HERE TODAY, OUTSOURCED TOMORROW: KNOWLEDGE WORKERS IN THE GLOBAL ECONOMY

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Abstract

Outsourcing of jobs, particularly the growing practice of sending the jobs of U.S. knowledge and communication sector workers to other countries, has become a significant issue in academic, policy and media circles.

The paper begins by defining knowledge workers and summarising debates about their significance dating from the 1950s. Next it considers prevailing views about the problem which centre on the fear of massive job loss to low-wage nations like India and China and prevailing solutions offered by labour- stop outsourcing wherever possible, and by business- outsourcing can only be curtailed when business and labour grow smarter. Each of these views conveys an essential truth but each deals only with symptoms of a significant transformation in the international division of labour. Understanding this transformation, and the role of information and communication technologies, leads us to consider key dimensions in the complexity of outsourcing: developed nations like Canada and Ireland have benefited as recipients of outsourced jobs; less developed nations like India are not just recipients of outsourced jobs, they are beginning to lead the process; in spite of "end of geography" promises, place matters and culture counts; and, finally, resistance takes a multiplicity of forms.

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Introduction: Perspectives on Knowledge Work

Outsourcing of jobs, particularly the growing practice of sending the jobs of U.S. knowledge and communication sector workers to other countries, has become a significant issue in academic, policy and media circles. This paper draws from a research project that examines labour, trade unions and social movements in the knowledge sector to describe and assess what we know about outsourcing.

Call centre employees, university professors, and professional athletes have very little in common but do share important places in the knowledge industries. Analysis and debate about this sector began in earnest shortly after World War II when scholars started to notice growth in the number of jobs outside the manufacturing sector. In the early years, the academic emphasis was on developing measures to track the growth of the information sector as an economic force. Machlup (1962) was among the leaders in charting the expansion of the data and information components of the economy and Porat (1977) built on this work to document the shift from an economy based on the primary (agriculture) and secondary (manufacturing) sectors to one led by services (tertiary) and information (quaternary) occupations. Neither Machlup nor Porat addressed the political, social, and cultural implications of this transformation in anything approaching the theoretical sophistication of Daniel Bell (1973).

According to Bell, we were not merely experiencing a growth in data and information, nor merely a shift in the major occupational categories. He believed that the post-World War II world was undergoing a fundamental transformation in the nature of capitalist society. Capitalism had been governed for two centuries by industrialists and their financiers who comprised the capitalist class. Now, with the rise of a society dependent on technology and particularly on the production and distribution of information, a new class of leaders, a genuine knowledge class of well-trained scientific-technical workers was rising to prominence and ultimately to leadership of a post-industrial capitalism. Inherited wealth and power would shrink in significance and a genuine meritocracy would rule. Such a society would not necessarily be more democratic, but it did mean that power would be grounded in knowledge and not in family inheritance. The ranks of knowledge workers would literally power and manage the economy, leading to steady economic growth and the decline of historic ideologies. Political battles over public policy would diminish as technical algorithms and other knowledge-based measures, would govern. There would no doubt be tensions in such a society; but these would be technical and not ideological. The only potential for serious division lay outside the economic and political spheres, in, as Bell (1976) would argue in his next, far darker, book, the cultural sphere. The only significant internal threat to post-industrial society was a culture sinking deeper and deeper into a consumer hedonism and into irrational beliefs. The conjunction of two seeming opposites- materialism and counter-culture- would threaten the foundation of post-industrialism because they challenged both the delayed gratification and support for technical rationality that were required to maintain it.

It did not take long for others to conclude that hedonistic culture or not, post-industrialism itself was not good for many people. For Herbert Schiller (1973), post-industrialism meant the rise of transnational media and communication businesses

that would pump out support for American values, including its military and imperial ambitions, and eliminate alternatives through increasingly concentrated market power. According to Harry Braverman (1973), for the vast majority of workers in the service, retail, and the knowledge professions, labour would be as regimented and ultimately de-skilled, as it had been in assembly line manufacture. Indeed, given the immateriality of knowledge work, it would be easier than it was in the industrial era to separate conception from execution, and to concentrate the power of conception (e.g., design and management) in a dominant class.

