

American Economy vs. Global Economy



When It's Not All About Wages

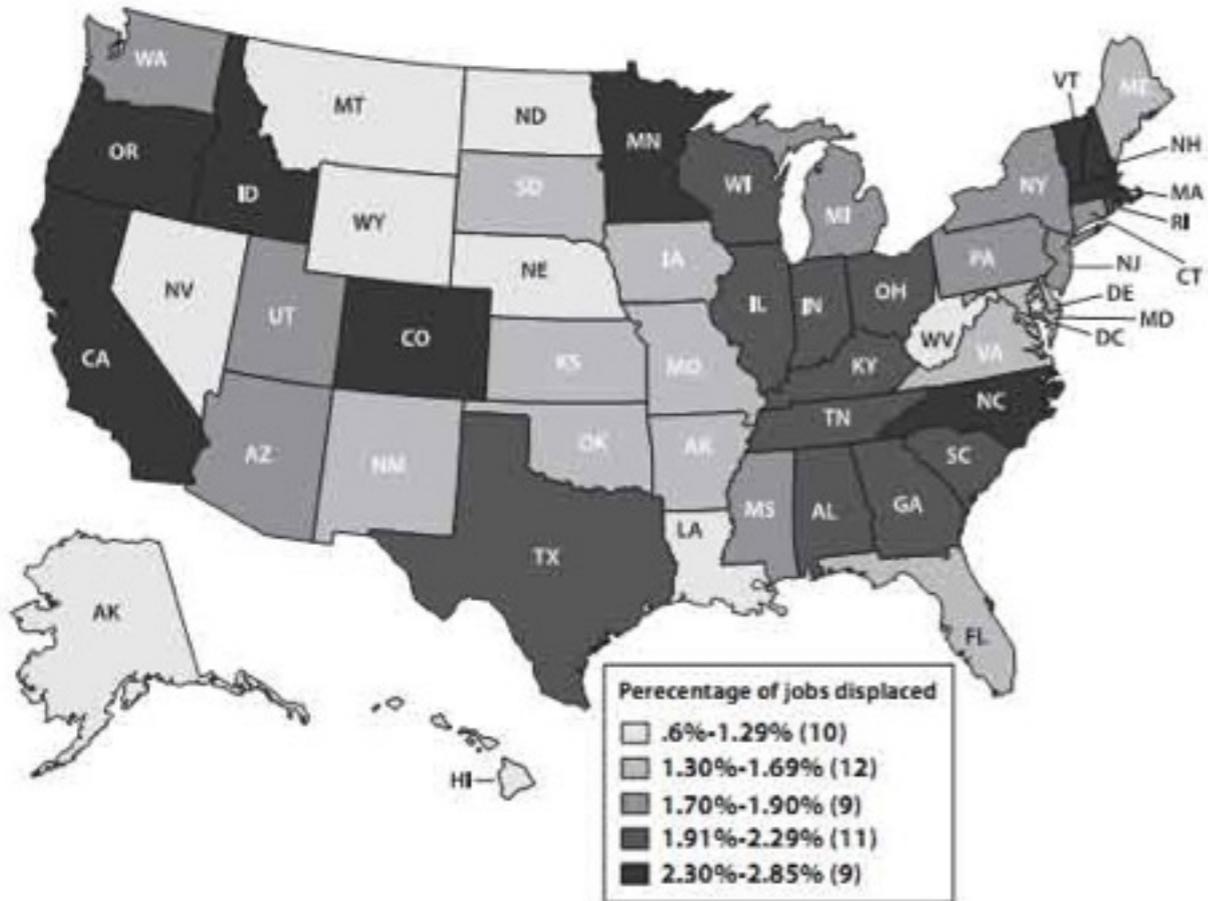
Pay of outsourced entry-level accountants in Argentina is higher than in India. But they still earn less than the \$23 hourly wage in the U.S.



Outsourcing

- A practice used by different companies to reduce costs by transferring portions of work to outside suppliers rather than completing it internally.
- Has decreased American jobs by 2.8 since 2001 (statistic from <http://economyin crisis.org>)
- Looking at the statistics outsourcing seems bad because Americans are losing jobs, but this is keeping our prices low.

