



Cato Institute's Tanner: Outsourcing Good for America

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By: Dan Weil

A slew of criticism has been voiced over outsourcing lately, but it is actually a good thing, according to Michael Tanner, a senior fellow at the libertarian Cato Institute.

"Companies outsource to establish a presence in a country in which they plan to do business," he told Yahoo. "If we're going to sell cars in China it makes sense to build a plant in China."

U.S. companies eventually bring their foreign profits back home. "And then those new profits enable them to hire new and more skilled jobs in this country," Tanner said.

Forrester Research Inc. estimates that more than 400,000 service jobs have moved offshore since 2000 and another 2.9 million will exit 2015. More than 2 million manufacturing jobs have been outsourced since 1983.

President Barack Obama's campaign is trying to tie Republican presidential candidate Mitt Romney to outsourcing by saying the practice was common at Bain Capital, the private equity firm he co-founded.

Romney has no need to contest the accusations, Tanner maintained.

"Mitt Romney shouldn't run away from the fact that he ran a profitable business," Tanner stated. "Romney should point out all the good things that came from his investments at Bain."

The news is not all bad, in any case.

Some U.S. manufacturers are giving up on the idea of outsourcing because the cost of producing goods in the United States is now competitive with China, India, Mexico, and other prime destinations for outsourcing, Reuters reports.