There has been widespread debate ever since but some agreement in key areas and research has grown to include detailed ethnography of knowledge work (Barley and Kunda 2004) There is consensus that a shift has occurred in developed societies, and that one is beginning in some less developed ones, from manufacturing to knowledge work. Yes, people agree, there was considerable knowledge required in much of manufacturing as well as in agricultural work. But the difference today is that an increasing amount of work is taken up with the production and distribution of information, communication, and knowledge. Furthermore, there is agreement that a dynamic process of deskilling, upskilling and reskilling is taking place at different points in the occupational hierarchy. At different times and in different sectors one or another of these processes predominates but the labour process, most concur, cannot be reduced to the singularity of one tendency (Brint 2001; Powell and Snellman 2004). Nevertheless, there is also agreement that companies have benefited from reducing the skill component of jobs or eliminating jobs entirely and replacing them with automated systems. Where deskilling or job elimination is not possible, then companies have accomplished the same objective by moving jobs to low wage areas within a country or by shipping them abroad. Since knowledge work does not mainly require moving material things over long distances, e.g., call centres and software engineering contain little or no bulk, the production process primarily depends on the use of global telecommunications systems whose costs have been declining over years of technological development. This process, popularly referred to as outsourcing, enables, for example, an American company to use data entry workers in China, call centre employees in Canada, and software programmers in India and to incur a fraction of the labour costs than it would by employing workers in the United States. Outsourcing is by and large an extension of the general predominance of a business-led neo-liberal agenda that has transformed the business-labour social contract of the 1950s and 1960s (guaranteed jobs at a living wage with a package of benefits) to a business-first agenda that, in the name of productivity, has made jobs, wages, and certainly benefits, far from a guarantee in today's developed societies. Because outsourcing is part of a wider business agenda which has also attacked the social policy instruments that protected labour and trade unions, it has been all the more difficult for working people to mount a successful defence. Admittedly, the flight of capital and jobs is nothing new. Nineteenth century textile mills in Lowell and Lawrence in Massachusetts, once models of corporate planning and paternalism, now house museums and apartments, the jobs long gone down to southern states and now off to China. But one can make the case that something is different today. The sheer immateriality of what is now outsourced, mainly electronic services, makes the process relatively easy and inexpensive. Moreover, resistance to outsourcing is

more difficult today because business has rarely been stronger. Furthermore, with a more business friendly government in Washington and in state governments across the U.S, labour and trade unions face formidable challenges.

The Crisis in Organised Labour

In the U.S., the percentage of wage and salary workers who were union members in 2004 declined to a paltry 12.5 percent. According to the U.S. Department of Labor's Bureau of Labor Statistics, this was down from 12.9 percent in 2003. The union membership rate has steadily declined from a high of 20.1 percent in 1983, the first year for which comparable union data are available. The figures for private sector members are even lower, about 8 percent, compared to 36 percent of government workers. Two occupational groups – education, training, and library occupations and protective service occupations – had the highest unionisation rates in 2004, at about 37 percent each. What is interesting about this is that the first group of workers is centrally located in the knowledge industry and represents one of a number of indications that there is potential for union growth in this rapidly expanding sector (U.S. Bureau of Labor Statistics 2005).

The situation is only marginally better in Canada where 30 percent of workers are union members, including 72 percent of public sector workers and 18 percent of employees in the private sector. But union density is also down in Canada from 35 percent of workers who were union members in 1990 (Statistics Canada 2004). There are those who suggest that we need to place these numbers in historical context because union density rates were at these low levels in the 1920s only to bounce up to highs in the 1930s and maintaining high levels into the early 1950s. As late as 1932, an eminent American labour economist, speaking at the convention of the American Economics Association, reflected on the American Federation of Labor's s loss of 40 percent of its members and pronounced the union movement incapable of regaining its earlier strength due to technological change (Clawson 2003). Moreover, it is also the case that, although union density is undoubtedly declining, the absolute number of union members is growing with overall expansion of the workforces in both the United States and Canada.

Perspectives on Outsourcing

There are two views about outsourcing that stand out in public debate. Labour fears massive loss of jobs, and increasingly the jobs in the knowledge sector that hold out the most promise, primarily to India and China. It proposes legislation to significantly regulate outsourcing including ending the growing practice of outsourcing government work and requiring employees occupying outsourced jobs in the service sector, particularly call centre workers, to identify their location. WashTech, a high tech worker organisation spun off from the Communication Workers of America to mobilise workers at Microsoft, has led the charge to stop U.S. high tech companies from sending jobs overseas. Not all trade unionists agree with calls for strict regulation. For example, Andrew Stern, the powerful head of the fastest growing major union in the United States, the Service Employees International Union, believes that this approach is outmoded and futile. Instead, at a March 2005 conference of information technology executives in Silicon Valley, Stern called on management and labour to unite in creating income-replacement and

retraining programs for skilled workers who need to continually reinvent themselves (Langberg 2005).

