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Off-Shoring

MANIFESTO / RANT

20 hard truths about inevitabilities,
pitfalls, and matchless opportunities

continued ▶

by Tom Peters



1. **Off-Shoring will continue; the tide cannot be reversed.**
2. Service jobs are a bigger issue than manufacturing jobs, by an order of magnitude.
3. The automation of business processes is as big of a phenomenon in job shrinkage as off-shoring.
4. We are in the middle of a once-every-hundred-years (or so) productivity burst — which is good for us, in the long haul.
5. **Job churn is normal and necessary; the more the better, in the long haul.**
6. Americans' (those born in the U.S.A.) “unearned wage advantage” could be erased permanently.
7. The wholesale, increasingly upscale entry of 2.5 billion people (Chinese, Indian) into the global economy at an accelerating rate is virtually unfathomable. Unfathomable = unpredictable, exceptional challenges, amazing opportunities.
8. For my future grandchildren's sake, I relish the idea of billions of wealthy, relatively happy Indian and Chinese people — rather than the idea of billions of impoverished people pissed off at wealthy Americans.
9. Free trade works. Period. It makes the world a safer place, **in the long haul**. The process is not pretty at times (sometimes long times). Those who dutifully followed yesterday's rules, yet are displaced, must be helped when the “rules change.” Such help must not be in perpetuity — it demands a sunset date.

10. Big companies are off-shoring/automating almost exclusively in pursuit of efficiency and shareholder value enhancement. (This is not new or news.)
11. **Big companies do not create jobs and, historically, have not created jobs. Big companies are not “built to last;” they almost inexorably are “built to decline.”**
12. **Job creation is entrepreneurially led, especially by the small fraction of “start-ups” that become growth companies (Microsoft, Amgen, FedEx, et al.); hence, entrepreneurial incentives, including low capital gains taxes and high R&D supports, are a top priority.**
13. **Primary and secondary education must be reformed, in particular to underscore creativity and innovation – the mainstays of high-value-added products and services. Children should be nurtured on risk-taking, with a low expectation of corporate cossetting.**
14. Future success rests upon excellence in innovation. Hence, among other things, research universities must be vigorously supported.
15. National/global protection of intellectual capital–property is imperative.
16. Broadband EVERYWHERE is a national priority, akin to the priority placed on combating global terrorism.
17. **All economic progression is a matter of moving up the “value-added chain.” (This is not “management-speak;” think farm to factory to R&D lab.) The good news: technology change is so vigorous for the foreseeable future that those who can “seize the moment” have lots of room to play.**

18. Worker benefits (health care, retraining credits, pensions) should be portable, to induce, rather than impede, labor mobility.
19. Workers have the ultimate stake, and thus **the ultimate personal responsibility**. (Think Emerson, self-reliance.) “Workers”/we/all must “re-imagine” ourselves — take the initiative to create useful global skills, not imagine that large employers or powerful nations will protect us from the current (and future!) labor market upheavals.
20. **We will never again be as dominant as we are today. But we can remain in the top spot as long as we obsess about five things: research-innovation, entrepreneurship, education, free trade-open society, and self-reliance.**

QUOTES WORTH NOTING/QUOTING

“Fourteen Million Service Jobs Are in Danger of Being Shipped Overseas.” (UCal study)

“One Singaporean worker costs as much as three in Malaysia, eight in Thailand, thirteen in China, eighteen in India.” (*Straits Times*)

“The proper role of a healthily functioning economy is to destroy jobs and to put labor to use elsewhere. Despite this truth, layoffs and

firings will always sting, as if the invisible hand of enterprise has slapped workers in the face.” (Joseph Schumpeter)

“We erect walls to foreign trade and even discourage job-displacing innovations. But time and again through our history, we have discovered merely to preserve the comfortable features of the present, rather than reaching for new levels of prosperity, is a sure path to stagnation.” (Alan Greenspan, March 2004)

“What are people going to do with themselves?” (*Fortune*)

“There is no job that is America’s god-given right anymore.”
(Carly Fiorina, CEO, HP)

“The world has arrived at a rare strategic inflection point where nearly half its population — living in China, India, Russia — have been integrated into the global market economy, many of them highly educated workers, who can do just about any job in the world. We’re talking about three billion people.” (Craig Barrett, CEO, Intel)

“Forget India, Let’s Go to Bulgaria” (*BusinessWeek* headline on Germany’s SAP, BMW and Siemens “near-shoring”)

“The notion that God intended Americans to be permanently wealthier than the rest of the world, that gets less and less likely as time goes on.”
(Robert Solow, Nobel Laureate in Economics)

“The new organization of society implied by the triumph of individual autonomy and the true equalization of opportunity based upon merit will lead to very great rewards for merit and great individual autonomy. This will leave individuals far more responsible for themselves than they have been accustomed to being during the industrial period. It will also reduce the unearned advantage in living standards that has been enjoyed by residents of advanced industrial societies throughout the twentieth century.” (James Dale Davidson and Lord William Rees-Mogg, *The Sovereign Individual*)

“What strategic motto will dominate this transition from nation-state to market-state? If the slogan that animated the liberal, parliamentary nation-states was ‘make the world safe for democracy,’ what will the forthcoming motto be? Perhaps ‘making the world available’ which is to say creating new worlds of choice and protecting the autonomy of people to choose.” (Phillip Bobbitt, *The Shield of Achilles*)

“In a global economy, the government cannot give anybody a guaranteed success story, but you can give people the tools to make the most of their own lives.” (Bill Clinton)

“Let’s compete — by training the best workers, investing in R&D, erecting the best infrastructure and building an education system that graduates students who rank with the world’s best. Our goal is to be competitive with the best so we both win and create jobs.” (Craig Barrett, CEO, Intel)

“The Americans’ self-image that this tech thing was their private preserve is over. This is a wake-up call to U.S. workers to redouble their efforts at education and research. If they do that it will spur a whole new cycle of innovation, and we’ll both win. If we each pull down our shutters, we will both lose.” (Indian software exec to Tom Friedman/*New York Times*)

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ABOUT THE AUTHOR

Fortune calls Tom Peters the Ur-guru of management and compares him to Ralph Waldo Emerson, Henry David Thoreau, Walt Whitman and H.L. Mencken. The *Economist* tags him the Uber-guru. His unconventional views led *BusinessWeek* to describe him as “business’ best friend and worst nightmare.” Tom describes himself as a prince of disorder, champion of bold failures, maestro of zest, professional loudmouth (as a speaker he’s “a spitter” according to the cartoon strip Dilbert), corporate cheerleader, lover of markets, capitalist pig...and card-carrying member of the ACLU.

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
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