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## **Bob Herbert : Outsourcing jobs is a threat to the U.S. economy**

**Bob Herbert** NYT

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**NEW YORK** The conference was held discreetly in the Westin New York Hotel in Times Square last week, and by most accounts it was a great success.

The main objections came from a handful of protesters who stood outside in a brutally cold wind waving signs that said things like "Stop Sending Jobs Overseas" and "Put America Back to Work." No one paid them much attention.

The conference was titled "Offshore Outsourcing: Making the Journey Work for Your Corporation." Its goal was to bring executives up to speed on the hot new thing in corporate America, the shipment of higher-paying white-collar jobs to countries with eager, well-educated and much lower-paid workers.

"We basically help companies figure out how to offshore I.T. and B.P. functions," said Atul Vashistha, the chief executive of NeoIT, a California consulting firm, referring to information technology and business process. NeoIT was co-host of the conference.

Several big-name corporations had representatives at the conference, including Procter Gamble, Motorola, Cisco Systems and Gateway.

Because the outsourcing of white-collar jobs is so controversial and politically charged (especially in a presidential election year), there was a marked reluctance among many of the participants to speak publicly about it. But Vashistha showed no reluctance. He was quick to proselytize.

"These companies understand very clearly that this is a very painful process for their employees and for American jobs in the short term," he said. "But they also recognize that if they don't do this, they will lose more jobs in the future and they won't have an ability to grow in the future."

He said his firm had helped clients ship about a billion dollars' worth of projects offshore last year.

Noting that he is an American citizen who was born in India, Vashistha said he was convinced that outsourcing would prove to be a long-term boon to the U.S. economy as well as the economies of the countries acquiring the exported jobs.

Whether it becomes a boon to the U.S. economy or not, the trend toward upscale outsourcing is a fact, and it is accelerating. In an important interview with the San Jose

Mercury News last month, the chief executive of Intel, Craig Barrett, talked about the integration of India, China and Russia - with a combined population approaching 3 billion - into the world's economic infrastructure.

"I don't think this has been fully understood by the United States," said Barrett. "If you look at India, China and Russia, they all have strong education heritages. Even if you discount 90 percent of the people there as uneducated farmers, you still end up with about 300 million people who are educated. That's bigger than the U.S. work force." He said: "The big change today from what's happened over the last 30 years is that it's no longer just low-cost labor that you are looking at. It's well-educated labor that can do effectively any job that can be done in the United States."

In Barrett's view, "Unless you are a plumber, or perhaps a newspaper reporter, or one of these jobs which is geographically situated, you can be anywhere in the world and do just about any job."

You want a national security issue? Trust me, this threat to the long-term U.S. economy is a big one. Why it's not a thunderous issue in the presidential campaign is beyond me. Intel has its headquarters in Silicon Valley. A Mercury News interviewer asked Barrett what the Valley will look like in three years. Barrett said the prospects for job growth were not good. "Companies can still form in Silicon Valley and be competitive around the world," he said. "It's just that they are not going to create jobs in Silicon Valley."

He was then asked, "Aren't we talking about an entire generation of lowered expectations in the United States for what an individual entering the job market will be facing?"

"It's tough to come to another conclusion than that," said Barrett. "If you see this increased competition for jobs, the immediate response to competition is lower prices, and that's lower wage rates."

We can grapple with this problem now, and try to develop workable solutions. Or we can ignore this fire in the basement of the national economy until it rages out of our control.

In my last column I incorrectly wrote that treason was among the charges lodged against Daniel Ellsberg in the Pentagon Papers case. He was accused of treason by his critics but was actually charged with violations of the Espionage Act.

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