The standard argument against the critique of outsourcing is the defence of free trade, a staple of classical and neo-classical economics from Adam Smith on. Open markets for goods and services, capital and labour, permit the efficient allocation of resources as nations and regions concentrate on what provides them with a comparative advantage. Jobs are lost here and there but overall productivity and wealth increases. Rather than restrict businesses that would take advantage of opportunities to outsource labour, policy makers should encourage companies and their employees to work smarter, to focus more of their time and energy on creativity, innovation and intelligent work. An increasingly popular version of this line of thinking is the Cirque the Soleil model named after the Quebec-based company whose success has come not from producing a better circus but by reinventing the circus as part theatre, part ballet, part gymnastics, part sound and light show for adults not children. Reinventing products, exploding brand expectations, redefining audiences, these are what the U.S. and other developed countries should be doing, the argument goes. Now there is no denying Cirque du Soleil's success. Few companies can get Las Vegas entrepreneurs to build them an entertainment palace in which to perform. But Cirque's success, which has now reached near mythic status in the business press, has not created large numbers of jobs. It should also be pointed out that some cracks have emerged in the economic orthodoxy most notably when Nobel laureate Paul Samuelson questioned the benefits of liberalised trade and, specifically, of outsourcing. The intensity of the issue was made abundantly clear when two of Samuelson's fellow senior economists submitted rebuttal articles to the same journal in which Samuelson's work was to appear but had not yet made it into press (Lohr 2004; Bhagwati, Panagariya, and Srinivasan 2004).

Each of these views conveys an essential truth but each deals only with symptoms of a significant transformation in the international division of labour. Understanding this transformation, and the role of information and communication technologies, leads us to consider key dimensions in the complexity of outsourcing. Before doing so, it is useful to define outsourcing and make some simple distinctions. Specifically, outsourcing occurs when a company shifts a portion of its production process from its base of operations to another entity, typically a third-party service provider rather than carry out production in-house or shift production to a foreign affiliate. Outsourcing can take place within a country when a company shifts work to a third-party service provider or, as is typically meant when the term outsourcing is used, when it relies on production by a third-party provider abroad. Foreign third-parties might be independent local companies, as when the Bank of America outsources software development to Infosys in India or they might be foreign affiliates of another transnational corporation, as when a U.S. company outsources its data process services to ACS in Ghana (UN 2004). Outsourcing is often confused with "offshoring" which technically takes place when a company has one of its own foreign affiliates do its production, as when DHL ships its computer work to its IT centre in Prague or when British Telecom sends its call centre work to affiliates in Bangalore and Hyderabad. None of these definitions is firm and most of the debate is centered on shifting work abroad, i.e., on foreign outsourcing and offshoring, so that will be the focus of this paper.

The Extent of Outsourcing Knowledge Work

It is not easy to determine the extent of this activity. Most outsourcing takes place within the home country with only 1 to 2 percent of all business process outsourcing occurring internationally. Another estimate offered by the head of the Information Technology Association of America is that about 4 percent of outsourcing activity is now sent offshore, but that figure could easily rise to forty percent (Koch 2005). Although the information is scattered across business reports and surveys of business plans, it is clearly a growing phenomenon (UN 2004, Tables IV.3 and IV.6). A frequently cited estimate of the impact is a Forrester Research report which concluded that between 350,000 and 400,000 jobs have been lost and which anticipated a loss of up to 3.3 million service jobs by 2015 (McCarthy 2002). However, the report has been criticised for its methodological and empirical shortcomings (Roach 2004). In March 2005 the research firm Gartner reported that whereas only 5 percent of IT jobs in the U.S. are currently outsourced, 30 percent of IT jobs in the United States and other developed countries could be outsourced by 2015 (McDougall 2005). More solidly grounded reports acknowledge the lack of good data but anticipate considerable growth in outsourcing (Mann 2003). Unfortunately, most reports concentrate on the business process sector which is but one slice of the white-collar jobs that might be sent abroad. One exception is a UN report which documents the number of export-oriented foreign direct investment projects worldwide in the service sector and finds that in the 2002-2003 period there were 513 call centre projects, 113 shared office centre projects, 632 IT services projects, and 565 regional headquarters projects (UN 2004, Table IV.7). One expert offers this sober conclusion: "The bottom line, as I see it: We're largely flying blind in assessing the current and prospective magnitude of this important transformation in the US labour market. My gut instinct tells me that this trend – like most IT-enabled developments in the past decade – is likely to proceed at a much faster pace than the consultants believe." (Roach 2004)

The U.S. now imports about $5billion annually in software from India (Economic Policy Institute 2004). The primary driving force is cost with about 70 percent of firms surveyed on why they send service work abroad identifying labour cost savings but also savings accruing from consolidating activity in a handful of specific foreign locations (UN 2004, 25). As one would expect, the United States is the primary originator of this activity with two-thirds of all export-oriented information and telecommunications projects including 60 percent of all call centre projects (p. 26).

Evidence of outsourcing media work is extensive but largely anecdotal. Reuters has taken the lead in the news business by moving jobs to India. In 2005 it announced that fully ten percent of its workforce, some 1200 to 1500 jobs, were on the way to Bangalore. Most of these jobs involve sorting stories for distribution over Reuters' numerous wire services (Timmons 2004). Hollywood has also outsourced many of the jobs that once fed the southern California economy, with animation work going to Asia and film production to Canada (Elmer and Gasher 2005).

