



POL 1102

Politics and Globalization

# Human Outsourcing

- Reaction from the center
- This is a sampling of descriptions offered by politicians and commentators on the topic of international “outsourcing.”
- “The ultimate betrayal of American workers.”
- “Morally repugnant and profoundly un-American.”
- “There is nothing good about it.”

# Human Outsourcing

- Shift of jobs toward developing nations may look like a “race to the bottom” — a spiraling downward of wages as companies seek ever-cheaper labour markets.
- Areas of business:
  - manufacturing
  - back office support (call centers, etc.)
  - debt chasing
  - accounting
  - IT sector

# Human Outsourcing

- Most IT work can readily be outsourced anywhere in the world.
- About 2.67 million U.S. manufacturing jobs have been lost since Bush took office.
- About 300,000 U.S. jobs were eliminated in 2004 in favor of cheaper labor elsewhere, according to US Labor Secretary Elaine Chao.
- *Labor Web site tracks jobs shipped overseas*
- [http://findarticles.com/p/articles/mi\\_qn4176/is\\_20040917/ai\\_n14585160](http://findarticles.com/p/articles/mi_qn4176/is_20040917/ai_n14585160)

# Human Outsourcing

- “US manufacturers contract with engineers from India who send their drawings to workers in Poland who in turn ship their finished products back to America for incorporation into “American” products.
- Radiologists in India interpret CT scans for US hospitals.
- Computer technicians in Ghana process New York City parking tickets....”
- [http://www.indolink.com/News/NRI/news\\_081203-105019.php](http://www.indolink.com/News/NRI/news_081203-105019.php)

# Human Outsourcing

- “The US economy is growing and creating jobs, but Americans are not filling them. These jobs have been moved overseas where foreigners will work for a lot less.”
- Prof. William Raynor- NY State University
- Globalization and the Offshore Outsourcing of White-Collar Jobs”
- The question is:
- Can America Lose These Jobs and Still Prosper?”

# Human Outsourcing

- **New dimensions of globalization**
- ***An established view:*** global economic integration tends to shift low-skilled jobs from developed to developing countries while creating high-skilled jobs in the developed world.
- The new round of globalization ***challenges*** this view.

# Human Outsourcing

- Evidence of companies in developed economies shipping *high-skilled jobs* offshore piles up, raising fears of job losses among high-skilled workers in the West and sparking hot political debates.
- in 2005 - 830,000 white-collar jobs outsourced from the U.S.
- By 2015 the number is expected to rise to 3.4 million (Forrester Research Inc.).
- [http://goliath.ecnext.com/coms2/summary\\_0199-367034\\_ITM](http://goliath.ecnext.com/coms2/summary_0199-367034_ITM)

# Human Outsourcing

- The supply of IT services is the most global:
- 16% of all the work done by the world's IT-services is carried out away from where these services are consumed
- in the software industry the proportion is 6%.

# Human Outsourcing

- Why?
- Growth of human capital in the developing world relative to the U.S.
- Undergraduate degrees in engineering granted annually:
- China 195,354
- India 129,000
- Japan 103,440
- Russia 82,409
- U.S. 60,914

# Human Outsourcing

- Shifts in higher education:
- China with 490,000 graduate students, 120,000 PhDs, is behind the US and Germany.
- China will have more PhDs than the United States by 2010.
- [http://english.peopledaily.com.cn/200210/21/eng20021021\\_105393.shtml](http://english.peopledaily.com.cn/200210/21/eng20021021_105393.shtml)

# Human Outsourcing

- Low price of human capital in developing countries
- Typical monthly salaries:
- Chip designer:
  - \$1,000 in India
  - \$7,000 in the U.S.
- Info-tech support:
  - \$ 500 in India
  - \$10,000 (up to) in the U.S.
- *The Impact of Global Human-Capital Outsourcing on the Employment Patterns in the United States*
- <http://cit.georgiasouthern.edu/seminars/seminars/BITS20.ppt>.

