
February 29, 2004

OP-ED COLUMNIST

30 Little Turtles

By THOMAS L. FRIEDMAN

BANGALORE, India

Indians are so hospitable. I got an ovation the other day from a roomful of Indian 20-year-olds just for reading perfectly the following paragraph: "A bottle of bottled water held 30 little turtles. It didn't matter that each turtle had to rattle a metal ladle in order to get a little bit of noodles, a total turtle delicacy. The problem was that there were many turtle battles for less than oodles of noodles."

I was sitting in on an "accent neutralization" class at the Indian call center 24/7 Customer. The instructor was teaching the would-be Indian call center operators to suppress their native Indian accents and speak with a Canadian one — she teaches British and U.S. accents as well, but these youths will be serving the Canadian market. Since I'm originally from Minnesota, near Canada, and still speak like someone out of the movie "Fargo," I gave these young Indians an authentic rendition of "30 Little Turtles," which is designed to teach them the proper Canadian pronunciations. Hence the rousing applause.

Watching these incredibly enthusiastic young Indians preparing for their call center jobs — earnestly trying to soften their t's and roll their r's — is an uplifting experience, especially when you hear from their friends already working these jobs how they have transformed their lives. Most of them still live at home and turn over part of their salaries to their parents, so the whole family benefits. Many have credit cards and have become real consumers, including of U.S. goods, for the first time. All of them seem to have gained self-confidence and self-worth.

A lot of these Indian young men and women have college degrees, but would never get a local job that starts at \$200 to \$300 a month were it not for the call centers. Some do "outbound" calls, selling things from credit cards to phone services to Americans and Europeans. Others deal with "inbound" calls — everything from tracing lost luggage for U.S. airline passengers to solving computer problems for U.S. customers. The calls are transferred here by satellite or fiber optic cable.

I was most taken by a young Indian engineer doing tech support for a U.S. software giant, who spoke with pride about how cool it is to tell his friends that he just spent the day helping Americans navigate their software. A majority of these call center workers are young women, who not only have been liberated by earning a decent local wage (and therefore have more choice in whom they marry), but are using the job to get M.B.A.'s and other degrees on the side.

I gathered a group together, and here's what they sound like: M. Dinesh, who does tech support, says his day is made when some American calls in with a problem and is actually happy to hear an Indian voice: "They say you people are really good at what you do. I am glad I reached an Indian." Kiran Menon, when asked who his role model was, shot back: "Bill Gates — [I dream of] starting my own company and making it that big." I asked C. M. Meghna what she got most out of the work: "Self-confidence," she said, "a lot of self-confidence, when people come to you with a problem and you can solve it — and having a lot of independence." Because the call center teams work through India's night — which corresponds to America's day — "your biological clock goes haywire," she added. "Besides that, it's great."

There is nothing more positive than the self-confidence, dignity and optimism that comes from a society knowing it is producing wealth by tapping its own brains — men's and women's — as opposed to one just tapping its own oil, let alone one that is so lost it can find dignity only through suicide and "martyrdom."

Indeed, listening to these Indian young people, I had a déjà vu. Five months ago, I was in Ramallah, on the West Bank, talking to three young Palestinian men, also in their 20's, one of whom was studying engineering. Their hero was Yasir Arafat. They talked about having no hope, no jobs and no dignity, and they each nodded when one of them said they were all "suicide bombers in waiting."

What am I saying here? That it's more important for young Indians to have jobs than Americans? Never. But I am saying that there is more to outsourcing than just economics. There's also geopolitics. It is inevitable in a networked world that our economy is going to shed certain low-wage, low-prestige jobs. To the extent that they go to places like India or Pakistan — where they are viewed as high-wage, high-prestige jobs — we make not only a more prosperous world, but a safer world for our own 20-year-olds.

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February 26, 2004

OP-ED COLUMNIST

What Goes Around . . .

By THOMAS L. FRIEDMAN

BANGALORE, India

I've been in India for only a few days and I am already thinking about reincarnation. In my next life, I want to be a demagogue.

Yes, I want to be able to huff and puff about complex issues — like outsourcing of jobs to India — without any reference to reality. Unfortunately, in this life, I'm stuck in the body of a reporter/columnist. So when I came to the 24/7 Customer call center in Bangalore to observe hundreds of Indian young people doing service jobs via long distance — answering the phones for U.S. firms, providing technical support for U.S. computer giants or selling credit cards for global banks — I was prepared to denounce the whole thing. "How can it be good for America to have all these Indians doing our white-collar jobs?" I asked 24/7's founder, S. Nagarajan.

