

*February 15, 2004*

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## **A Small Frown in America**

Clintwood, Virginia (population about 2000), is not a town you will see easily on a regular map of the United States. Nestling amid the Appalachians on the Virginia-Kentucky border, it is what you would call 'boondocks' in city parlance, a place so remote that even the nearest big cities, Johnson City and Lexington, barely register on the urban American landscape. It is 98 per cent white. There are no Patels or Singhs. The only Indians locals know are Native Americans, who are 0.6 per cent of the population. The economic and social indices of the town during the past decade were dismal.

However, for the past three years, Clintwood rejoiced at having struck a small economic bonanza. In 2001, the Internet company Travelocity decided to locate a call center here. Nothing big. It began with a 250-seat customer service center, but it provided a way out of the hardscrabble existence for a community that for years depended on employment in the area's dying coal mines and disappearing apparel industry. In time, the call center was to grow to a 500-seater, making Travelocity the largest private employer in Dickenson County, where Clintwood is located.

The County went out of its way to embrace the newbie online firm, proud to become even a minor techno blip in an America hooked on the Internet. It gave tax breaks to Travelocity. It forked out a \$ 250,000 loan to expand the facility. The local congressman rounded up \$ 1.4 million in federal funding for a childcare center next to the call center, with 45 of 107 slots promised to Travelocity.

For 30 months, Clintwood and its Dickenson County Technology Park thrived. Travelocity was the showpiece of white collar employment in blue collar boonies. Young men and women (80 per cent) of backwoods USA found work answering calls from all over the country in their sweet southern accents. Life was good.

On Wednesday morning, it all ended quite unexpectedly. A senior Travelocity executive informed them the call center was being closed by December. Travelocity lost \$ 55 million last year and was falling behind rivals such as Expedia, which were outsourcing such jobs abroad to cut costs. Travelocity had to follow suit, and send the jobs to India. Employees would get some severance pay and there would be a few openings at facilities in Texas and Pennsylvania. Otherwise, they had ten months to figure out what to do.

There was shock and gasps as the announcement filtered through, a few sobs and sniffles. Although they had heard of outsourcing, no one had seen it coming to Clintwood. At \$ 8 to \$ 10 an hour, they were at the bottom end of America's salary scale. How much could the company save by moving the jobs to India? About \$ 10 million a year, company officials said. The arithmetic was a little more complicated than mere wages.

When I called Clintwood Mayor Donald Baker on Thursday, he accepted my sympathies and queries with karmic calm. "We have been here before and we will get through it," he said. The county was talking to two other telecom companies to see if they wanted to come in and take over the facilities.

Will Mullins, 23, hopes they will. He was just beginning to enjoy white collar service and does not fancy going back to the construction job that paid him just above minimum wages (\$ 5.50 an hour).

It's not just Wall Street and Silicon Valley which are stung by outsourcing. Middle America is hurting too and that is why the politicians are upset.

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