

COMMENT

'No' to Outsourcing

Whether Obama's stringent measures to stop 'outsourcing' can succeed in the long run is open to question. After all the global production system that has been assiduously built with a calculated move to maximise profits, mainly by American and western multinationals, over the years cannot be dismantled overnight. In truth Obama is now on the backfoot as his Anti-Outsourcing Bill was successfully blocked by Senate Republicans in a 53-45 vote, which fell six votes short for passage. But Obama's outburst against outsourcing has already created panic in India's booming IT sector, principally dependent on outsourced job works, albeit Indian corporate lobby expressed satisfaction with the outcome of American Senate vote.

The growing US trade deficit with China has aroused concern. Less noticed is that the US trade deficit with Japan and the rest of Asia has sharply declined as this new regional production system takes shape. US manufacturers are following the same course, providing parts and components for China to assemble and export, mostly back to the United States. For the financial institutions, retail giants, and the owners and managers of manufacturing industries closely related to this nexus of power, these developments are heaven sent.

In 2007, Ralph Gomory, head of the Alfred P Sloan Foundation, testified before Congress, "In this new era of globalization, the interests of companies and countries have diverged. In contrast with the past, what is good for America's global corporations is no longer necessarily good for the American people."

According to *Business Week*, by the end of 2008, more than 70 percent of IBM's work force of 400,000 was abroad. In 2009 IBM reduced its US employment by another 8 percent.

For the work force, the outcome may be "grievous," in accordance with Smith's maxim, but it is fine for the principal architects of policy. Current research indicates that about one-fourth of US jobs will be "offshorable" within two decades, and for those jobs that remain, security and decent pay will decline because of the increased competition from replaced workers.

This pattern follows 30 years of stagnation or decline for the majority.

While China is becoming the world's assembly plant and export platform, Chinese workers are suffering along with the rest of the global work force. This is an unsurprising outcome of a system designed to concentrate wealth and power and to set working people in competition with one another worldwide.

Globally, workers' share in national income has declined in many countries-dramatically so in China and India, leading to growing unrest and violence.

The future depends on how much the great majority is willing to endure, and whether that great majority will collectively offer a constructive response to confront the problems at the core of the unjust system of domination and control.

If not, the results might be grim, as history more than amply reveals.