
Outsourcing As A Positive Function In Our Economy

Outsourcing as it Relates to Our Government and Economic Systems

In American business it has become a common practice to transfer certain operations of a company to another organization. Sometimes these operations can be as small as an office cleaner or as broad as an entire customer service department. The technical term, offshoring, which is the movement of a part of a company's operations overseas, is often lumped into the same category and used interchangeably with outsourcing. Offshoring began in the 1960's but really began to gain popularity in the business world in the 1990's to 2000's. This is because there were no tariffs on trade, so companies were able to move goods across borders without any penalties. Because of this companies were able to take advantage of the low labor wages in countries like Mexico and China coupled with free trade and save a large amount of money by moving some of their operations out of the United States. If large amounts of American jobs move out of our country, our economy can become very hurt. This raises a question; Is the government doing enough to assure that outsourcing remains a positive function in our economy?

Outsourcing, though seemingly a benefit to business, has many flaws. Companies seek countries with the lowest wages and labor costs to offshore their work to. But this low cost work must come with a price. China and India are the most popular countries picked by prospective businesses, however there can be many issues with a large influx of work. To start, China and India have to combat with huge language barriers between English and their respective languages. "As a result, Dell, a company at the forefront of outsourcing, has moved some call centers back to the U.S. from India." (Blackwell, Amy Hackney. "Outsourcing in America.") Educational barriers exist as well. Even though Chinese and Indian workers have went through years of education in some cases, their education system is much different than out as does not prepare them adequately for some of the upper level work American business may be sending overseas. And as these workers in India and China become more skilled and better educated, wages increase, saving U.S. companies less and less money. Offshoring is not just plagued with problems overseas. Offshoring hurts our economy back home as millions of manufacturing jobs are disappearing, leaving our American workforce jobless. "Between 1997 and 2003, a period of sharp decline, jobs in manufacturing decreased by over three million to reach their lowest number in more than half a century." (Outsourcing Dominates U.S. Manufacturing Economy.) It is important to note that outsourcing has become a hot issue in our economy and government.

Offshoring is can be a negative and positive aspect of the corporate world, depending which side one is looking at. It is clear that outsourcing has taken many jobs away from the American working class, a truthfully short term hit to our economy. However some economists argue that a spike in outsourcing can actually be a long term benefit as companies will seek to rearrange tasks within to create more jobs. This will also lead to a larger shift of blue collar workers to the white collar workforce. Overseas more and more people can now be employed because of the sharp increase in manufacturing and related work. Because of this increased factory work, areas with high concentrations of factories can face high levels of smog and pollution. As wages

climb in areas like China, U.S. businesses face higher costs, an issues they were trying to avoid in the first place. (Manufacturing in China Remains a Threat to US Jobs.) Language barriers have caused some business to move out completely in fear of customer dissatisfaction. Outsourcing is an intricate mesh of moving parts.

Lawmakers have attempted to scale back outsourcing by tackling the issue of free trade. Free trade is at the very heart of outsourcing because otherwise companies are forced to pay high trade tariffs in order to ship their newly manufactured goods back home. The U.S Government responded to the outsourcing uproar in the 1990's by placing tariffs on many goods imported from many country like China. Tariffs can be seen as a positive and negative. They encourage business to produce their goods in the United States, and promoted the consumption of American made goods. However, tariffs destroy the ability of the international market to thrive which could in turn end up hurting our market. Congress as also tried to regulate the amount of business that a corporation is allowed to ship overseas. Regulations can be seen as a bad thing because these regulations can go a long way to actually hurt a business which can then in turn hurt our economy.

The governments role is to play a limited role in the citizens lives and our free market economy. Is the government stepping in enough to assure that outsourcing remains a positive function for our businesses. Our market based economy is based on ideals competition. If the best way to be the most competitive is to outsource a corporation's work, then should our limited government step in to alter that?