American professionals, since employees in other countries are demanding more for their services.

Based on this light literature review, I argue that the U.S. faces a growing problem that will not cease unless we take action forcing it to. When companies outsource positions that are of increasing value to U.S. citizens in the midst of a floundering economy, a change must be made or our situation is bound to become increasingly intolerable. Though tax breaks to U.S. companies that outsourced jobs were first allocated to boost company profits while simultaneously boosting the economy, times have changed. These tax breaks no longer seem to serve any other purpose than to make those corporations more profitable that do not give back to the economy by not providing sufficient job opportunities for their fellow U.S. citizens. This country definitely needs leaders that will understand our growing predicament and fight for policy changes that restrict and/or punish big-businesses that choose to move their labor outside of the country.

As gathered from Bohan's (2008) article, both democratic Presidential nominees Clinton and Obama look like promising leaders that not only have the potential, but the *drive* to pioneer such new policies that would hopefully give the upper-hand back to workers. Our workforce needs hope, and a new governmental administration to implement the changes needed to make sure they get it.

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