

## Outsourcing: Americans still facing unemployment Ryan Brown March 12, 2010

This June 30<sup>th</sup>, Steve Brown is facing unemployment. His job isn't being cut, and isn't disappearing due to the current economic downturn. Brown's employer is shipping his job to India, and the IT professional isn't the only one facing unemployment. Hospira, Inc. is moving all jobs from its Morgan Hill plant to another location, as it attempts to cut costs. None of the company's once nearly 600 Morgan Hill employees will still be with them by the end of 2010.

What is most surprising about the maneuver is the company's current financial standing. According to their website, they had a total of 3.9 billion dollars in sales in 2009, up from approximately 3.63 billion in 2008. It seems odd that workers would be losing jobs for a company that is continuing to do well, even in the current United States economy. That is exactly what's happening to Brown, the father of three, and his many co-workers who are still with the company through part of this year. All of them have received their date of termination, just as he has.

Hospira, Inc., which split away from pharmaceutical giant Abbot Laboratories in 2004 to improve company performance and profit, has increased its net sales every year since the move, and is doing as well as was hoped. However, that hasn't stopped the company from seeking other advantages to increasing profit. Like many American companies, it is using outsourcing, a business technique used to contract cheaper workers to do the same job. By outsourcing outside of the United States, Hospira can maintain all the current jobs it has on its payroll, but at a bargain price to what it pays American workers.

As the economy has dipped lower, most Americans have been worried about their job being cut because of the hard economic times. Frighteningly, that isn't the only way that jobs are being lost. Even citizens working for a succeeding company like Hospira are at risk, if their work can be performed cheaper in another country. The industrialization of areas of India, Hong Kong, and other countries previously considered "third-world," have provided American companies with an option other than American employees, even in non-labor fields.

According to Newsweek, India's IT sector grosses 63 billion dollars a year, which is almost seven percent of the nation's Gross Domestic Product, or profits made within the country. Nearly all of those jobs were contracted from other countries, particularly the United States. With so many of the country's jobs being shipped overseas, and jobs being cut completely, maintaining a steady job in has become increasingly difficult. Brown, the Ohio native, has had a steady IT job for more than 25 years, since the day he graduated from college and moved to California. When asked what he was going to do after June 30<sup>th</sup>, he simply stated "I don't know."

The 52 year old Brown isn't the only one that is facing certain unemployment. A Forrester study predicts that by 2015, more than 3.3 million service jobs will have been moved offshore in this century alone. That may not seem like much when compared to the nearly 130 million nonfarm workers may not seem like a lot, but many are worried that a loss of that many service jobs may lead to a change in the type of jobs available to Americans. One of the things that worry Brown is that he won't be able to find a job that pays a similar wage, as he attempts to help put one child through college, and a second starting next fall. For him and other families that have been living under a fixed income, losing what seemed like a steady job still comes as "somewhat of a shock."

While it may seem as that companies sales departments are ruthless, they aren't to blame for the loss of jobs. Neither are the countries gladly accepting the offshore outsourcing. Who should be expected to do something about it, is the American government. Since 1982, more than 2 million manufacturing jobs have been lost overseas. Offshore outsourcing is not something that's new, but it is something that has escaped notice as a major factor of job loss. Now that the country's economy is in recession, people believe that it is more important than ever to keep jobs here, yet they are still being shipped overseas.

Most Americans have heard of outsourcing, but not all know what it means, and those that do might be surprised to know that many companies actually receive tax cuts, not increases, for moving their jobs overseas. Until recently, government officials had taken little notice of it. However, the news isn't all bad for people who are worried about losing their job to someone in another country. President Obama recently addressed the issue in both his State of the Union address and again in his 2010 budget proposal.

None of this helps Brown, though, who is already sure to be out of job by July of this year. had something been done about outsourcing before, he may still have a job with Hospira, who's plant he's work at for about a decade in the IT department. He's displeased with how the company has treated him, but realizes that a lot of corporations make moves like this to improve profit margins. The sooner the government acts upon President Obama's state plan to prevent offshore outsourcing, the more citizens' jobs will be saved. If nothing is done, jobs in many sectors of the American job market will continue to disappear.

As for Brown, he hopes to do what nearly 5 million workers nationwide are failing to do, and find a job that can continue to keep his family's head above water. Hospira's profits are likely to shoot up as it cuts payroll but slashes no jobs. The United States government will continue to create jobs, none of which will help Brown and many others people around the nation who struggle to find a new job after being laid off not because their employer couldn't afford them anymore, but because they could afford not to, because they can get the same job done for less, and there is no incentive for them to keep jobs on American soil.