

Weathering the 'offshoring' storm

Don't blame Beijing or Calcutta or some other cheap-labor capital for America's outsourcing problems, writes the author of the new book *Bringing the Jobs Home*. According to Todd G. Buchholz, the source of the United States' current ills—and the balm for healing them—lie within our own borders.

Buchholz focuses his wry eye on a variety of wrongheaded societal and governmental moves that have led to the "offshoring" of American jobs.

They include:



■ *Touchy-feely education.* "Teachers and administrators (have) turned from enhancing skills to enhancing self-esteem. It has worked beautifully. Now our kids have high self-esteem but low test scores."

■ *Tax laws that are driving a growing number of U.S. firms to recharter themselves as foreign concerns.* "The United States burdens its firms with a worldwide tax system that says: 'We will seek you out and tax you for any dollar, pound, euro, yen, yuan or rand you earn anyplace in the world. And we don't care if you made the profit on a computer you built in China and sold in Norway. We don't care if no American

on American soil ever touched the darn thing.' This would not be so bad, but the firms already have to pay profit taxes to the country in which they sold the goods. Most other major countries take a territorial approach. A Dutch company that sells goods in Norway pays only the Norwegian tax."

■ *A tsunami of litigation.* "A study of international manufacturers concluded that excessive litigation grants foreign firms a 3.2 percent cost advantage over U.S.-based firms. Lawyers can enrich themselves so lavishly that they have enormous incentives to undermine firms, shareholders and employees. Tort costs have climbed from 1.03 percent of (gross domestic product) in 1960 to 1.53 percent in 1980 to 2.23 percent in 2002."

■ *Laws that encourage unskilled, uneducated immigrants to enter the country while discouraging entry of the skilled and educated.* "Supporters of unskilled immigrants ... ask, 'Who will pick strawberries, mow lawns or wash dishes in restaurants?' Quite honestly, I don't think the future of our economy depends on busboys and leaf blowers. The National Academy of Sciences estimates that a college-educated immigrant who shows up on our shores delivers a +\$198,000 impact on our fiscal picture, paying far more in taxes than he receives in social spending. His cousin with less than a high school education costs taxpayers about \$13,000."

Buchholz offers reasoned, achievable solutions to the outsourcing problem. Most hinge on simply getting out of our own way.

"We are not suffering from enemy fire at all," he writes of offshore competitors. "Instead we are crippled by friendly fire: rules, regulations and taxes that knock down the chances of our young people succeeding in future decades."

Don Nelson
Publisher

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