Well, he answered patiently, "look around this office." All the computers are from Compaq. The basic software is from Microsoft. The phones are from Lucent. The air-conditioning is by Carrier, and even the bottled water is by Coke, because when it comes to drinking water in India, people want a trusted brand. On top of all this, says Mr. Nagarajan, 90 percent of the shares in 24/7 are owned by U.S. investors. This explains why, although the U.S. has lost some service jobs to India, total exports from U.S. companies to India have grown from \$2.5 billion in 1990 to \$4.1 billion in 2002. What goes around comes around, and also benefits Americans.

Consider one of the newest products to be outsourced to India: animation. Yes, a lot of your Saturday morning cartoons are drawn by Indian animators like JadooWorks, founded three years ago here in Bangalore. India, though, did not take these basic animation jobs from Americans. For 20 years they had been outsourced by U.S. movie companies, first to Japan and then to the Philippines, Korea, Hong Kong and Taiwan. The sophisticated, and more lucrative, preproduction, finishing and marketing of the animated films, though, always remained in America. Indian animation companies took the business away from the other Asians by proving to be more adept at both the hand-drawing of characters and the digital painting of each frame by computer — at a lower price.

Indian artists had two advantages, explained Ashish Kulkarni, C.O.O. of JadooWorks. "They spoke English, so they could take instruction from the American directors easily, and they were comfortable doing coloring digitally." India has an abundance of traditional artists, who were able to make the transition easily to computerized digital painting. Most of these artists are the children of Hindu temple sculptors and painters.

Explained Mr. Kulkarni: "We train them to transform their traditional skills to animation in a digital format." But to keep up their traditional Indian painting skills, JadooWorks has a room set aside — because the two skills reinforce each other. In short, thanks to globalization, a whole new generation of Indian traditional artists can keep up their craft rather than drive taxis to earn a living.

But here's where the story really gets interesting. JadooWorks has decided to produce its own animated epic about the childhood of Krishna. To write the script, though, it wanted the best storyteller it could find and outsourced the project to an Emmy Award-winning U.S. animation writer, Jeffrey Scott — for an Indian epic!

"We are also doing all the voices with American actors in Los Angeles," says Mr. Kulkarni. And the music is being written in London. JadooWorks also creates computer games for the global market but outsources all the design concepts to U.S. and British game designers. All the computers and animation software at JadooWorks have also been imported from America (H.P. and I.B.M.) or Canada, and half the staff walk around in American-branded clothing.

"It's unfair that you want all your products marketed globally," argues Mr. Kulkarni, "but you don't want any jobs to go."

He's right. Which is why we must design the right public policies to keep America competitive in an increasingly networked world, where every company — Indian or American — will seek to assemble the best skills from around the globe. And we must cushion those Americans hurt by the outsourcing of their jobs. But let's not be stupid and just start throwing up protectionist walls, in reaction to what seems to be happening on the surface. Because beneath the surface, what's going around is also coming around. Even an Indian cartoon company isn't just taking American jobs, it's also making them.

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BODY: We grew up with the hippies in the 1960s. Thanks to the high-tech revolution, many of us became yuppies in the 1980s. And now, fasten your seat belt, because you may soon lose your job to a "zippie" in the 2000s.

"The **Zippies** Are Here," declared the Indian weekly magazine Outlook. **Zippies** are this huge cohort of Indian youth who are the first to come of age since India shifted away from socialism and dived headfirst into global trade, the information revolution and turning itself into the world's service center.

Outlook calls India's **zippies** "Liberalization's Children" and defines one as "a young city or suburban resident, between 15 and 25 years of age, with a zip in the stride."

"Belongs to Generation Z," it continues. "Can be male or female, studying or working. Oozes attitude, ambition and aspiration. Cool, confident and creative. Seeks challenges, loves risks and shuns fears." Indian **zippies** carry no guilt about making money or spending it. They are, says one Indian analyst quoted by Outlook, destination driven, not destiny driven; outward, not inward, looking; upwardly mobile, not stuck-in-my-station-in-life.

With 54 percent of India under age 25 - that's 555 million people - six of 10 Indian households have at least one zippie, Outlook says. And a growing slice of them (most Indians are still poor village-dwellers) will be able to do your white-collar job as well as you for a fraction of the pay. Indian **zippies** are one reason outsourcing is becoming the hot issue in this year's U.S. presidential campaign.

I just arrived here in Bangalore, India's Silicon Valley, to meet the **zippies** on the receiving end of U.S. jobs. Judging from the construction going on on every block here, the multiple applicants for every new tech job, the crowded pub scene and the families of four you see zipping around on a single motor scooter, Bangalore is one hot town.

Taking all this in, two things strike me about this outsourcing issue. One, economists are surely right: The biggest factor eliminating old jobs and churning new ones is technological change - the phone mail system that eliminated your secretary.

