

This story appeared on Network World at <http://www.networkworld.com/news/2009/112509-white-house-sends-out-world.html>

## **Critics question Obama administration on offshoring**

'Outsourcing America' author says claim of balance in the trading relationship is wrong  
By Patrick Thibodeau , Computerworld , 11/25/2009

The California wine served at a U.S. State Dept. lunch today for India's Prime Minister, Manmohan Singh, was called Conundrum, a word that sums up the difficulty trying to decipher President Barack Obama's approach to offshore outsourcing and H-1B visas.

### [What matters most in outsourcing](#)

The Obama administration has yet to outline its views on offshore outsourcing of skilled jobs and this continued today with Singh's visit. But there were clues nonetheless among the people who were invited at a State Department luncheon for Singh.

Among those at the luncheon was Thomas Friedman, a columnist at *The New York Times* and author of "The World is Flat."

And among the 16 people seated at the head table were House Speaker Nancy Pelosi, Secretary of State Hillary Clinton, and Ohio Gov. Ted Strickland, whose state was picked by Tata Consultancy Services for its North American Delivery Center in Milford. The state offered about \$19 million in tax credits and other incentives to get Tata and, as of this month, 225 Ohioans work at the facility, according to the governor's office.

But although more than 50% of Tata's revenue comes from North America, of the more than 123,000 workers employed by Tata Consultancy Services, only 900 are Americans, says a report Tata issued in July. In fact, Tata has more workers [who are Ecuadoran than American](#) .

Also at the head table was Ratan Tata, of the Tata Group, the parent of the IT consultancy group, says a White House pool report from the luncheon filed by Politico reporter Amie Pames.

Tata's Ohio project, announced in October 2007, was expected to create 1,000 positions within the first three years. But Tata and Indian offshore firms will have to add a lot more U.S. workers if legislation by U.S. senators Chuck Grassley (R-Iowa) and Dick Durbin (D-Ill.) is adopted. Of particular concern is the bill's so-called "50-50" rule that limits the number of workers on H-1B or L-1 visas to half of a firm's total U.S. headcount. The majority of Indian companies in the U.S. have far more people working with visas than not.

Obama didn't address offshoring and only talked broadly about economic cooperation. "India will play a pivotal role in meeting the major challenges we face today. And this includes my top economic priority, creating good jobs with good wages for the American people," he said.

Obama also said that "Indian investment in America is creating and sustaining jobs across the United States," adding that there is "significant balance in our trading relationships."

Ron Hira, an assistant professor of public policy at the Rochester Institute of Technology and author of "Outsourcing America," says the claim that there's balance in the trading relationship is wrong. "In fact we're running a large services deficit and an even larger jobs deficit with India," he said.

"[Expanding trade relationships] in the absence of needed policy changes means that more American jobs will be shipped overseas," Hira said. "That may be good for U.S. companies but it will be another blow to American workers. Obama has not lifted a finger for American workers when it comes to offshoring, and he's done even worse by giving the false impression he would."

Among the steps that Hira said he believes are needed are changes to the H-1B and L-1 programs so U.S. workers "aren't being forced to train foreign replacements," action on government tax subsidies for multinationals that operate in low tax places, and a "full accounting" of the work that its moving offshore.

"What's more troubling with pronouncements like this is that Obama isn't even addressing the real concerns American workers have about outsourcing," said Hira.

For more enterprise computing news, visit [Computerworld](http://www.computerworld.com). Story copyright Computerworld, Inc.

All contents copyright 1995-2009 Network World, Inc. <http://www.networkworld.com>