Outsourcing from Developed to Developed Societies

What is surprising, particularly given the emphasis on India and China in news accounts, is that the recipients of most outsourcing and offshoring of knowledge

work are developed countries in Europe and North America, with Ireland and Canada the leaders. For example, in 2002-2003 over half the foreign callcentre projects went to developed countries with Ireland, Canada and the United Kingdom in the lead. In 2001 the total market for all offshored services was $32 billion and fully a fourth of that total was accounted for by Ireland alone. Developed countries offer some cost advantages for U.S. firms but also a good supply of well-educated, skilled labour that is particularly important as technology facilitates the process of expanding the range of exportable services up the knowledge chain. Even call centres require communication skills and some knowledge of the culture of an exporting country's market. This helps to explain why Canada, which provides some, but not a significant, cost advantage, certainly not nearly as great as that of India, is an important source of labour for American call centre firms. Indeed, French-speaking and bilingual regions of Canada provide jobs for French companies looking to export such jobs. But education and skill are even more important for more demanding occupations that are increasingly exportable such as software engineering, architectural design, financial analysis, and diagnostic radiology. While some of these jobs are going to India, many more are heading to Ireland, Canada, Israel, the U.K. and Europe. So while India and increasingly China are singled out as the bad boys of outsourcing, it is Canada, Ireland, Israel and other places, as it were, closer to home, that have taken the bulk of the knowledge industry jobs. In other words, we are observing a global dynamic that is more complex than the standard view that jobs get shifted from high to low wage regions. Rather, jobs move everywhere, and precisely where they go depends on a variety of considerations some of which, like language, skill, and education, move jobs within the developed world or from places like Canada which receives them from the United States and then moves them on to India. As an executive for Keane a Boston-based software outsourcing company puts it, "In some cases we use Canada as a front end to India. We find that this takes away the issues people have with India." (Austen 2004)

India Takes a Lead

Nevertheless, the trends are in the direction of shifting jobs to the less developed world. The emphasis on India and China may be overplayed today, but this may not be the case in the future. Estimates, admittedly contested on methodology grounds, from recent studies indicate that over three to four million service jobs may shift from the United States to less developed countries by 2015 with two million in the financial services industry alone (McCarthy 2002). In this regard, one of the more interesting observations is that these countries are not just sources of low wage jobs, dependent on dominant first world powers, but are beginning to take a leadership role in the outsourcing process. Some have suggested that the supreme irony in contemporary outsourcing is that it embodies the revenge of Asia over three hundred years after its development was stymied by the West. Specifically, Britain's industrialism succeeded after it destroyed the manufacturing capacity of India in 1700 by banning the import of cotton or calico cloth because of its superiority to British cotton. For two centuries India was forced to provide raw materials to Britain's industry but was prohibited from producing finished products that might compete with those of the UK. Now, after centuries, the

flow of jobs has reversed, and India's knowledge sector grows at the expense of countries like England (Monbiot 2003).

There is no denying the irony, but it may not go far enough. For what we are increasingly observing, particularly in the Indian high tech and business processes sectors, is that Indian entrepreneurs have learned not just how to attract jobs but how to take a leading role in steering the outsourcing process. Consider recent Indian company activities in the United States, China and in Canada.

The India-based transnational company ICICI OneSource Ltd. provides standard local and outsource services including customer service, complaints resolution, and telemarketing from call centres in India. But it also does market research and analysis from its Chicago office. In 2005 it acquired a U.S. firm outside Buffalo, New York that handles "late-stage" credit card collections for U.S. credit card firms. While several Indian firms have established a U.S. presence in recent years, the decision to acquire one appears to be a first. Initially retaining the 500 American employees and naming the company's president as its head of global collections, ICICI OneSource began the process of integrating American operations into its international business which is of great interest to the ICICI Group, its Bombay-based parent company and a financial giant. The significance of an Indian multinational using the president of an American company it has just acquired to serve as its global bill collector should not be lost on those who see outsourcing as little more than an extension of American neo-colonialism. One of the major reasons for making the move is to strike deals with U.S. and Canadian firms to provide outsourced services from its Indian locations and also from the U.S. and Canada. According to the company's vice-president of sales for Canada, that country's French language capability, talent and culture give it an advantage to service the Canadian bilingual market, the U.S., and parts of Europe (Galt 2005). The border location of its first outright U.S. acquisition gives the company easy access to the Canadian market, a particularly important consideration for some outsourced work like late-stage bill collection which requires an understanding of local conditions.

At $12.7 billion a year, revenues from Indian information technology services are double those of China which is growing but whose firms are just too small to win deals with top international clients. Now large Indian firms like Infosys Technologies and Wipro Technologies, each of which have more than 35,000 employees, are planning to acquire Chinese companies to expand their operations and establish a base in a key economy that will enable them to play a bigger role in global decisions about outsourcing. This becomes more likely, and more of a challenge for China, as the WTO has forced it to phase out rules requiring joint ventures before foreign firms can do business there.