Jobs displaced due to trade with China as share of state employment, 2010



SOURCE: EPI analysis of data from the U.S. Census Bureau (2009), U.S. International Trade Commission (2011), and Bureau of Labor Statistics (2010a and 2010b). For a more detailed explanation of the data sources and computations, see the Appendix.

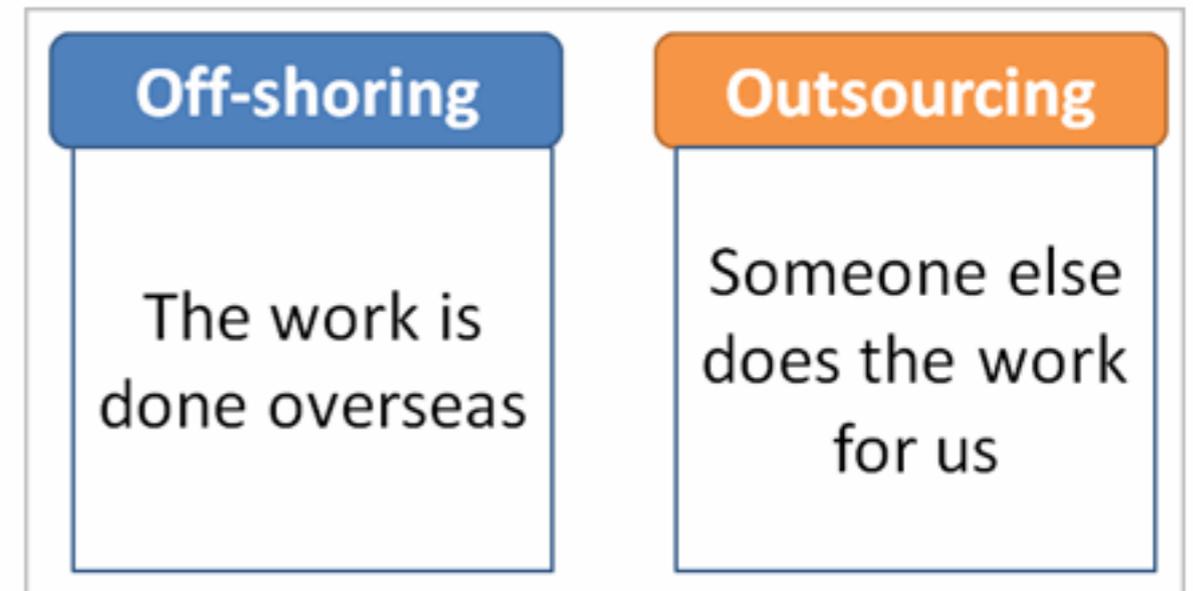
- Though Americans are losing jobs we are also saving money. If these goods were made in America the cost would go up because the cost of supply would go up.
- But since the items are so cheaply made the quality of the goods are lower than what you would want.