# Human Outsourcing

- Financial analyst:
  - \$1,000 in India
  - \$7,000+ in the U.S.
- Accountant:
  - \$ 300 in the Philippines
  - \$ 5,000+ in the U.S
- *The Impact of Global Human-Capital Outsourcing on the Employment Patterns in the United States*
- <http://cit.georgiasouthern.edu/seminars/seminars/BITS20.ppt>.

# Human Outsourcing

## ■ QUESTIONS

- Does belonging to an “outsource-able” occupation increase the risk of unemployment for a worker in the U.S.?
- Are high-skilled workers more likely to be involuntarily unemployed related to outsourcing than low-skilled workers?

# Human Outsourcing

## ■ FINDINGS

- 1. Currently, belonging in an outsourceable occupational category does not increase the risk of unemployment for an **average** U.S. worker.
- 2. For the outsourceable occupations, ***more highly educated workers are at a greater risk of unemployment*** than those with a lower education.
- <http://outsourcing-101.net/category/outsourcing-articles>

# Human Outsourcing

- • More highly educated workers in the ***outsourcable occupations are currently significantly more likely to be involuntarily unemployed than workers with a lower education.***
- • It remains to be seen ***whether or not this relationship continues to hold and becomes prevalent for the entire economy*** as the new wave of global outsourcing gains more strength

# Human Outsourcing

- ***The government is not prepared to deal*** with the prospect of millions of highly educated, well-paid white-collar workers hitting the unemployment rolls for extended periods of time.
- Universities are focused on educating young people, not older workers who need to retrain themselves for a new white-collar occupation after years in the workforce.
- *The Impact of Global Human-Capital Outsourcing on the Employment Patterns in the United States*
- <http://cit.georgiasouthern.edu/seminars/seminars/BITS20.ppt>.

# Human Outsourcing

- The above-mentioned Forrester Research report provides a detailed breakdown of US jobs expected to move overseas into what are *nine major occupational categories* from the Standard occupational Classification (SOC) system utilized by the Bureau of Labor Statistics,
- namely:

# Human Outsourcing

- 1. 11-0000 *Management Occupations*;
- 2. 13-0000 *Business and Financial Operations Occupations*;
- 3. 15-0000 *Computer and Mathematical Occupations*;
- 4. 17-0000 *Architecture and Engineering Occupations*;
- 5. 19-0000 *Life, Physical, and Social Science Occupations*;
- 6. 23-0000 *Legal Occupations*;
- 7. 27-0000 *Arts, Design, Entertainment, Sports, and Media Occupations*;
- 8. 41-0000 *Sales and Related Occupations*;
- 9. 43-0000 *Office and Administrative Support Occupations*.
- *Jacob F. Kirkegaard Outsourcing—Stains on the White Collar? Institute for International Economics.*
- <http://www.iie.com/publications/papers/kirkegaard0204.pdf>

# Human Outsourcing

- In total:
  - 3.3 million US service-industry jobs will move abroad
  - as a result of outsourcing by 2015.
- *White-collar jobs moving abroad, Christian Science Monitor, July 29, 2003*  
<http://www.csmonitor.com/2003/0729/p01s03-usqn.html>

# Human Outsourcing

- The CIA's semi-annual survey (2004) attempts to predict global trends for the future, and its authors' views of the path to the year 2020 contain ***some additional threats to job security.***
- ***China and India's integration into the global economy is creating a huge, low-cost labor force,*** the survey states.
- <http://www.ibmemployee.com/Highlights050205.shtml>

# Human Outsourcing

- And as more companies take advantage of this labor
- ***"the transition will not be painless***
- ***and will hit the middle classes of the developed world in particular."***
- <http://www.ibmemployee.com/Highlights050205.shtml>

# MIGRATION WORKERS

## ■ THE CANADIAN MARKET

- Nearly 1 out of 6 people worldwide, more than one billion people, are crossing national borders as migrant workers.
- Of these 1 billion, 13 million are from Asia and 72% are women.
- [http://www.unpac.ca/economy/g\\_migration.html](http://www.unpac.ca/economy/g_migration.html)

