

The government does not keep records of the US jobs lost to offshore outsourcing and to work visas for foreigners. With so few jobs available in the educated professions, the future of US universities would seem to be bleak.

In December 2003, Congress directed the US Department of Commerce to complete a study within six months of the impact of jobs outsourcing on knowledge-based industries. The report due in June of 2004 was not released until September of this year in response to a Freedom of Information action and only after the report was gutted by political appointees and reduced to 12 pages of PR quoting reports by organizations and individuals that have been funded by multinationals that benefit from shifting American jobs overseas.

Powerful lobbies that benefit from low cost foreign labor have invested heavily in public relations campaigns to create the impression that American jobs have to be outsourced and foreign workers brought into the US because there are shortages of US engineers, scientists, nurses and school teachers. It is amazing that the occupations in which shortages are alleged to exist are the very occupations in which qualified Americans cannot find jobs.

Many economists mistakenly claim that offshore outsourcing and work visas for foreigners benefit Americans by lowering costs. But no country benefits from the loss of high productivity, high value-added occupations. The US runs trade deficits in manufactured goods and advanced technology products. Last year the US trade deficit in advanced technology products was \$36,857,000,000. As of August of this year, the US trade deficit in advanced technology products is running 26% higher than in 2004.

America's volume exports are paper, waste paper, agricultural products and chemicals.

The October 28 issue of Manufacturing & Technology News reports that Procter & Gamble, General Electric, Ford, Kimberly Clark, Caterpillar, Goodyear, General Motors, USG, Honeywell, Alcoa and Kodak combined exported 269,600 containers of goods in 2004. Wal-Mart alone imported 576,000 containers of goods.

The US allegedly is a superpower with a highly developed economy. China is a newly developing country not far from third world status. You might think that China would be running huge trade deficits with the US as China imports the goods and services necessary to continue its economic development and to serve consumer wants. The trade statistics, however, tell a different story. Last year the US imported \$196,682,000,000

in goods and services from China and exported a mere \$34,744,100,000 to China. The American "superpower's" trade deficit with China came to \$161,938,000,000.

To put this figure in perspective, America's trade deficit with China is 28% higher than American's total oil import bill.

Everyone talks about energy independence as if our future depends on it. Simultaneously, we are told that globalization is good for us in every other respect. But why is energy independence any better than manufacturing independence, or engineering independence, or innovation independence? US imports of industrial supplies, capital goods, automotive vehicles, and consumer goods all exceed US oil imports.

In recent years, offshore outsourcing has caused the US trade deficit to explode. Offshore outsourcing means that the production of goods and services for the US market is shifted from America to foreign countries. This turns goods formerly produced in the US into imports. Between 1997 and 2004 the US trade deficit increased six fold. Since 1997 the cumulative US trade deficit (including \$700 billion estimate for 2005) is \$3.5 trillion. The outsourcing of America's economy is a far greater threat to Americans than terrorists.

During the 1980s economists spoke in doom and gloom terms about the "Reagan deficits." The cumulative US trade deficit for the entire decade of the 1980s totaled \$846 billion. The US trade deficit for 2005 alone is 83 percent of the cumulative deficit of the Reagan 1980s. Yet, we hear very little doom and gloom. Economists now declare the trade deficit to be good for us. They mistakenly describe the trade deficit as a mere reflection of the beneficial workings of free trade. Economists have become mouthpieces for the corporate interests who benefit by deserting their American work force and replacing them with foreigners.

This process of substituting foreign workers for American workers cannot go on for too long before the US consumer market dies from lack of income and purchasing power. US policymakers have no clue. Market Watch (Nov. 4) reports that "wage growth is a chief concern of the Federal Reserve, which fears that wage pressures could imbed an inflationary psychology in the economy." This is amazing. US wages are not keeping up with inflation. Real wages are falling, and the Federal Reserve is worried about wage pressures!

The Bush administration is squandering our few remaining resources fighting an insurgency in Iraq that the Bush administration created by invading Iraq. Meanwhile, globalization separates Americans from the production of the goods and services that they consume. Americans are expected to buy the products without having the incomes associated with

their production. If the war in Iraq lasts another ten years, as the Bush administration keeps telling us, the US will find itself without the industrial capacity or borrowing power to continue with the conflict.

Paul Craig Roberts has held a number of academic appointments and has contributed to numerous scholarly publications. He served as Assistant Secretary of the Treasury in the Reagan administration. His graduate economics education was at the University of Virginia, the University of California at Berkeley, and Oxford University. He is coauthor of *The Tyranny of Good Intentions*. He can be reached at:
paulcraigroberts@yahoo.com