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WORKPLACE Visions®

A LOOK AHEAD

◆ EXECUTIVE SUMMARY ◆

Pivotal changes in the external environment promise to significantly affect the world of human resource management. Globalization, technology and demographic shifts will change how and with whom business is conducted. This edition of WORKPLACE VISIONS identifies a number of emerging trends that will affect human resource professionals over the next decade.

WHAT S WHERE

SOCIETY FOR HUMAN RESOURCE MANAGEMENT

◆ Economic Trends:

Trends in the economic environment that bear watching include the globalization of U.S. companies, direct foreign investment in and by the U.S., the erosion of geographic barriers to labor supply, transnational mergers and acquisitions, pressure to develop global standards, transparency and brand management.

◆ Technological Trends:

Technology is developing at such a rapid pace that it is difficult to predict specific technological advances. Yet it is critical that human resource professionals understand the power that technology has to transform the workplace over the next decade. While many developments will contribute to productivity and profits, others will add complexity.

◆ Employment Trends:

Emerging and developing employment trends include benefits for contingent workers; growth in highly paid professional occupations; non-traditional union recruitment drives; shareholder oversight; telecommuting; students opting to work instead of study; employee ownership; flat wages; income inequality; and rising health care costs.

◆ Political/Social Trends:

Emerging political and/or social trends include: government decentralization; backlash against costly government regulation; the political influence of baby boomers; affirmative action issues; intergenerational tension; an emphasis on work/life; and the use of genetic information.

Economic Trends

Globalization will be one of the two biggest influences on the economic environment in the next decade. In the United States, globalization will affect every organization, even those that consider themselves purely domestic. Consider how important international trade has become to the U.S. economy; exports rose 174 percent between 1986 and 1996 and foreign trade's share of U.S. Gross Domestic Product (GDP) increased from 13.8 percent to 26 percent over the same period. This growth occurred throughout the country. Exports rose in 46 out of 50 states between 1992 and 1996. Imports also are rising, growing 23 percent between 1995 and 1998.

Soon, the largest U.S. corporations will have more employees working outside the United States than inside. Today, Ford and IBM employ 54 percent and 51 percent of their workers outside the United States respectively, and one-fifth to one-third of employees at A&T, General Electric, PepsiCo and General Motors work outside U.S. borders. The current world leaders in external employment are Nestle, with 97 percent of its employees working outside Switzerland and Philips, with 82 percent of its workforce located somewhere other than in the Netherlands.

Direct foreign investment both in the U.S. and by U.S. firms is increasing. Foreign owned firms currently employ five percent of all U.S. workers and 12 percent of U.S. manufacturing workers. European companies account for the largest percentage of foreign-owned firms in the United States, but Asian ownership is growing at a faster rate. The amount of direct foreign investment in the U.S. is eclipsed by the amount of investment by U.S. companies in other countries. In 1996, the value of U.S.-owned business assets in foreign countries was 26 percent greater than the amount of foreign-owned business assets in the U.S. In terms of percentage of U.S. investment, Europe receives the most (50 percent), followed by Asia (18 percent) and Latin America (18 percent). The Middle East and Africa each receive about one percent.

By 2020, five of the world's six largest economies will be Asian. China, Japan, India, Indonesia and, potentially, a united Korea, are expected to join the U.S. as the largest economies in the world. Economic prosperity in these countries will create large markets of middle-class consumers eager for goods and services.

Geographic borders will become obsolete as multimedia interconnectivity allows people to interact easily. For employers, this could lead to the growing use of labor around the world, without moving workers from their present locations. Through "electronic immigration" companies will be able to employ citizens from virtually any country to work on projects. This will raise a number of concerns for companies, including: potential backlash among home-country workers fearful of overseas competition; opposition from labor unions to the use of foreign labor; and, questions on compensation, benefits and tax policies. On the positive side, a global market of the "best and the brightest" workers will develop, and organizations will have greater access to it.