In another important move, India's largest information technology services provider, Tata Consultancy Services, the first Indian firm to surpass $1 billion in annual revenues, has set up shop in Vancouver, to compete with Canadian firms for U.S. outsourcing business and to train tech workers for its international customers. Vancouver follows Toronto, Montreal, and Ottawa as the fourth Canadian city for the Indian giant, and perhaps its most important because of the proximity to the Seattle information technology cluster and, especially, of course, to Microsoft. In the company's business lingo, Vancouver provides Tata with the "near-shore optics" that will enable it to more easily capture American business. In a further

reversal of the typical scenario, Tata has signed an agreement with Simon Fraser University whose computer science students will do internships with Tata and develop software for the company. With 8,000 employees in North America and plans to aggressively pursue business globally, Tata belies the image of India as the low-wage dumping ground for dominant U.S. firms (Fong 2004). It is that, as the reports of long hours, low wages, poor working conditions, and oppressive management, fill accounts of high tech work in India (Dutt 2004; Kumar and Verghese 2004; Nandgaonkar 2005; Sinha 2004). But its leading companies have learned well how to operate as global leaders in the knowledge labour arena.

Place Matters and Culture Counts

ICICI's move into Chicago and Buffalo and Tata's into the Vancouver market are evidence of another key and little noticed dimension of the outsourcing issue. Put simply, in spite of "end of geography" promises which have promoted what amounts to a minor industry in myth-making, place still matters and culture still counts (Mosco 2004). These near-source moves recognise both of these points. ICICI's decision to acquire a Buffalo firm and use it to expand bill collection operations in North America acknowledge the importance of location and of culture. According to the company's head of North American operations, "For instance, late-stage credit card collection, basically those accounts that are 120 days to 180 days overdue, should be done from a U.S. location, not from an offshore location." (Galt 2005) This is because local employees would be more aware of information on local conditions such as plant closings or generally high unemployment rates that would help them in the collection process. Similarly, Tata's decision to locate in the Pacific Northwest is the acknowledgement that even though information moves at the speed of light, successful companies have to physically locate in or near the centre of their business activity. Just as Microsoft has to be physically located in Bangalore to take advantage of an important cluster of high tech activity in the global economy, Tata needs to be in Vancouver. Additionally, Tata's action acknowledges the importance of culture in the knowledge industry. One of the primary reasons why Ireland, Canada, and Israel have been key players in the outsourcing game is that in language and culture they are close enough to the major knowledge industry firms to make them reliable locations for the work, even when they are not the least expensive. Similarly, Tata locates in Vancouver for what it calls the optics, by which it means not just the appearance of being a Western company but the opportunity to absorb and be absorbed by the culture of one of high technology's major centres.

Resistance to Outsourcing

The final point worth considering in broadening beyond the simplistic visions of so much discussion in this area is that resistance to outsourcing is taking a multiplicity of forms. One important source of resistance emanates from the West and changes taking place in trade unionism and in worker associations spun off from major unions, particularly in the communication and information sectors. These are intended to address the general crisis facing organised labour, but are very much part of the process of fighting the loss of jobs, particularly knowledge industry jobs, to outsourcing abroad. In the United States, a range of media unions – the

International Typographical Workers Union (ITU), the Newspaper Guild, and the National Association of Broadcast Employees and Technicians (NABET) – have joined the Communications Workers of America (CWA). The model of a convergent union (or what the CWA likes to call itself "a trade unions for the information age") the CWA represents workers employed in telecommunications, broadcasting, cable TV, newspaper and wire service journalism, publishing, electronics and general manufacturing, as well as airline customer service, government service, health care, education and other fields. Among major employers of CWA members are AT&T, GTE, the Regional Bell telephone companies, Lucent Technologies/ Bell Labs, the NBC and ABC television networks, the Canadian Broadcasting Corporation (CBC), and major newspapers such as the New York Times, Wall Street Journal and the Washington Post. In Canada, the Communications, Energy and Paperworkers Union (CEP) has pursued a similar pattern. It has merged with many of the Canadian units from the ITU, Canadian units from the Newspaper Guild, and Canadian NABET. Its members work in pulp and paper mills, telephone companies, newspapers, radio and television. They are also employed as graphic artists, hotel workers, computer programmers, truck drivers and nurses. Furthermore, the Telecommunications Workers Union, which historically represented telephone workers in British Columbia, was able to extend its jurisdiction over telecommunications workers in Alberta because the Canadian labour regulatory body, the CIRB, determined that technological and industry convergence were best represented by one converged union. These unions have taken a leading role in the struggle against outsourcing with the CWA particularly active in developing a presence in the high tech sector primarily through guild-like associations of high tech workers.