# MIGRATION WORKERS

- Usually poorly paid, low-status work that citizens are happy to pass on as an 'opportunity' to migrant workers escaping poverty.
- Two of the most common jobs found are **domestic and farm labour.**
- [http://www.unpac.ca/economy/g\\_migration.html](http://www.unpac.ca/economy/g_migration.html)

# MIGRATION WORKERS

- **I. Domestic labour**
- **Women and girls** from all over the world are recruited to be domestic workers.
- **In Africa and Asia, girls** from rural areas are often expected to move to urban areas and become domestic workers in order to help financially support their families.
- [http://www.unpac.ca/economy/g\\_migration.html](http://www.unpac.ca/economy/g_migration.html)

# MIGRATION WORKERS

- In North America and Europe, women from South America and Asia work in the homes of the rich sending money back home to their families abroad.
- ***Common experiences*** of domestic workers include low wages, long working hours, no time off, loneliness, verbal abuse, being forced to wear uniforms and act in roles of servitude, heavy work demands, homesickness, the denial of a family life of one's own, racism, and vulnerability to sexual abuse and HIV.
- [http://www.unpac.ca/economy/g\\_migration.html](http://www.unpac.ca/economy/g_migration.html)

# MIGRATION WORKERS

- Filipino women make up the majority of domestic workers in Canada and around the world.
- Between 6 and 8 million Filipino women are living abroad.
- *SCOPE: Anxiety grips Filipinos living or working abroad*  
[http://findarticles.com/p/articles/mi\\_m0WDQ/is\\_2005\\_Feb\\_28/ai\\_n11843955](http://findarticles.com/p/articles/mi_m0WDQ/is_2005_Feb_28/ai_n11843955)

# MIGRATION WORKERS

## ■ II. Farm labor

- Close to 17,000 migrant workers come to Canada each year to pick fruits and vegetables, working up to 15 hours per day.
- Subject to health and environmental hazards such as farm accidents and chemical poisoning.
- *Migrant Workers in Canada: A review of the Canadian Seasonal Agricultural Workers Program, The North-South Institute, 2006*
- [http://www.nsi-ins.ca/english/pdf/MigrantWorkers\\_Eng\\_Web.pdf](http://www.nsi-ins.ca/english/pdf/MigrantWorkers_Eng_Web.pdf)

# MIGRATION WORKERS

- Though migrant farm workers in Canada contribute much to the Canadian economy, their monetary reimbursement is minimal.
- Alongside already low wages, a recent report by The United Farm Workers of America - Canadian Office says that while migrant farm workers paid \$11 million into Employment Insurance in 2000, they are not eligible to receive EI themselves.
- [http://www.unpac.ca/economy/g\\_migration.html](http://www.unpac.ca/economy/g_migration.html)

# MIGRATION WORKERS

- In Canada, foreign domestic workers who stay two years are 'allowed' to apply for citizenship.
- Though Canada's immigration policies have tended to be more compassionate than those of most other rich countries, there is still much discrimination in our treatment of migrants.
- [http://www.unpac.ca/economy/g\\_migration.html](http://www.unpac.ca/economy/g_migration.html)

# MIGRATION WORKERS

- And, Canada's immigration policies - however open or closed - tend to ignore the part that Canadian economic policy plays in upholding systems of global inequality and therefore encouraging global uprootedness.
- Each year, some 2 million overseas contract workers send home \$7 billion to the Philippines.
- Much of the money that these workers bring into the Philippine economy finds its way back to rich countries in the form of debt repayment.
- [http://www.unpac.ca/economy/g\\_migration.html](http://www.unpac.ca/economy/g_migration.html)



# GLOBALIZATION'S DARK SIDE

- Globalization leads to an unprecedented "commodification" of human beings.
- Sex trade has been "industrialized" worldwide.
- Sex sector has a multibillion-dollar service industry.