Unprecedented cross-border mergers and acquisitions are creating transnational corporations that have the potential to dominate the world economy. In contrast to the multinational corporations of the past, these organizations will reject associations with particular countries. Instead, these corporations will see themselves as obligated to stakeholders around the world. This means key competencies for human resource professionals in the future will include the ability to successfully integrate corporate cultures following cross-border mergers and the ability to create organizations whose workers see themselves in the global context.

Pressure will develop to set global standards. As barriers fall between cross-border interaction, global standards will make the exchange of information and the execution of programs easier. Standards will develop for everything from accounting practices to human resource policies, as evaluation systems applicable worldwide develops.

Transparency will be a new buzzword. Companies will be asked to make more and more information available to stakeholders. Driven in part by the online investment craze which makes global ownership of stocks easier, company practices that could affect stock performance will be scrutinized. John T. Wall, president of NASDAQ International, has noted that the surge in online trading, "definitely intensifies the scrutiny on governments and companies for better governance."

Technology Trends

Technology will significantly affect the economic environment, and by extension, human resource management. From the Internet to work agents (e.g., robots), technology will enable us to communicate and perform at unprecedented levels and speeds.

Detailing specific technologies is almost pointless given their rapid evolution. What is critical to understand is the transformational power that technology will continue to exert in the medium term. Access to people and information will verge on instantaneous and the number of devices to increase productivity will proliferate. Traditional borders - whether geographical or hierarchical - will be eliminated. Measurement tools will become more precise. And, new social models will develop as we adapt to the new environment.

There are several technological developments we can expect to see introduced in the near term. These include expanded Internet power and usage; advances in artificial intelligence software; and the arrival of simpler, cheaper information appliances that will supplant the PC for most home uses. These appliances will include things such as smart phones, high definition TV, cable modems, networked computers, robots, and wearable computers.

Virtual reality, a technology that has been in development for some time, will become more accessible. Through special equipment that monitors physical movements, virtual reality devices will allow users to react and engage as if they were really experiencing the simulated situations. This new technology will affect more than the entertainment industry; it will be used in science, research, and product development.

Technologies such as data mining will have a profound effect on how organizations target their resources toward the most receptive audiences. More and more organizations are use data mining to obtain information on potential or actual users of their products and services. This kind of data collection is leading to segmented marketing and individualized approaches to consumers. Data mining advocates argue that the practice reduces exposure to advertising that is extraneous to one's needs; opponents cite privacy concerns raised when companies collect and maintain huge databases of personal information. The European Union privacy directive, which prevents release of information on European residents to companies operating in countries without certain privacy protections, may hinder data mining in the European market for U.S.-based companies.

Technological advances will not all be positive. They will, for example, challenge the security of intellectual property. From breaches of e-mail systems to the release of rapidly transmitted computer viruses, the security of data is, for the time being, elusive. Trade secrets can be sent around the world with a push of the button and the existence of a copyright does little to stop those bent on reproduction and distribution.

Technology is changing the concept of time. Round-the-clock operations are more common as consumer demand and technological innovation allow organizations to provide service 24 hours a day. As globalization grows, so will the trend toward continuous operations. Companies will strive to meet customer demand to be able to order products and request services online, at any time of day or night, and to provide customer service to clients who live in widely varying time zones.

Higher stress levels may result from the capability of working anytime, anywhere. Even commuting time is becoming work time as companies like Toyota, Fujitsu and Toshiba design automobiles with multimedia systems that allow riders to access the Internet, listen to e-mail and issue voice commands. As a result of these and other technologies, workdays are lengthening and stress levels are rising. Complete accessibility means employees are never completely away from work even while on vacation. Helping employees guard against "technology creep" will be important for ensuring a healthy work/life balance.

As technological advances allow smarter machines to be built, smarter people will be needed to run them. Smarter machines will only increase the need for learning and training, rather than decrease it. Given this, the quality of education in the U.S. will become even more critical. Business investment in education, especially at the elementary school level, will be vital.