As for the **zippies** who soak up certain U.S. or European jobs, they will become consumers, the global pie will grow, and ultimately we will all be better off. As long as the United States maintains its ability to do cutting-edge innovation, the long run should be fine. Saving money by outsourcing basic jobs to **zippies**, so we can invest in more high-end

innovation, makes sense.

But here's what I also feel: This particular short run could be a real bear - and politically explosive. The potential speed and scale of this outsourcing phenomenon make its potential impact enormous and unpredictable.

As we enter a world where the price of digitizing information - converting it into little packets of ones and zeros and then transmitting it over high-speed data networks - falls to near zero, it means the vaunted "death of distance" is really here. And that means that many jobs you can now do from your house - whether data processing, reading an X-ray, or basic accounting or lawyering - can now also be done from a zippie's house in India or China.

And as education levels in these overseas homes rise to U.S. levels, the barriers to shipping white-collar jobs abroad fall and the incentives rise. At a minimum, some very educated Americans used to high salaries - people who vote and know how to write op-ed pieces - will either lose their jobs, or have to accept lower pay or become part-timers without health insurance.

"The fundamental question we have to ask as a society is, what do we do about it?" notes Robert Reich, the former labor secretary and now Brandeis University professor. "For starters, we're going to have to get serious about some of the things we just gab about - job training, life-long learning, wage insurance. And perhaps we need to welcome more unionization in the personal services area - retail, hotel, restaurant and hospital jobs which cannot be moved overseas - in order to stabilize their wages and health care benefits."

Maybe, as a transition measure, adds Reich, companies shouldn't be allowed to deduct the full cost of outsourcing, creating a small tax that could be used to help people adjust.

Either way, managing this phenomenon will require a public policy response - something more serious than the Bush mantra of let the market sort it out, or the demagoguery of the Democratic candidates, who seem to want to make outsourcing equal to treason and punishable by hanging. Time to get real.

Thomas L. Friedman is foreign affairs columnist for The New York Times. Copyright 2004 New York Times News Service.

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OP-ED COLUMNIST

The Great Indian Dream

By THOMAS L. FRIEDMAN

BANGALORE, India

Nine years ago, as Japan was beating America's brains out in the auto industry, I wrote a column about playing a computer geography game with my daughter, then 9 years old. I was trying to help her with a clue that clearly pointed to Detroit, so I asked her, "Where are cars made?" And she answered, "Japan." Ouch.

Well, I was reminded of that story while visiting an Indian software design firm in Bangalore, Global Edge. The company's marketing manager, Rajesh Rao, told me he had just made a cold call to the vice president for engineering of a U.S. company, trying to drum up business. As soon as Mr. Rao introduced himself as calling from an Indian software firm, the U.S. executive said to him, "Namaste" — a common Hindi greeting. Said Mr. Rao: "A few years ago nobody in America wanted to talk to us. Now they are eager." And a few even know how to say hi in proper Hindu fashion. So now I wonder: if I have a granddaughter one day, and I tell her I'm going to India, will she say, "Grandpa, is that where software comes from?"

Driving around Bangalore you might think so. The Pizza Hut billboard shows a steaming pizza under the headline "Gigabites of Taste!" Some traffic signs are sponsored by Texas Instruments. And when you tee off on the first hole at Bangalore's KGA golf course, your playing partner points at two new glass-and-steel buildings in the distance and says: "Aim at either Microsoft or I.B.M."

How did India, in 15 years, go from being a synonym for massive poverty to the brainy country that is going to take all our best jobs? Answer: good timing, hard work, talent and luck.

The good timing starts with India's decision in 1991 to shuck off decades of socialism and move toward a free-market economy with a focus on foreign trade. This made it possible for Indians who wanted to succeed at innovation to stay at home, not go to the West. This, in turn, enabled India to harvest a lot of its natural assets for the age of globalization.

One such asset was Indian culture's strong emphasis on education and the widely held belief here that the greatest thing any son or daughter could do was to become a doctor or an engineer, which created a huge pool of potential software technicians. Second, by accident of history and the British occupation of India, most of those engineers were educated in English and could easily communicate with Silicon Valley. India was also neatly on the other side of the world from America, so U.S. designers could work during the day and e-mail their output to their Indian subcontractors in the evening. The Indians would then work on it for all of their day and e-mail it back. Presto: the 24-hour workday.

Also, this was the age of globalization, and the countries that succeed best at globalization are those that are best at "glocalization" — taking the best global innovations, styles and practices and melding them with their own culture, so they don't feel overwhelmed. India has been naturally glocalizing for thousands of years.