# GLOBALIZATION'S DARK SIDE

- Establishing a “market” of sexual commodities (women, children).
- *(In 1987 the Thai government **officially promoted** sexual tourism through advertising "The one fruit of Thailand more delicious than durian [a local fruit], its young women".*
- David Hechler *The Battle and the Backlash: The Child Sexual Abuse War* (Lexington Books, 1988).
- <http://www.geocities.com/capitolhill/senate/8931/dbt-rep.html>

# GLOBALIZATION'S DARK SIDE

- “Sex multinationals”: (government, tourism, air-carriers, hotels, restaurants, entertainment) have become legitimate economic forces.
- Sex trade has become a part of a country’s development strategy.
  - *Richard Poulin, Globalization and the Sex Trade : Trafficking and the Commodification of Women and Children*
  - [http://sisyphe.org/article.php3?id\\_article=965](http://sisyphe.org/article.php3?id_article=965)

# GLOBALIZATION'S DARK SIDE

- *(In 1998, the International Labor Organization (ILO) estimated that prostitution represented between 2 and 14 per cent of the economic activities of Thailand, Indonesia, Malaysia, and Philippines)*
- *Richard Poulin, Globalization and the Sex Trade : Trafficking and the Commodification of Women and Children*
- [http://sisyphe.org/article.php3?id\\_article=965](http://sisyphe.org/article.php3?id_article=965)

# GLOBALIZATION'S DARK SIDE

- Accord to Ottawa U sociologist Poulin:
- 1. Sexual exploitation is increasingly considered to be an entertainment industry and prostitution a legitimate job.
- 2. The industrialization of the sex trade has involved the mass production of sexual goods and services structured around a regional and international division of labour.

# GLOBALIZATION'S DARK SIDE

- 3. Prostitution and related sexual industries - bars, dancing clubs, massage parlors, pornography producers etc. - depend on a massive underground economy controlled by pimps connected to organized crime.

# GLOBALIZATION'S DARK SIDE

- **Structural adjustment programs and development strategy:**
- Pressure from competitive agricultural production (subsidized and imported from the industrial North). Mass lay-offs in the agricultural sector.
- Facing the crisis with no capital, no savings, no land, no protection from the state.
- *Michael Chossudovsky, The Globalization of Poverty, and the New World Order, Second Edition, 2003*

# GLOBALIZATION'S DARK SIDE

- Solution to debt is selling the only available “commodity”, your body, your children.
- Contract of Debt bondage (no indication of the length and the nature of the contract) most common form of slavery – today.

# GLOBALIZATION'S DARK SIDE

- Structural adjustment programs and development strategy
- Under obligations of *debt repayment*, numerous Asian, Latin American, and African States *were encouraged* by international organizations such as the International Monetary Fund (IMF) and the World Bank (WB) to develop their tourism and entertainment industries.

# GLOBALIZATION'S DARK SIDE

- In each case, the development of these sectors inspired the development of the sex trade.
- Women and children were put directly on regional or international markets (notably in India and in Hong Kong) without the country experiencing a significant expansion of local prostitution (Nepal).
- *Richard Poulin, Globalization and the Sex Trade : Trafficking and the Commodification of Women and Children*
- [http://sisyphe.org/article.php3?id\\_article=965](http://sisyphe.org/article.php3?id_article=965)

# GLOBALIZATION'S DARK SIDE

- Prostitution and Trafficking
- Phenomenal growth of prostitution predominately in Asia:
- 10 000 000 in India (of whom 200,000 are Nepalese)
- 2 000 000 women prostitute themselves in Thailand
- *Richard Poulin, Globalization and the Sex Trade : Trafficking and the Commodification of Women and Children*
- [http://sisyphe.org/article.php3?id\\_article=965](http://sisyphe.org/article.php3?id_article=965)

# GLOBALIZATION'S DARK SIDE

- 400,000 to 500,000 in the Philippines
- 650,000 in Indonesia
- 142,000 in Malaysia
- 60,000 in Vietnam
- 1 000 000 in the United States