Employment Trends

Because the use of contingent workers is likely to grow, wage and benefits disparities between contingent and permanent workers will lead to consideration of legislative protections for the contingent workforce. In nearly all cases, contingent workers earn less pay and benefits than their permanent counterparts, even after adjusting for age, sex, race and education. Between 57 and 65 percent of contingent workers have health insurance, compared to 82 percent of non-contingent workers. Most contingent workers who have health insurance obtained on their own rather than through an employer-sponsored plan. In addition, contingent workers generally do not have access to employer-provided pension plans and must take personal responsibility for retirement financial planning.

The fastest employment growth will occur in highly paid professional occupations. The growth rates for jobs requiring skills are high, ranging from five percent for occupations requiring moderate on-the-job training to 29 percent for occupations requiring master's degrees. Jobs that require a college degree are projected to grow faster than the 14 percent average for all jobs. In contrast, occupations that require only one to 12 months of on-the-job training and no college degree are projected to grow the slowest, reflecting the shrinking manufacturing sector.

Future union recruitment drives will be focused, in part, on nontraditional membership sources. These new targets will include women, doctors, welfare-to-work participants, and immigrant workers. In addition, union-like groups are forming to represent the interests of contingent workers. WashTech, an organization created to advocate on behalf of temporary workers at Microsoft, has signed up more than 700 temps in its brief existence.

Company shareholders may soon have greater input on employment-related issues than in the past. Small "watchdog" groups and institutional investors are beginning to challenge the notion that employment-related and social issues are irrelevant to a company's economic performance. These organizations argue that company policies on affirmative action, sexual harassment, workplace safety, sexual orientation, and other issues can expose the company to costly litigation. As a result, they believe shareholders should have input into the company's decision-making process for employment matters.

Employer-based health care coverage will be threatened. Researchers at the Hudson Institute predict that employer-based health care coverage will be eliminated in favor of tax credits to help people purchase their own insurance. These tax credits, which baby boomers will support, may be financed by reducing or eliminating the tax preferences employers receive for providing employer-based insurance.

Telecommuting will be even more popular among employers and employees. According to the 1998 Current Population Survey, the number of wage and salary workers who said they did some telecommuting from home grew by 89 percent between 1991 and 1997, from 1.9 million to 3.6 million. The figures today are estimated to be even higher, especially when you consider that the numbers do not reflect informal work-at-home arrangements. Many supervisors and employees reach agreements on flexible work plans that allow some telecommuting, but unless the process is formalized, it does not count in official statistics.

Human resource professionals will continue to be challenged when introducing and managing the telecommuting process. Herman Miller, the furniture manufacturer, surveyed 11,000 corporate facilities managers about telecommuting and found that companies wanted to help employees work at home but were concerned about liability and workers' compensation issues.

Big salaries in certain industries may lead to a decline in college degrees related to those fields. The demand for workers in fields such as high-tech may will long-term consequences, as students, lured by abundant jobs and big salaries, opt out of college early. Computer science departments report that recruiters are aggressively pursuing graduate and undergraduate students for vacant positions. With starting salaries between $30,000 and $60,000 per year and the promise of stock options, some students find it hard to justify staying in school. And students are not the only ones tempted by seemingly limitless opportunities; schools are losing highly qualified faculty as well. The long-term consequences of this situation remain to be seen. Will similar scenarios develop in other industries faced with a labor crunch? Will this devalue the worth of a college degree? What happens to those who opt out of college if the economy takes a severe downturn or their skills become outmoded? Will a dearth of college degrees make any difference in the maturity level of new hires? Will the lack of academic credentials make professional certifications even more coveted?

Employees will desire a financial stake in their organizations. Today, more than 15 million U.S. workers own shares in the companies for which they work. Using stock as part of a company's compensation strategy is particularly common among technology and emerging-growth firms, and employee ownership is present in virtually every industry. A financial stake can take many forms, including: ESOPs; stock options; stock purchase plans; stock bonuses and 401(k); profit sharing; and other benefit plans. The ultimate goal of these programs is to give employees a stake in the organization's future success. The use of stock options in startup and Internet firms and the subsequent large payouts to employees of companies such as Microsoft, AOL and Yahoo have raised awareness about the potential upside of receiving part of one's compensation in stock. While receiving part of one's compensation through stock is inherently risky, as the long as the current economic environment remains stable, employees will be interested in some sort of ownership-based system. Executive salaries based on company performance also are driving this trend.