Then add some luck. The dot-com bubble led to a huge overinvestment in undersea fiber-optic cables, which made it dirt-cheap to transfer data, projects or phone calls to far-flung places like India, where Indian techies could work on them for much lower wages than U.S. workers. Finally, there was Y2K. So many companies feared that their computers would melt down because of the Year 2000 glitch they needed software programmers to go through and recode them. Who had large numbers of programmers to do that cheaply? India. That was how a lot of Indian software firms got their first outsourced jobs.

So if you are worried about outsourcing, I've got good news and bad news. The good news is that a unique techno-cultural-economic perfect storm came together in the early 1990's to make India a formidable competitor and partner for certain U.S. jobs — and there are not a lot of other Indias out there. The bad news, from a competition point of view, is that there are 555 million Indians under the age of 25, and a lot of them want a piece of "The Great Indian Dream," which is a lot like the American version.

As one Indian exec put it to me: The Americans' self-image that this tech thing was their private preserve is over. This is a wake-up call for U.S. workers to redouble their efforts at education and research. If they do that, he said, it will spur "a whole new cycle of innovation, and we'll both win. If we each pull down our shutters, we will both lose."

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March 7, 2004

OP-ED COLUMNIST

The Secret of Our Sauce

By THOMAS L. FRIEDMAN

BANGALORE, India

Yamini Narayanan is an Indian-born 35-year-old with a Ph.D. in economics from the University of Oklahoma. After graduation, she worked for a U.S. computer company in Virginia and recently moved back to Bangalore with her husband to be closer to family. When I asked her how she felt about the outsourcing of jobs from her adopted country, America, to her native country, India, she responded with a revealing story:

"I just read about a guy in America who lost his job to India and he made a T-shirt that said, 'I lost my job to India and all I got was this [lousy] T-shirt.' And he made all kinds of money." Only in America, she said, shaking her head, would someone figure out how to profit from his own unemployment. And that, she insisted, was the reason America need not fear outsourcing to India: America is so much more innovative a place than any other country.

There is a reason the "next big thing" almost always comes out of America, said Mrs. Narayanan. When she and her husband came back to live in Bangalore and enrolled their son in a good private school, he found himself totally stifled because of the emphasis on rote learning — rather than the independent thinking he was exposed to in his U.S. school. They had to take him out and look for another, more avant-garde private school. "America allows you to explore your mind," she said. The whole concept of outsourcing was actually invented in America, added her husband, Sean, because no one else figured it out.

The Narayanans are worth listening to at this time of rising insecurity over white-collar job losses to India. America is the greatest engine of innovation that has ever existed, and it can't be duplicated anytime soon, because it is the product of a multitude of factors: extreme freedom of thought, an emphasis on independent thinking, a steady immigration of new minds, a risk-taking culture with no stigma attached to trying and failing, a noncorrupt bureaucracy, and financial markets and a venture capital system that are unrivaled at taking new ideas and turning them into global products.

"You have this whole ecosystem [that constitutes] a unique crucible for innovation," said Nandan Nilekani, the C.E.O. of Infosys, India's I.B.M. "I was in Europe the other day and they were commiserating about the 400,000 [European] knowledge workers who have gone to live in the U.S. because of the innovative environment there. The whole process where people get an idea and put together a team, raise the capital, create a product and mainstream it — that can only be done in the U.S. It can't be done sitting in India. The Indian part of the equation [is to help] these innovative [U.S.] companies bring their products to the market quicker, cheaper and better, which increases the innovative cycle there. It is a complementarity we need to enhance."

That is so right. As Robert Hof, a tech writer for Business Week, noted, U.S. tech workers "must keep creating leading edge technologies that make their companies more productive — especially innovations that spark entirely new markets." The same tech innovations that produced outsourcing, he noted, also produced eBay, Amazon.com, Google and thousands of new jobs along with them.

This is America's real edge. Sure Bangalore has a lot of engineering schools, but the local government is rife with corruption; half the city has no sidewalks; there are constant electricity blackouts; the rivers are choked with pollution; the public school system is dysfunctional; beggars dart in and out of the traffic, which is in constant gridlock; and the whole infrastructure is falling apart. The big high-tech firms here reside on beautiful, walled campuses, because they maintain their own water, electricity and communications systems. They thrive by defying their political-economic environment, not by emerging from it.

What would Indian techies give for just one day of America's rule of law; its dependable, regulated financial markets; its efficient, noncorrupt bureaucracy; and its best public schools and universities? They'd give a lot.

These institutions, which nurture innovation, are our real crown jewels that must be protected — not the 1 percent of jobs that might be outsourced. But it is precisely these crown jewels that can be squandered if we become lazy, or engage in mindless protectionism, or persist in radical tax cutting that can only erode the strength and quality of our government and educational institutions.

Our competitors know the secret of our sauce. But do we?

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