



Straight Talk

by Muriel Sluyter

Outsourcing, Insourcing & the Economy

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Greetings, Gentle Reader,

As our economy struggles its way out of recession, political myth-makers use it to make points with their base. They continually shout about a "jobless recovery." Is it real? What is the truth? Let's look at real numbers instead of clever electioneering.

Since 1983, outsourcing - the sending of jobs outside our borders to take advantage of lower labor costs - has cost Americans 3.5 million jobs. But that coin has two sides, because in-sourcing - foreign companies bringing jobs into America - has created 4 million jobs.

Are these good jobs? Yes. Companies such as Honda, Toyota, Caterpillar and Daimler Chrysler are familiar to Americans, and these are but a minute fraction of the thousands of in-sourcing employers in America. Did your political candidate inform you of that fact?

There is another statistic that is kept quiet, but shouldn't be: The Labor Department uses two different worker surveys to determine levels of employment, an employer survey and a household survey. The employer survey is self-explanatory. The household survey tells how many individuals actually work and bring in an income.

Big corporations still focus on productivity, rather than on increasing employee numbers. Consequently many hard working, ingenious Americans have set up limited-liability companies of their own, becoming self-employed independent contractors. They had bills to pay and families to support and couldn't sit around waiting. They chose this route to avoid the business-crushing taxes set up by high-spenders politicians, but their working status only shows up on a household survey.

Politicians describe these people as having "given up looking for work," when in fact they simply chose to work smarter. There aren't that many Americans who choose to sit around, contemplating their belly buttons and bemoaning their fate.

Our changing American world has eliminated 339 million old jobs in a decade. That would be horrifying, if it were not for the 357 million new jobs we have created,

giving us a gain of 18 million.

How does our economy destroy jobs? Let's use an easy example: Suppose that in 1965 you owned a company (and employed 100 people) that made records and record players. How many of either would you be making in 2000? Let's say you made 8-track tapes and players in 1975. Same result. Suppose your company made VHS tapes and VCRs in 1990. You might not be bankrupt yet, but you'd be hurting.

How many receptionists have those awful telephone menus displaced? Farmers used to buy several pieces of equipment, each of which did one job. How many farm hands do you suppose have been replaced by massive pieces of equipment that do several jobs?

We do our milking by hand, but how many dairies do the same? Absolutely none.

How many builders do you see using hand saws? Or manual screwdrivers? Each man can do the work of several by using power tools, so why should he not do so?

See how it works? Our economy is changing at an astonishing rate, and that rate is increasing every day.

In the meantime, as we watch the changes, keep in mind that the phrase, "jobless recovery," has very little validity. If it had, the government's household survey of unemployed workers would not stand at

5.6 percent, and it does, even though 7 percent has been considered full employment for years.

The biggest threat to Americans is not unemployment, it is terrorists. 9/11 was not a one time occurrence. Sooner or later they will get us again, and our economy will take a hit when they do, so let's live in the real world - a dangerous world - and ignore electioneering story tellers.