To a degree, merging unions see these actions as defensive, or as ways of protecting their members. But significantly, they also see labour convergence as an attempt to take advantage of synergies brought about by growing convergence in the nature of their work (Bahr 1998). Since they represent workers who are increasingly involved in producing for a converging electronic information services arena, they see improved opportunities for organising and bargaining. In essence, converging technologies and converging companies have led workers to come together across the knowledge industry (McKercher 2002).

This strategy has not always been successful. For example, one of the keys to mobilising against the increasingly integrated video and film industries, encompassing mainly television and Hollywood, is to merge unions representing both sectors, just as companies like Disney and Fox have used their merged power to control their respective workers. Without a unified workforce, these companies can more easily set up shop outside the United States including near shore shooting of television series and feature films in Toronto and Vancouver, as well as dictate the terms of contracts on how revenues from multiple uses of the same television program or film, are to be distributed. Specifically, it would mean bringing together AFTRA, the American Federation of Television and Radio Artists, and SAG, the Screen Actors Guild. But attempts to accomplish this have failed, most recently in 1999 and 2003, in very close votes. In Canada, attempts to build closer ties among its major telecommunications unions have also not been particularly successful. Setting up the National Association of Communication Unions created formal federation links between the CEP and the Telecommunications Workers Union which

represents telecommunications workers mainly in British Columbia and Alberta. But perhaps because the latter has a history of radicalism (it once took over the telephone exchanges of Vancouver during a strike action) and because the TWU has eschewed the convergent union idea, the two unions have not worked closely together.

In 2005, the merger issue heated up in the United States when, in the wake of the big Republican victory in the 2004 general election and continued decline in union density rates, one of the major unions in the AFL-CIO threatened to pull out unless the federation permitted significant new mergers and other organisational changes. Specifically, the fastest growing major union in the United States, the Service Employees International Union, demanded that the federation consolidate several of its member unions and shift funding from its own research and political activity to grass roots organising. Holding out the threat of withdrawal, the SEIU was backed by the powerful Teamsters Union. The AFL-CIO agreed to a compromise solution but it remains to be seen whether the agreement will hold up in the long run. What is clear is that at the highest levels of organised labour in the United States, there is widespread dissatisfaction and a belief that convergence may be one of the major tools to address the crisis in trade unionism and help it to better deal with the problem of losing jobs overseas.

A second response is the formation of worker associations or worker movements that provide benefits to workers without formally negotiating collective agreements. These have been especially prominent in the high tech sector where union organising has been particularly difficult. They are more evident in the United States than in Canada, though there have been some Canadian initiatives such as the Association des Travailleurs du Multimedia du Quebec, but these have not received substantial support. Video game workers at the French division of the multinational gaming company Ubisoft have also organised an association known as Ubifree. Worker associations are also more prominent among part-time permanent workers or so-called permatemps who are difficult to organise by traditional unions because they typically work for an employment agency not for a high tech company. They have grown up in places like Silicon Valley in California where fully 40 percent of workers are employed in non-standard ways and in Microsoft's territory in the Pacific Northwest which gave rise to the term "Permatemp" or permanent temporary worker, so named because they work full time but on hourly contracts that contain practically no benefits or overtime pay. Among the goals of these associations are portable benefits for a highly mobile workforce, lifelong training, job placement, disseminating information, and offering health care plans to workers who are not eligible for employer paid benefits.

Two types of such associations feature prominently in the knowledge sector, those that represent technology-intensive workers and those that represent primarily content producers. Perhaps the leading example and model of the former is WashTech, an offshoot of the CWA in the Seattle high tech industry formed by disgruntled Microsoft permatemps who were successful in winning benefits for members until Microsoft eliminated the category (van Jaarsveld 2004). One of the biggest difficulties that workers face in the high tech industry is that many of them do not formally work for the high tech company itself but for companies like Manpower which provide high tech firms with workers. What helped forge WashTech

was Microsoft's use of its clout with the government of the state of Washington. With no worker representatives present, Microsoft won a state government ruling allowing the company to pay straight time hourly wages instead of time and a half for overtime work to permatemps. WashTech includes programmers, editors, web designers, systems analysts, proofers, testers and engineers who aim to win higher pay, health benefits, vacation, access to retirement plans, discounted stock options, and workplace training. WashTech also found a secret Microsoft database on employee performance that it was able to get into and inform its members. It also found contract documents dating back to 2001 cementing deals to outsource high-end software architecture to Indian firms that the company hoped to keep secret. WashTech has been successful at Microsoft, helped by its association with research advocacy groups such as the Center for a Changing Workforce and its online site Techsunite.Org which provides information and online organising for high tech workers. But it has not been successful in expanding to other knowledge sector workers. It tried but failed to organise disgruntled workers at the online bookseller Amazon.com. Today WashTech is especially involved in fighting outsourcing of tech jobs to places like India and China and has been successful in convincing some state legislators to stop outsourcing government tech work.

