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Clinton Woos The Outsourcers Feared By U.S. Workers

The senator's efforts to bring an Indian firm to Buffalo, which yielded 'about 10' jobs, illustrates the bind she faces.

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BUFFALO, N.Y. — To many labor unions and high-tech workers, the Indian giant Tata Consultancy Services is a serious threat — a company that has helped move U.S. jobs to India while sending thousands of foreign workers on temporary visas to the United States.

So when Sen. Hillary Rodham Clinton (D-N.Y.) came to this struggling city to announce some good news, her choice of partners was something of a surprise.

Joining Tata Consultancy's chief executive at a downtown hotel, Clinton announced that the company would open a software development office in Buffalo and form a research partnership with a local university. Tata told a newspaper that it might hire as many as 200 people.

The 2003 announcement had clear benefits for the senator and the company: Tata received good press, and Clinton burnished her credentials as a champion for New York's depressed upstate region.

But less noticed was how the event signaled that Clinton, who portrays herself as a fighter for American workers, had aligned herself with Indian American business leaders and Indian companies feared by the labor movement.

Now, as Clinton runs for president, that signal is echoing loudly.

Clinton is successfully wooing wealthy Indian Americans, many of them business leaders with close ties to their native country and an interest in protecting outsourcing laws and expanding access to worker visas. Her campaign has held three fundraisers in the Indian American community recently, one of which raised close to \$3 million, its sponsor told an Indian news organization.

But in Buffalo, the fruits of the Tata deal have been hard to find. The company, which called the arrangement Clinton's "brainchild," says "about 10" employees

work here. Tata says most of the new employees were hired from around Buffalo. It declines to say whether any of the new jobs are held by foreigners, who make up 90% of Tata's 10,000-employee workforce in the United States.

As for the research deal with the state university that Clinton announced, school administrators say that three attempts to win government grants with Tata for health-oriented research were unsuccessful and that no projects are imminent.

The Tata deal underscores Clinton's bind as she attempts to lead a Democratic Party that is turning away from the free-trade policies of her husband's administration in the 1990s and is becoming more skeptical of trade deals and temporary-worker visas.

Like many businesses and economists, Clinton says that the United States benefits by admitting high-tech workers from abroad. She backs proposals to increase the number of temporary visas for skilled foreigners.

The Tata deal shows the difficulty of proving concrete benefits to U.S. workers from the visa system. Since 2003, the year its Buffalo office opened, Tata and its affiliates have sought permission to bring more than 1,600 foreign high-tech workers to the state, including at least 495 to the upstate region and 45 to Buffalo, according to government data. Tata has brought additional workers into the country under a second visa program whose numbers have not been disclosed.

Some U.S. worker organizations say Clinton cannot claim to support American workers if she is also helping Indian outsourcing companies and proposing more worker visas.

"It's just two-faced," said John Miano, founder of the Programmers Guild, one of several high-tech worker organizations that have sprung up as outsourcing has expanded. "We see her undermining U.S. workers and helping the offshoring business, and then she comes back to the U.S. and says, 'I'm concerned about your pain.' "

Among Indian American activists, Clinton's work with Tata has been seen as a sign of her independence from outsourcing skeptics within her party — and a break from the Democrats' 2004 presidential nominee, Massachusetts Sen. John Kerry, who lambasted "Benedict Arnold CEOs" for shipping jobs overseas.

The main lobbying organization for the Indian-American community, USINPAC, cites the Tata deal as one of Clinton's top three achievements as a senator — and evidence of a turnabout, in its view, from her past criticism of outsourcing. "Even though she was against outsourcing at the beginning of her political career," the USINPAC website says, "she has since changed her position and now maintains that offshoring brings as much economic value to the United States as to the country where services are outsourced, especially India."

Clinton regularly reinforces that view. When CNN anchorman Lou Dobbs, an outsourcing critic, pressed her on the Tata deal in 2004, Clinton responded: "Well, of course I know that they outsource jobs, that they've actually brought jobs to Buffalo. They've created 10 jobs in Buffalo and have told me and the Buffalo community that they intend to be a source of new jobs in the area, because, you know, outsourcing does work both ways."

This month, she made a similar case to a conference of Indian workers in Silicon Valley, saying she supported an expansion of visas. "Foreign skilled workers contribute greatly to our U.S. technological development," she told the group via satellite.

Clinton acknowledged the strains on American workers and called for more job-training programs. But her words seemed to distance her from those who would end outsourcing. Increased U.S. job losses, she said, could cause Americans to "seek more protection against what they view as unfair competition."

The Tata deal, she said in a 2005 stop in India, exemplified the cooperation that will "help to prevent the kind of negative feelings that could be stirred up" by critics of the global marketplace. She called those critics "short-sighted."

Today, on the campaign trail, Clinton often strikes a different tone. Addressing union audiences and Democratic crowds, she does not highlight her support for expanding foreign-worker visas. Instead, Clinton often laments a system that, as she told a government workers union last month, rewards companies for "moving our jobs overseas." "Outsourcing is a problem, and it's one that I've dealt with as a senator from New York," Clinton said during a Democratic candidates debate in June. She said she had tried "to stand against the tide of outsourcing."

