

## OUTSOURCING JOBS: DO THEY REALLY DESERVE TO BE DERIDED? THEY COULD ACTUALLY BE CREATING NEW JOBS FOR US WORKERS



In these contentious election times, it is hard to find anything that the two Presidential nominees agree upon and perhaps the only issue that brings both on similar wavelengths is the issue of outsourcing jobs overseas. Both say that it is dreadful for American workers. A few months ago, President Obama had proposed a 20 percent tax credit for companies that bring back offshored jobs back to the company. His opponent, Romney said if elected he would shift to the territorial tax system wherein, "income is only taxed in the country it is earned." This he said will prevent companies from outsourcing jobs and encourage the creation of jobs within in the country. Both have pointed fingers at each other, saying that, they not we, are "outsourcers-in-chief." But in spite of the fiery-oratory, many experts believe that outsourcing is not as bad as it looks and could actually be doing the economy and the workers a lot of good. In fact it could actually be creating jobs. Vivek Wadhwa, a fellow at Stanford Law School and an economist who is an acknowledged authority on outsourcing explains how it is beneficial, "It lets companies do their grunt work abroad, and focus resources domestically on research, development and product. We know more innovation grows the economy and as a result creates more jobs." "Because [the practice makes sense] Romney and Obama should be open about outsourcing. But when it comes to election time, they change their tune. It's easier to go with what sells politically than it is to educate people," he said. Moreover, he says outsourcing keeps businesses alive and competitive. If they had to fold up owing to financial impracticability, all its employees would lose their jobs. This is not the only reason why analysts believe that outsourcing has economic benefits. Outsourcing allows them to make the goods cheaper, increasing the company's efficiency. It lowers the prices of the goods, especially products that are typically outsourced, clothing, toys and electronics. All these are available cheaper to the consumers and increase their buying capacity. Matthew Slaughter, an economist at Dartmouth College has found through his studies that for every job that US multinationals create abroad, it created two new jobs for its workplace in America. A study by the International Monetary Fund sings the praises of outsourcing and says that it does not seem that the practice leads to net job losses. But it does acknowledge that, even though new jobs will be created, it does not necessarily mean that you will benefit from the new jobs that are created. Experts on the issue say that putting legal obstacles and other barricades to outsourced labor flow is not the answer to the problem. Don't protect the jobs, protect the people they say. Nariman Behraves, the chief economist for Global Insight, the international economics consultancy. "You don't solve this problem by blocking trade." Behraves says that politically popular solutions are temporary and short-sighted. It is better to train our workers for the new jobs instead of projecting jobs that can be done more efficiently, more cheaply at other places. "Outsourcing is a two way street," said Douglas Irwin, an economics professor at Dartmouth College. "Other countries are outsourcing to us all the time." In a recent study by the Center For Economic Performance, they found that even though some people lost jobs owing to outsourcing, the better efficiencies they brought in their wake for their companies, allowed them "hire even more people in the United States than were laid off."