Wages will generally remain flat. Real wages have not grown in the United States for nearly 25 years. While labor shortages in high-tech fields and positions requiring high skill levels will encourage strong wage growth, this will be countered by wage restraints caused by competition from offshore labor used by U.S.-based companies. In addition, new immigrants willing to work for low wages will also act as a brake on wage growth.

Income inequality will draw attention to executive pay. There is some concern that wage growth remains flat because the gains that should be benefiting workers are instead benefiting owners and business. The difference in the compensation ratio between the owners and senior managers and the average employee has dramatically widened in recent years, from 6:1 to 30:1. At the same time that CEO salaries have risen, the earnings of poorly educated, unskilled workers and their families have dropped every year since 1989. While economic analysts engage in a seemingly endless debate over how big the income gap really is and who is most affected by it, there is a growing public awareness of the disparity. In the end, public perception will be far more important than the actual numbers. Unions have already seized on the income gap as a leading issue in their efforts to attract new members.

Health care costs will continue to rise. Americans can anticipate unrelenting upward pressure on health care costs over the next decade, as baby boomers enter the years in which health care needs become more pronounced. As a result, employers may be tempted to eliminate their health care coverage or increase the costs that are passed along to employees. As long as the labor market remains tight, however, health care benefits will be used as recruiting and retention tools. Instead, employers will focus on health care delivery systems that will contain costs, such as managed care, preventive medicine programs, outpatient surgical clinics, telemedicine, home health care, and alternative medicine.

Political/Social Trends

During the next decade, the role of government in U.S. business is likely to fluctuate as government efforts to decentralize continue. The federal government will reduce its influence in some areas, shifting responsibility to state and local governments and the private sector. For example, if the federal government shifts partial responsibility for programs such as Social Security to individuals as has been proposed, employers may be forced to play a bigger role in meeting the social welfare needs of their employees. Areas where states are assuming responsibility for policy include genetic information, living wages and sexual orientation.

Decentralization is likely to get a boost from businesses pressuring governments to consider the high cost of government regulations. Since 1996, regulatory agencies have promulgated 6000 rules, 120 of which are considered major mandates. Some experts estimate that government regulations cost U.S. businesses more than $700 billion each year. Business is starting to fight back. Extensive cost-benefit analyses of the impact of legislation and regulation are becoming more common, especially those that identify the aggregate costs associated with overlapping regulations (e.g., the Americans with Disabilities Act and the Family and Medical Leave Act).

Baby boomers will continue to exert political influence for the foreseeable future. The sheer number of baby boomers, coupled with low political participation by succeeding generations, mean that baby boomers will have enormous power in the political and legislative processes. In the 1996 elections, only 32 percent of eligible voters between the ages of 18 and 24 voted, compared to more than 50 percent of their counterparts in 1972. This disinterest in voting on the part of younger generation means that the issues of concern to baby boomers will get the most attention.

Affirmative action is foundering. Ballot initiatives that outlaw the use of race in public employment, education and contracting have passed in California and Washington, and a similar initiative is expected to appear on the November ballot in Florida. The group spearheading the campaign to end affirmative action has reported that they will target voters in Michigan, Colorado, Nebraska and Oregon next. In addition, the use, for the first time, of multiple racial categories in the 2000 census may make the administration of affirmative action so burdensome that it collapses under its own weight.

Individuals will gain more power as technology creates new ways of promoting ideas, making contacts, networking and effecting change. Technology has created an environment where a single individual has a far greater capacity to reach out to others and make his or her voice heard. From Internet chat rooms to online trading, individuals are enjoying unprecedented freedom and power. At the same time, companies now recognize that appealing to individuality is a strong selling point. Mass customization processes that allow companies to provide consumers with mass-produced goods tailored to their individual needs, wants or tastes is gathering momentum. Increasingly, products from jeans to automobiles can be configured to fit a specific person.

