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Derek Wilmott

Clemson University, rwilmott@hotmail.com

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Outsourcing: White Collar Exodus

By Derek Wilmott

Summary

This 2005 program looks at the growing number of higher paying positions moving abroad. Specifically it looks at India's booming call center industry that provides training for Mumbai workers in American standards of speech and culture and illustrates the degree to which American business relies on overseas labor. Watching outsourcing in action, economists and policy makers explore the effect outsourcing has on America's middle class.

In the news ...

Aerospace leaders ... staunchly defend the need for outsourcing. "The commercial industry operates in a global economy and must go where it can find the best of breed," says Clay Jones, Rockwell Collins CEO ... Jones cites India, which graduates 8-10 times as many engineers as the U.S. "India has a tremendous workforce. If we could not have access to it, we would hamstring the industry." --Graham Warwick, *Aviat. Week Space Technol.*, Jan. 5, 2009.

Decades ago, most pills consumed in the United States were made here. But like other manufacturing operations, drug plants have been moving to Asia because labor, construction, regulatory and environmental costs are lower there ... Of the 1,154 pharmaceutical plants mentioned in generic drug applications to the Food and Drug Administration in 2007, only 13 percent were in the United States. Forty-three percent were in China, and 39 percent were in India. -- Gardiner Harris, *N.Y. Times*, Jan. 20, 2009.

Many U.S. white-collar workers are also in for wrenching change. A study by McKinsey Global Institute, which believes offshore outsourcing is good, also notes that only 36% of Americans displaced in the previous two decades found jobs at the same or higher pay. -- Manjeet Kripalani and Pete Engardio With Steve Hamm, *BusinessWeekOnline*, 2006.

Some questions to consider:

- Have you, or someone you know, lost a job due to downsizing or outsourcing?
- What potential impact does outsourcing have on you or your community?
- What do you think are the positive aspects of outsourcing?