# GLOBALIZATION'S DARK SIDE

- 50,000 between 70,000 in Italy
- 30,000 in the Netherlands
- 200,000 in Poland
- 60,000 between 200,000 in Germany.
- *Richard Poulin, Globalization and the Sex Trade : Trafficking and the Commodification of Women and Children*
- [http://sisyphe.org/article.php3?id\\_article=965](http://sisyphe.org/article.php3?id_article=965)

# GLOBALIZATION'S DARK SIDE

- **UNICEF estimates that a million children are brought into the sex industry every year**
- The industry of child prostitution exploits
- 400,000 children in India
- 100,000 children in the Philippines
- 200,000 between 300,000 in Thailand
- *Richard Poulin, Globalization and the Sex Trade : Trafficking and the Commodification of Women and Children*
- [http://sisyphe.org/article.php3?id\\_article=965](http://sisyphe.org/article.php3?id_article=965)

# GLOBALIZATION'S DARK SIDE

- 100,000 in Taiwan and in Nepal
- 500,000 children in Latin America
- 244,000 to 325,000 children in the United States
- 200,000 between 500,000 prostituted children in China
- *Richard Poulin, Globalization and the Sex Trade : Trafficking and the Commodification of Women and Children*
- [http://sisyphe.org/article.php3?id\\_article=965](http://sisyphe.org/article.php3?id_article=965)

# GLOBALIZATION'S DARK SIDE

- In Brazil, estimates vary between 500,000 and two million (UNICEF 2001).
- Certain studies estimate that during one year, the prostituted "sexual services" of one child are sold to 2,000 men.
- *Richard Poulin, Globalization and the Sex Trade : Trafficking and the Commodification of Women and Children*
- [http://sisyphe.org/article.php3?id\\_article=965](http://sisyphe.org/article.php3?id_article=965)

# GLOBALIZATION'S DARK SIDE

- **Prostitution and Trafficking**
- Destinations: Japan, Western Europe, US, Canada.
- 400,000 persons a year are objects of the aforementioned traffic.
- 1) South and Southeast Asia (150,000 persons per year) constitute the most important group.

# GLOBALIZATION'S DARK SIDE

- 2) Russia and independent states from the ex-USSR constitute the second most important group (175,000 persons a year)
- 3) Latin America and the Caribbean (about 100,000 persons)
- 4) Africa (50,000 persons).

# GLOBALIZATION'S DARK SIDE

- **Prostitution and Trafficking**
- Every year, nearly a quarter million women and children of Southeast Asia (Burma, Yunnan province in China, Laos and Cambodia) are bought in Thailand, a transit country, for a price varying between 6,000 and 10,000 U.S. dollars.