Expect intergenerational tension between "Xers" and "baby boomers." The controversy swirling around the long-term viability of Social Security and Medicare may spark backlash among Generation X members against the generations populated by their parents and grandparents. Because the percentage of Americans over the age of 80 is expected to grow from 22 percent of the population in 1990 to 36 percent by 2050, Generation Xers are afraid they will be taxed at higher rates to pay government-sponsored health care and retirement benefits. In addition, Generations Xers are concerned that they will wield no political power because of the sheer size of the baby boom generation. The fact that the majority of people receiving Social Security and Medicare benefits will be white, while those supporting the system will be minorities, may also be a source of conflict.

Employers will continue to put emphasis on changing the workplace to meet employee needs. Work/life programs and initiatives will continue as employers recognize the need to make the workplace more attractive and accommodating in order to attract, retain and motivate a productive workforce. Work/life programs that are commonplace today were unheard of even a decade ago, and the trend will likely continue.

Genetic information will revolutionize how we see ourselves. Some analysts believe that the mapping of the human genome will rival the introduction of personal computers in significance. The ability to associate certain diseases and behaviors with genetic mutations – and to discover who has the mutations through testing – will significantly affect employer-sponsored health benefits. Twenty states have already enacted laws regulating employer use of genetic information, and interest groups are lobbying for a federal law to address the issue. Even more profound than the health care implications will be the linkage between genes and behaviors. Connections to personality traits will spark a nature vs. nurture debate.

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The views expressed in this report do not necessarily reflect the positions of the Society for Human Resource Management. *Workplace Visions®* is a product of the Workplace Trends & Forecasting program.

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MEDIASCAN

MediaScan offers time-pressured HR professionals a quick synopsis of some of the most thought-provoking articles to appear recently on emerging workplace issues.

"Big Brother is watching," ***PC Week*****, Sept 13, 1999.** Owens and Minor, a medical distributor, is getting ready to deploy monitoring software from Keylime Software that will track down what each employee does down to each keystroke. The company's goals are to improve productivity, reduce PC ownership costs and avoid lawsuits. Such employee tracking systems, however, raise issues concerning user privacy, employee rights and the role of IT in managing users. Some CIOs doubt the effectiveness of such systems in cutting costs and improving productivity since they cost tens of thousands of dollars. Owens & Minor's decision to go with Keylime's Echoes monitoring software is based on its estimates that the software will reduce monitoring costs from $156 per user per year to about $76.

"House Crime Panel Approves Expansion of Prison Work Program; Hoekstra to Fight," ***BNA Daily Labor Report*****, September 27, 1999.** The House Judiciary subcommittee approved legislation that would expand a federal prison work program to the commercial market and provide more work for prison inmates. Under the terms of the bill, Federal Prisons Inc. (FPI), a government-sponsored corporation that uses federal prison labor to produce goods and services for the federal government, would be required to sell prison-made products and services to private businesses. The government would no longer be the FPI's sole customer. Rep. Peter Hoekstra (R-Mich.) has promised to take debate over the bill to the House floor. Hoekstra is concerned about the bill's impact on small businesses forced to compete with FPI.

"Contingent Worker Group May Recommend Steps to Facilitate Benefit Buying Coalitions," ***BNA Daily Labor Report*****, October 6, 1999.** A Labor Department advisory panel may soon recommend that steps be taken to facilitate the formation of purchasing coalitions that would allow contingent workers to buy health and retirement benefits at group rates. A draft recommendation states that "While problems of cost and adverse selection will likely limit their effectiveness, purchasing coalitions permitting contingent workers to purchase health and retirement benefits at group rates should be facilitated." Other potential recommendations include ensuring that the Labor Department and Internal Revenue Service continue to vigorously enforce existing laws aimed at preventing the denial of benefits to employees misclassified as contingent workers. In addition, the group may suggest permitting independent contractors to organize and bargain collectively on a single- or multiemployer basis.