Offshoring

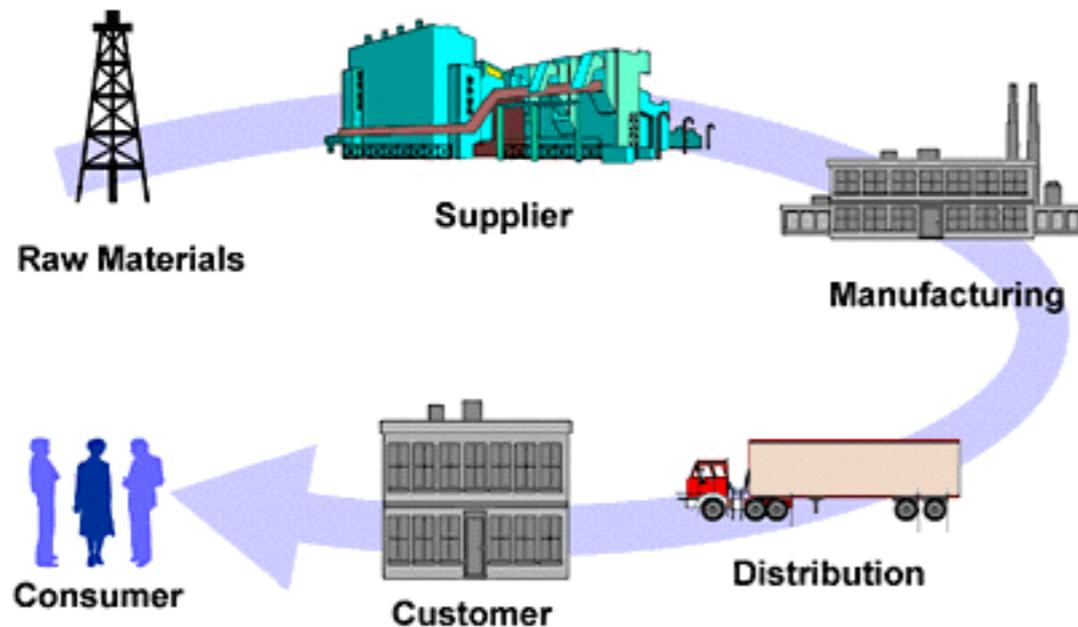
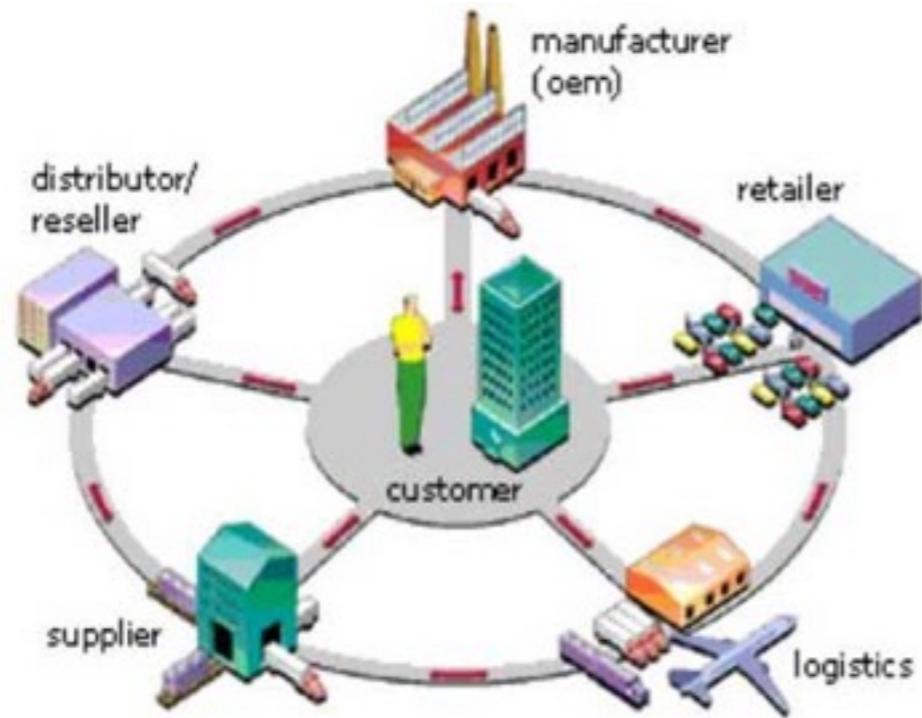


- Off shoring is the practice of moving employees or certain business activities to foreign countries as a way to lower costs, avoid taxes, etc.
- Many companys and businesses use offshoring. This creates more foreign jobs and less United States jobs.
- Companys do this for many reasons- they lower production costs, pay less to employees over seas, lower taxes and the materials are cheaper.

- Offshoring kills as many U.S. jobs as it creates foreign jobs.
- Companies could move their businesses back to the U.S. but that would cause a rise in prices for their product so they could buy the materials that they need and to pay their employees.
- With a rise in prices the company's are afraid that their demand will decrease creating a lesser profit.



Supply chaining



- A supply chain is a system of organizations, people, activities, information, and resources involved in moving a product or service from supplier to customer
- Supply chain are the natural resources, raw materials, and components that are turned into finished products and delivered to the customer



- Supply chaining can be very expensive, especially in the U.S.
- Supply chaining includes all product that go into one finished on and having them produced off in foreign countries increase there profits because of the such low labor costs.