Alliance@IBM was also formed by the Communication Workers of America and, like WashTech, fought to win benefits denied workers in the loosely defined temporary category from its employer, IBM. The company has been notorious for resisting concerns about toxic chemicals in the workplace and Alliance has been particularly active in fighting occupational safety and health cases before the courts. It has also been successful in winning some formal representation for workers at both Manpower and IBM.

It is unusual to think of engineers and the labour movement in the same sentence but the Society of Professional Engineering Employees in Aerospace has made it necessary for the management at Boeing to do so because in 2000 the Society led the largest white collar strike in U.S. history against the giant manufacturer. Indeed what makes the SPEEA particularly interesting to those who believe that knowledge work offers the potential for new forms of organising is that much of their success was influenced by use of email and the web. For example, the union managed to collect home e-mail addresses while building a communications network for their strike against Boeing in 2000. In perhaps the most effective use of its database, SPEEA was able to generate a picket line of 500 people in six hours by e-mail alone, to disrupt an unannounced meeting of the Boeing board of directors in a local hotel. There are other noteworthy high tech worker association organising efforts. Systems Administrators Guilds have been set up in Australia, the UK and in the U.S. to organise computer workers and intervene in policy debates. The Labor Immigrant Organizing Network of Silicon Valley assists the large community of immigrant workers who are used as a vast pool of cheap labour in the Valley and face the most hideous working conditions in the industry (Pellow and Park 2002).

Worker associations are also increasingly prominent among content producers. Working Today is an advocacy group representing independent workers including freelancers, consultants, temps, and contingent workers based in New York, in the area known during the high tech boom as Silicon Alley. It has been particularly

successful in providing basic health insurance for its members. The Graphic Artists Guild represents web creators, illustrators, and designers who come together to improve working conditions and intervene in the policy process dealing with copyright, taxation and other important policy issues. The Creator's Federation represents freelance writers and is credited with winning an important case requiring publishers to receive freelancers' approval before putting their work on a database. Additionally, the National Writers' Union in the United States boasts over 5000 members for whom it provides model contracts, advice on bargaining with publishers and benefits for people without insurance. Internationally, we have also seen the growth of umbrella organisations for high tech workers led by Union Network International, a Geneva-based organisation formed in 2000 from a merger of four union federations spanning commerce, finance, telecommunications and media.

One of the primary reasons for the rise of worker associations in the high tech field is that established trade unions have simply not been successful in their organising drives. Nevertheless, some of the old line unions did meet with some success in the heyday of the dotcom boom when unions like the United Food and Commercial Workers successfully organised dotcom workers in the online delivery services of supermarkets like Peabody's and Albrittons. Moreover, the AFL-CIO has been successful in building a membership organisation, Working America that supports workers with 800,000 dues-paying members across the United States who agree to pay an annual fee and pledge to cooperate with unions in political and legislative campaigns. Its founding director is Karen Nussbaum who created the first organisation of women office workers in the 1980s with a group called Nine to Five. Working America holds some promise if only because it is growing at a rate of 20,000 members per month. The Service Employees International Union has also created an online membership organisation called purpleocean.org.

As with trade union convergence, there is disagreement over the likely success of worker associations in responding to the crisis facing organised labour. Supporters see it as a new form of unionism that makes use of new technology to reach workers who have little experience with unions. It is a way of bringing into the labour movement people who do not necessarily want to be part of a trade union movement and it is a recognition that formal collective agreements do not mean as much in a world of accelerating mobility. Critics disagree and see the new associations as providing little hope for the future. Since they are by and large not directly involved in collective bargaining, worker associations offer few, if any, guarantees for wages and working conditions. For critics, they are evidence of the failure to organise unions in the rapidly growing knowledge sector and since these jobs embody the workplace of the future, there is little hope for genuine trade unionism. Whereas supporters see worker associations as a new start toward rebuilding the labour movement, perhaps by reinventing the old guild model, critics see them as little more than organised labour's last gasp.

It is also the case that resistance is growing from outside the developed world. One of the more interesting developments is based in India and operates through the New Trade Union Initiative an organisation that represents about 100 labour unions across the country. In December 2004 it sent a delegation to the United States to meet with trade union and worker association leaders to discuss common

strategies for dealing with outsourcing. This is an important development because it is the first effort to bridge the fundamental divide between nations losing and gaining jobs respectively. Indian trade unions support the creation of new jobs in the high tech and services sectors but are concerned about working conditions and the sustainability of such jobs. As one visiting labour leader put it, "Jobs are going to India not because of the wage difference but because these jobs are unregulated. There are no laws in India about minimum wage or the maximum number of hours workers can work. And multinational companies are taking advantage of that. … People are working 16-hour days and often nights, at five times the intensity of the American workers who do the same job." (Dutt 2004) Not unreasonably, they see the growth of a high tech presence in China and elsewhere in Asia, often facilitated by Indian firms, and worry about just how long the high tech expansion will last.