"AFL-CIO Organizes on the Web," ***USA Today*****, October 11, 1999.** The AFL-CIO is creating an Internet gateway it hopes will connect its 13 million members online and serve as a high-tech organizing device. The web portal site, called workingfamilies.com will begin operation on December 1. Through it, union members will be offered Internet service at no more than $14.95 per month. Discounted computers, will full financing, will be available for a little as $600.The website will link to the home pages of the AFL-CIO's 68 affiliated unions. Union members will have access to e-mail, news, weather and an electronic storefront featuring union-shop goods.

"Scholarships Lure Dropouts Back To Campus," ***The Christian Science Monitor*****, October 19, 1999.** How eager are colleges and universities to raise graduation rates? It

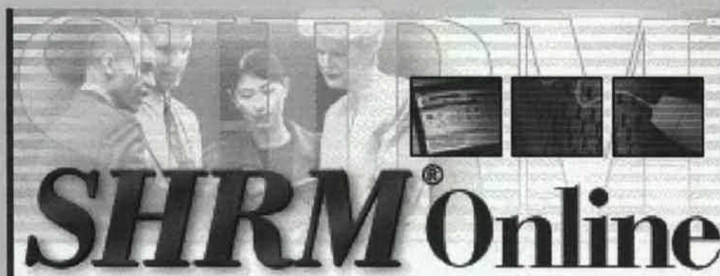
depends. One school clearly going all out is the University of New Mexico, which sends out letters offering scholarships to former students who dropped out - if they will come back and complete the courses they need to graduate. Over the past two years, the university's Graduation Project has culled through lists of dropouts to identify 1,700 students who quit just shy of graduation - but who also had at least a 2.0 grade-point average. If the students had the GPA and at least three-quarters of the 128 credits required to graduate, they received a letter offering them a credit of $400 per semester - half the cost of tuition - to come back and complete their course work. So far, 740 students have jumped at the offer - and 322 have graduated since the program began in late 1996.

"In Some Jobs, Employees Will Never Escape From the Phone," ***The New York Times*****, October 31, 1999.** Some companies are switching to wireless phone systems. Beyond addressing the needs of frequent travelers and telecommuters, wireless systems allow people to be mobile workers within their own offices. Through wireless phones, employees can answer calls from anywhere in their buildings – resulting in better customer service for internal and external customers and eliminating the need for time-consuming message retrieval and response.

Strategy Suggestions

Early awareness of issues will help human resource professionals formulate appropriate responses.

- Even if you work in an organization that does not consider itself global, educate your employees about the impact of globalization on all U.S. organizations, regardless of orientation. Trade statistics, information on the ownership of other firms in your industry, immigration levels, and supply relationships will help illustrate the point.
- Research non-U.S. business and human resource practices to learn more about workforce management in other countries. Incorporate the best of them into your organization. Look for ways to make your organization's practices applicable across borders. For information on human resource management around the world, investigate the Institute for International Human Resources (www.shrmglobal.org).
- Understand that technological changes will continue to transform how and where we do our work. Organizations that harness the best technology has to offer to improve productivity, work/life balance, and creativity will gain the competitive advantage. Organizations that fail to recognize and minimize the potential pitfalls of technology such as 24-hour workdays or security risks will be left behind.
- Be prepared for shareholders to raise questions about employment-related practices. Publicize your organization's diversity and fair employment practice efforts to make them less mysterious to social investors. Consider conducting a social audit to evaluate other practices that may lead social activists to question your organization's policies.
- Share your organization's view on employment-related legislative developments with your congressional representatives, state lawmakers and the SHRM Governmental Affairs program. Subjects of future bills may include benefits for contingent workers, unionization of doctors, telecommuting and health insurance. Emphasize the practical effects of legislation on business during legislative discussions.
- Where possible, quantify the effect of increased regulatory activity on your organization. Be sure to distribute your findings to SHRM and the appropriate agencies and/or legislative body. Discuss any conflicts that arise between or among separately developed laws so that lawmakers can address overlapping areas.
- Monitor the trends outlined in this issue by regularly visiting the Workplace Trends and Forecasting page on the SHRM website (www.shrm.org/trends). Share your experiences related to these trends – and others you may have identified – with Sharon Leonard, SHRM manager of the workplace trends and forecasting program (sleonard@shrm.org).