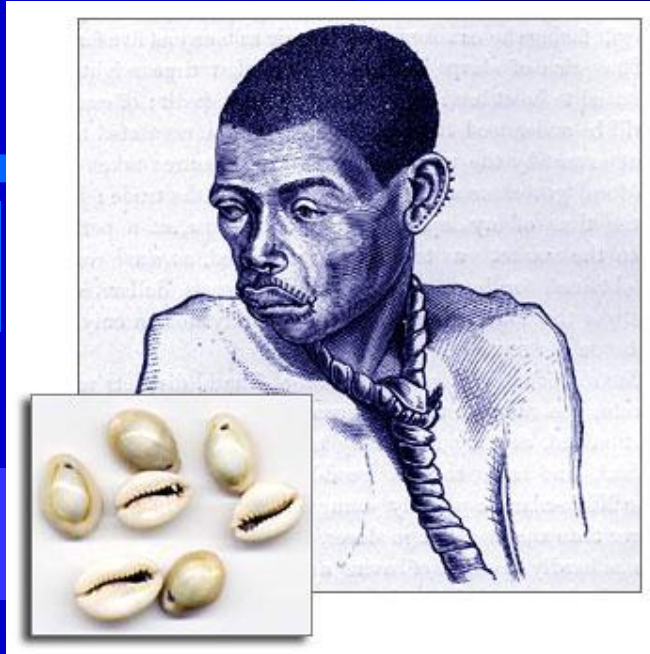
# GLOBALIZATION'S DARK SIDE

- In Canada, the intermediaries pay 8,000 dollars for a young Asiatic from the Philippines, Thailand or Malaysia whom they resell for 15,000 dollars to a pimp (CATW).
- On their arrival in Japan, Thai women have a debt of 25,000 USD. The bought women have to work for years to pay off "expenses" incurred by the pimps.
- *Richard Poulin, Globalization and the Sex Trade : Trafficking and the Commodification of Women and Children*
- [http://sisyphe.org/article.php3?id\\_article=965](http://sisyphe.org/article.php3?id_article=965)

# GLOBALIZATION'S DARK SIDE

- **Slavery never disappeared it took on a different form:**
- XIX century question:
- *“Are they the right color to be slaves?”*
- XXI century question:
- *“Are they vulnerable enough to be enslaved?”*
- *Kevin Bales, The New Slavery, Disposable People, University of California Press, 1999.*

# GLOBALIZATION'S DARK SIDE



- An African slave with remnant of coffer rope around the neck,
- and (inset) the cowry shells they were often bartered with.
- Year 1722
- *(Courtesy: Alderman Library, University of Virginia)*
- <http://yaleglobal.yale.edu/display.article?id=1587>

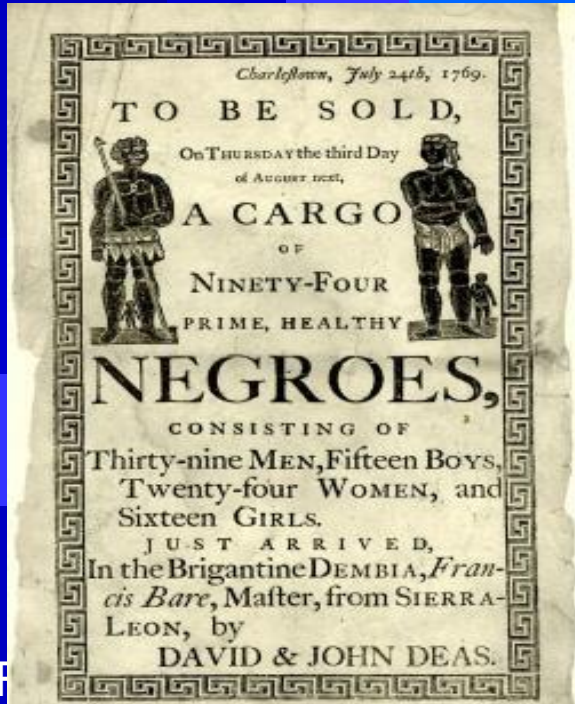
# GLOBALIZATION'S DARK SIDE

- 3 percent of the slaves exported were traded between 1450 and 1600
- 16% in the 17th century.
- More than 50 % were exported in the 18th century
- 28.5% in the 19th century.
- <http://yaleglobal.yale.edu/display.article?id=1587>

# GLOBALIZATION'S DARK SIDE

- Most historians now agree that at least 12 million slaves left the continent between the fifteenth and nineteenth century.
- 10 to 20% died on board ships.
- *Atlantic slave trade*
- [http://en.wikipedia.org/wiki/Atlantic\\_slave\\_trade](http://en.wikipedia.org/wiki/Atlantic_slave_trade)

# GLOBALIZATION'S DARK SIDE



- **F** advertisement advertising a slave auction in
- **Charleston, South Carolina**, in 1769.
- [http://en.wikipedia.org/wiki/Atlantic\\_slave\\_trade](http://en.wikipedia.org/wiki/Atlantic_slave_trade)