Organising has also taken place through joint initiatives between international labour federations and workers in places that have been major recipients of outsourced jobs. For example, the European-based Union Network International has supported the work of the IT Professionals Forum of India in its activities to protect the interests of workers in the business processing outsourcing sector from unjust labour practices. Public meetings and organising drives have taken place in Bangalore and Hyderabad. Styling themselves more along the lines of guilds or movement-like organisations such as WashTech rather than traditional trade unions, these organisations see themselves as better able to represent workers in the IT sector.

Resistance may grow in significance, particularly when coupled with what appear to be mixed results from outsourcing. Specifically, one basis of trouble on the horizon for the outsourcing movement is the less than enthusiastic results of recent assessments. According to a 2005 report of the Conference Board, "fully half of all off-shoring operations are destined to fail" and cautions firms against rushing in without careful planning (Koch 2005). A survey by Bain & Company concluded that firms are "outsourcing more and enjoying it less." In particular, it found that although 82% of large firms in Europe, Asia and North America are making some use of outsourcing firms, and 51% are outsourcing offshore, almost half say that their outsourcing does not meet their expectations (*The Economist* 2005).

Conclusion

In conclusion, we have come a long way from the affirmative vision of Daniel Bell's early map of the post-industrial society and the even more mythical visions of the dot com boom. It is uncertain just how the practice of outsourcing will grow over the years. Facile predictions based solely on the strategic plans of high tech firms are far from reliable. Outsourcing is a multifaceted phenomenon, one vector in an increasingly complex international division of labour involving far more than simply the transfer of service jobs from high to low wage nations. Much of the activity takes place within the developed world and in the chains that link developed to less developed countries. Companies indigenous to the latter are flexing their muscles in unexpected ways that call into question traditional views about how outsourcing works. Furthermore, more than technology and wages are in play. Place and culture matter, perhaps more than ever. If the attack on the World

Trade Center represented the end of the end of history, then the dot com bust put an end to the end of geography. Moreover, convergence is not just a technological phenomenon nor simply a euphemism for corporate concentration, it also applies to movements that would resist outsourcing including established unions in North America, new forms of work organisation in developed and less developed countries, and in the associations between them assisted by global federations of IT workers. These factors make prediction much less certain, but come closer to explaining the dynamics of outsourcing and to developing policies and practices to deal with it.

What then is the wider political economic and cultural significance of outsourcing? The bulk of the evidence to date suggests that outsourcing is one, admittedly major, step in the deepening and extension of global capitalism. The accelerating movements of labour worldwide follow the movements of capital and do so in ways that challenge simple notions of dominant and submissive nations. Deep inequalities persist among nations but even those suffering some of the most extreme consequences of poverty and colonialism contain major participants, including indigenous players, at the leading edge of global capitalism. The world is comprised not of smooth peaks and valleys of power, but nor is it, as Thomas Friedman's (2005) popular book contends, an increasingly flat world. Rather, a study of outsourcing suggests a complex and shifting political topography whose dominant force remains the spread of capital and the commodification of labour.

The same can be said for the cultural consequences. On the one hand, outsourcing supports a smoothing out of cultural differences. Indian call centre workers who receive training in "Western" forms of English as well as Western cultural practices (from sports to shopping), provide evidence that outsourcing drives the spread of Western culture. But the expansion of Indian and other non-Western firms into the Western heartland of the United States suggests a recognition of cultural differences that are not easily surmountable. To conclude that place matters and culture counts is to conclude that cultural geography is, at the very least, lumpy. For firms to take advantage of new markets, they not only have to train their own workforce to understand and deal with different cultures, they have to adapt to cultural differences even if that means relocating. Advances in telecommunications and computing have overcome some geographical differences but the movements of firms worldwide suggest a recognition of the limits of technology and the need to adjust to cultural differences.

If the world is neither flat nor easily divided between mountains and valleys, then the political consequences are likely to be as complex as the topography. Western workers both resist and welcome outsourcing depending on whether they are losing or gaining jobs. Workers in the developing world welcome outsourcing because it tends to make jobs available but are less supportive when, as is often the case, their jobs contain none of the regulatory protections that limit hours, set a minimum wage, and provide occupational safety and health standards. The result is a flurry of new forms of resistance that challenge traditional trade unions and give rise to new forms of labour organisation, as well as to new forms of international labour collaboration. Since this activity increasingly involves the knowledge, information and media sectors, communication scholars would benefit by paying closer attention to this new form of what Michael Denning (1998) calls "the labouring of culture."

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