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Additional information on emerging issues can be found on the Workplace Trends & Forecasting home page on the World Wide Web at **http://www.shrm.org/trends**

MARKET VALUES

What's so great about America.

By Dinesh D'Souza

CONVENTIONAL wisdom holds that immigrants come to the United States to get rich. This notion is liberally described in the rags-to-riches literature on immigrants, and it is reinforced by America's critics, who like to think that America buys the affection of immigrants by promising to make them wealthy. But this Horatio Alger narrative misses the real attraction of America to immigrants and to people around the world.

Certainly, America offers a degree of mobility and opportunity available nowhere else, not even in Europe. Only in America could Pierre Omidyar, whose ancestry is Iranian and who grew up in France, have started a company like eBay. Only in America could Vinod Khosla, the son of an Indian army officer, become a shaper of the technology industry and a billionaire to boot.

Besides offering unprecedented social mobility and opportunity, America gives the ordinary guy a better life than he gets in any other country. America is a place where "poor" people have TV sets and microwave ovens, where construction workers cheerfully spend \$4 on a nonfat latte, where maids drive nice cars, and where plumbers vacation with their families on St. Kitts. I recently asked an acquaintance in Bombay why he has been trying so hard to emigrate to America. He replied, "I really want to move to a country where the poor people are fat."

The typical immigrant, who is used to the dilapidated infrastructure, mind-numbing inefficiency, and multilayered corruption of developing countries, arrives in America and discovers, to his wonder and delight, that *everything works*: the roads are clean and

paper-smooth, the highway signs are clear and accurate, the public toilets function properly, when you pick up the telephone you get a dial tone, and you can even buy things from the store and then take them back. The American supermarket is a wonder to behold: endless aisles of every imaginable product, 50 different types of cereal, innumerable flavors of ice cream. The country is full of countless unappreciated inventions: quilted toilet paper, fabric softener, cordless phones, disposable diapers, roll-on luggage.

So, yes, in material terms America offers the newcomer a better life. But the material allure of America does not capture the deepest source of its appeal. Consider how my own life would have been different had I never come to America. I was raised in a middle-class family in Bombay. I didn't have luxuries, but I didn't lack necessities. Materially my life is better in the United States, but the real difference lies elsewhere.

Had I stayed in India, I would probably have lived my entire existence within five miles of where I was born. I would have married a woman of my identical religious and socioeconomic background. I would have faced relentless pressure to become an engineer or a doctor. My socialization would have been entirely within my own ethnic community. I would have had a whole set of opinions that could have been predicted in advance.

Because I came to America, though, I have seen my life break free of these traditional confines. In college, I became interested in literature and politics and resolved to make a career as a writer—which is something you can do in America, and cannot easily do in India. I married a woman of Scotch-Irish, English, German, and American-Indian ancestry. Eventually I found myself working at the White House, even though I was not an American citizen. I cannot imagine another country allowing a noncitizen to work in the inner citadel of its government.

In most of the world, even today, your identity and your fate are largely handed to you. In America, by contrast, you get to write the script of your own life. What to be, where to live, who to love, who to marry, what to believe, what religion to practice—these are all decisions that, in America, we make for ourselves. In this country, we are the architects of our own destiny.

"Self determination" is the incredibly powerful idea that is behind the worldwide appeal of the United States. Technology entrepreneurs who come to America from all over the world know this perhaps better than anyone else. In America they are free to make not only new products, but also new personal identities. Here they can break free of the constraints of the old world, so that the future becomes a landscape of their own choosing. ■

Dinesh D'Souza's *new book,* What's So Great About America, *will be published in April. He is the Rishwain Fellow at the Hoover Institution. Write to letters@redherring.com.*

MARKET VALUES

Antiglobalist hypocrisy.