# GLOBALIZATION'S DARK SIDE

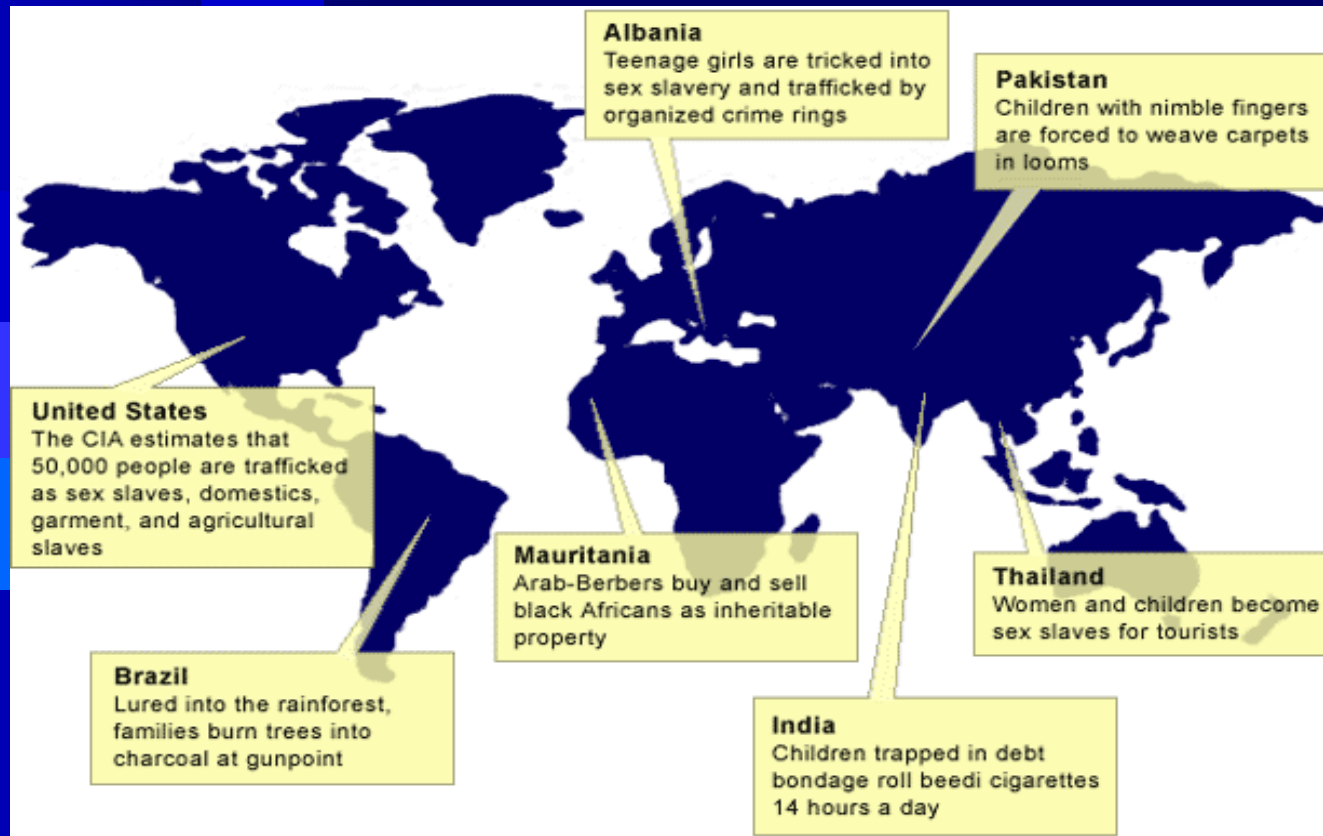
- Diamond mine in Sierra Leone  
Year 2008



# GLOBALIZATION'S DARK SIDE

- Slavery today is defined as  
“forced labor without pay under threat of violence.”
- **600,000 to 800,000 people** are trafficked internationally every year. Approximately **80%** of them are women and children.
- Slavery was officially abolished worldwide at the 1927 Slavery Convention, yet it continues to thrive thanks to the complicity of some governments and the ignorance of much of the world.
- In the 2000 Refugee Report, “Trafficking in Women and Children: A Contemporary Manifestation of Slavery,” former Secretary of State Madeleine Albright calls human trafficking
- “the fastest growing criminal enterprise in the world.”
- [http://www.iabolish.org/slavery\\_today/primer/index.html](http://www.iabolish.org/slavery_today/primer/index.html)