Clinton aides say the Tata deal is just one example of her broader efforts to help upstate New York. Whatever the results, said spokesman Philippe Reines, the effort showed Clinton helping to build a high-tech future for a region long focused on manufacturing.

Buffalo's population has fallen by half over 50 years, as automotive and other manufacturing jobs moved overseas. Resentment is so high that voters last year nearly dumped a longtime Republican congressman for an anti-trade Democrat, who had made outsourcing his biggest issue.

For Clinton, a newcomer to New York when she ran for the Senate in 2000, the upstate region was considered a challenge — a traditionally conservative area that did not participate in the economic prosperity during her husband's presidency. So, as a candidate, she pledged to use tax credits and other incentives to create 200,000 jobs in the region.

In 2002, Clinton took a group of Indian business executives on a tour of the region and to a meeting with administrators from the state university in Buffalo. The group included Tata Consultancy Services, an information technology consulting firm that is part of Tata Group, a conglomerate with interests in electricity, steel, aviation, cars and hotels.

At the time, Tata Consultancy had two offices in the state — both in New York City to service Wall Street clients.

But a year after the tour, the company flew Clinton to join its chief executive, S. Ramadorai, in Buffalo for an announcement: It would open an office there.

Tata also signed a memorandum of understanding with a university research center to pursue discoveries in genetics, drugs and other areas. In a news release, Tata said that deal "will eventually lead to opportunities for training, recruitment and job creation in Buffalo."

"There was a sense of excitement on the part of the community," said Anthony M. Masiello, Buffalo's mayor at the time, "to have a company like Tata that would not traditionally look at coming to western New York."

But soon the company faded from public view, said Andrew J. Rudnick, president and CEO of the Buffalo-Niagara Partnership, an economic development group in which Tata was initially active. "They told us their business strategy had changed," he said. "The reality is that the number of people that Tata is employing here now doesn't seem to be significant."

At the University at Buffalo, Bruce A. Holm, director of a research center pursuing projects with Tata, conceded that the partnership had not played out as hoped. But he said that progress was still possible.

Tata officials say the company has hired 50 people from the Buffalo area in the last four years but most have left or have been transferred to other locations. They say the Buffalo operations remain important to the company and a part of the civic life of the city.

But critics say that Tata has done more to undercut workers in upstate New York than it has helped — and that Clinton is wrong to argue that exposing U.S. workers to competition from foreign workers is helping both groups.

Since Tata arrived in Buffalo, "the reality is that it probably created many more jobs for workers overseas and displaced lots of American workers," said Ronil Hira, a public policy professor at the Rochester Institute of Technology and a prominent critic of outsourcing.

A report released by two senators said that Tata was one of the biggest users of

foreign-worker visas in the United States, employing more than 7,900 visa recipients last year. The large number of visas suggests that companies are circumventing laws designed to protect American workers, Sens. Richard J. Durbin (D-Ill.) and Charles E. Grassley (R-Iowa) said in their report.

Clinton and many other lawmakers have called for cracking down on visa abuse. At the same time, she has backed an increase in the number of foreigners admitted to the U.S. each year under the main type of visa for high-tech workers. The cap is 65,000 each year; companies are seeking 115,000.

And her campaign continues to telegraph — sometimes in front of Indian American audiences — that she sees benefits to a globalized world.

Three weeks ago, her husband drew applause at a conference of 14,000 Indian Americans in Washington as he extolled the benefits of "open borders, easy travel, easy immigration." He said the outsourcing debate bothered him because it failed to acknowledge the contributions of Indians who settled in the U.S. The same day, he headlined a fundraiser at the conference for his wife's campaign.

Labor union leaders, who haven't decided whom to endorse for president, say they have watched the Tata deal and Clinton's statements on outsourcing.

"People do want to see from her some recognition that the outsourcing of these service jobs isn't a good thing for the U.S. economy," said Thea M. Lee, policy director of the AFL-CIO. "It's a little bit of an open question where Sen. Clinton's going to end up on outsourcing."

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(INFOBOX BELOW)

Visa activity

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Sen. Hillary Rodham Clinton announced in March 2003 that the high-tech firm Tata Consultancy Services of India was opening an office in Buffalo, N.Y., and would bring jobs to the area. Clinton later said the deal showed that outsourcing firms could create jobs both in their home countries and in the United States. Tata says it has created about 10 jobs in Buffalo and, since 2003, hired 50 local workers. But over that same period, Tata sought H-1B visa certifications to import nearly 500

foreign computer programmers and other specialists to upstate New York.

City H-1B visas* sought

Schenectady... 101

Webster... 94

Albany... 87

Rochester... 83

Buffalo... 45

Waterford... 40

Olean... 31

Syracuse... 10

Pittsford ... 3

Orchard Park... 1

Total ... 495

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*H-1B visas allow U.S. employers to hire high-skilled international workers for up to six years. Obtaining certification from the Department of Labor does not necessarily mean the company secured visas, but that is the only public indicator of where a company intends to deploy foreign workers. Whereas H-1B certification data is public, similar information is not available for L-1 visas, which accounted for more of Tata's workers in 2006, according to a U.S. Senate report.

Source: Times analysis of data from the U.S. Department of Labor, Division of Foreign Labor Certification