By Dinesh D'Souza

TO HEAR the antiglobalists tell it, their disruptions of trade meetings and international conferences, like the World Economic Forum, are justified because they are speaking out for poor workers in the third world. In their view, poor people in places like Thailand, India, and Nigeria are being exploited by free trade and global capitalism. How cruel, they say, that a multinational company that would have to pay a worker in the United States $16 an hour can get away with paying a third world worker a meager $5 a day. Moral indignation suffuses the breast of the antiglobalist.

But this moral indignation is a bit of a pose. Indeed, it is a rhetorical camouflage for the basest hypocrisy on the part of the protesters. Let's begin with the charge that companies are exploiting foreign workers by paying them appallingly low wages. Though $5 a day seems like an outrage by U.S. standards, is it unjust for Coca-Cola, Levi Strauss, or General Electric to pay that much to workers in a country where the going rate is $3 a day, and where things cost much less than they do in the States?

Anyone who has lived in a third world country, as I have, knows that when multinational corporations advertise for jobs, there are long lines of applicants. The reason is simple: as Edward Graham, a senior fellow at the Institute for International Economics, documents, multinational companies offer the best-paying jobs around. There would be no reason for third world workers to take those jobs unless they were the highest paying jobs available.

Not only do free trade policies help improve the lives of foreign employees who work for, say, Coca-Cola or General Electric, they also help other families in

third world countries, because the increased demand for labor pushes up wages even for those employed by local businesses. Not surprisingly, countries that have embraced globalization, like China and India, have seen growth rates of 5 percent or more per year, compared with 2 percent in Western countries, and 1 percent or less in countries outside the free trade loop.

But perhaps antiglobalists think that multinational companies could do better. Why not mandate higher wages for third world workers? Come to think of it, why not require that they be paid the same rate as U.S. workers? The obvious reason is that then those companies wouldn't use third world labor at all. Multinational companies hire foreign workers because they are much cheaper to employ than their first world counterparts.

Admittedly, a Thai worker making shoes for $5 a day is likely to pose a competitive threat to a U.S. worker doing the same job for $12 an hour. Alarmed at this prospect, unions in the United States are fighting to protect their members from foreign competition. The unions are in direct opposition to the aspirations of third world peoples seeking to raise their living standard through trade with the West.

In this fight, American unions have found a strange ally: columnist and sometime presidential candidate Patrick Buchanan. As he writes in *The Death of the West: How Dying Populations and Immigrant Invasions Imperil Our Country and Civilization* (Dunne Books, 2001), to permit foreign workers to compete with U.S. workers "is to betray our own workers and their families. We should put America first." Mr. Buchanan's argument is basically tribal: we should uphold the interests of our steel, shoe, and textile workers at the expense of the rest of the world, whose economic welfare is not our concern.

The irony of Mr. Buchanan's protectionist approach is that it would hurt the welfare of most Americans. While free trade increases efficiency and thus jeopardizes the jobs of U.S. workers, at the same time, it helps American consumers, who can buy products more cheaply because manufacturing costs overseas are lower. Why should the interests of a small group of $16-an-hour textile workers trump the welfare of a much larger group of American consumers? Doesn't it make more sense to retrain our uncompetitive workers to move into other fields? Mr. Buchanan does not seem to realize that there is more than one way to put America first.

But let's at least credit the man with being honest. He doesn't give a damn about the third world, and he is willing to say so. Such candor is woefully absent from the vast majority of antiglobalists, who pretend to be fighting on behalf of the third world, when in fact they are undermining those people's interests. Poor people from the third world increasingly realize: with friends like the antiglobalists, who needs enemies? ■

Dinesh D'Souza's *latest book is* What's So Great About America. *He is the Rishwain Fellow at the Hoover Institution. Write to letters@redherring.com.*

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