# GLOBALIZATION'S DARK SIDE



[http://www.iabolish.org/slavery\\_today/country\\_reports/index.html](http://www.iabolish.org/slavery_today/country_reports/index.html)

# GLOBALIZATION'S DARK SIDE

- Slavery is an extremely profitable, international industry. Experts estimate trafficking in the US yields \$9 billion every year.
- Around the world, trafficking in women for commercial sex purposes nets \$6 billion per year.
- The trade of human flesh is so lucrative that authorities complain that even as they close in on one smuggling ring in the US, another one pops up.
- The four most common types of slavery are: chattel slavery, debt bondage, forced labor, and sexual slavery.
- [http://www.iabolish.org/slavery\\_today/primer/index.html](http://www.iabolish.org/slavery_today/primer/index.html)

# GLOBALIZATION'S DARK SIDE

- Noi (not her real name), the mother of two children in Thailand, was offered a job as a waitress in a Thai restaurant in London.
- "...Then I was taken to see a Chinese. They looked me over and afterwards I was told I had been sold for 20,000 pounds [\$28,000]. To pay off this debt, I would have to sleep with more than 500 men. When they discovered I was pregnant by my Thai husband, they took me to a doctor who gave me some medicine to take to abort my baby, but I hid it under my tongue and spat it out as I left.

# GLOBALIZATION'S DARK SIDE

- "They took me back to a sauna where I refused to serve the customers. The Chinese boss told me then I would remain a maid and I would have to work for him for the rest of my life, cleaning the bedrooms and changing the condoms. But later when a Turkish customer came in and asked for me and said he would pay 100 pounds [\$140], the boss called for me. I refused. He beat me with a stick until I was badly cut and bruised, then he chained me up in a room for three days."

- [http://iabolish.org/slavery\\_today/slave\\_experience/narratives/noi.html](http://iabolish.org/slavery_today/slave_experience/narratives/noi.html)

# GLOBALIZATION'S DARK SIDE

- Kevin Bales, *The New Slavery, Disposable People*, University of California Press, 1999.
- **Factors:**
- **1. Demographic boom**
- **After WWII from 2 billion to 5.7 billion**
- **One half of the population in South Asia, India and Africa is under the age of 15.**

# GLOBALIZATION'S DARK SIDE

- 2. Rapid industrialization
- modernization, end of the traditional family
- shift from subsistence to cash crop agriculture
- loss of common land
- 3. Globalization policies of trade
- trade liberalization
- elimination of agro-food tariffs

# GLOBALIZATION'S DARK SIDE

- Forms:
- Chattel slavery – closest to the old form of slavery. Captured, born or sold into permanent servitude.
- Western Africa
- some Arab countries.

# GLOBALIZATION'S DARK SIDE

- **Debt bondage**
- most common; pledge against a loan of money
- length and nature of service not defined. Passed over generations.
- Pakistan, India.
- **Contract slavery** – “legitimate contract” - sweat shops in South Asia, Brazil.

# Control or ownership

## ■ Old Slavery

- Legal ownership asserted
- High purchase cost
- Low profits
- Shortage of potential slaves
- Long-term relationship
- Slaves maintained
- Ethnic difference important
- 

## ■ New Slavery

- Legal ownership avoided
- Very low purchase cost
- Very high profit
- Surplus of pot. slaves
- Short term relationship
- Slaves disposable
- Ethnic differences not important

# Control or ownership

- *Benefits of control*
- no asserted legal ownership
- no obligation for food or shelter
- no obligation “cost effective relationship”.
- Slaves maintainable vs. Slaves disposable.
- Low purchasing price of \$ 10 –25 versus the cost of a slave in the Southern US before 1860 which ranged from \$ 1 000 – \$ 1 800.
- (equivalent today of \$ 50 000 – 100 000)
- *Kevin Bales, The New Slavery, Disposable People, University of California Press, 1999.*