

Opinion: The Obama administration promotes outsourcing

Ron Hira

(02/04/2009 9:30 AM EST)

URL: <http://www.eetimes.com/showArticle.jhtml?articleID=213001145>

We know from a [recent *EE Times* survey](#) that offshoring is the No. 1 career concern for EEs. The Obama Administration has been in office just a few weeks now, but we already know how it will address the offshoring of engineering jobs.

It will promote it.

EE Times, the *Wall Street Journal* and *InformationWeek* all recently published important stories on IBM's layoffs and the company's links to offshoring. IBM is now using the euphemism, "[resourced actioned](#)" to describe layoffs. The most remarkable aspect of the story was IBM's ability to take the Fifth Amendment on questions about the geographic distribution of layoffs, and even refusing to publicly state the number of U.S. workers it has.

Here's what the *Journal* published on Jan 27: "IBM Chairman Samuel Palmisano told workers in an e-mail last week that worldwide employment topped 400,000 at the end of 2008, up from 386,000 at the end of 2007. He didn't break out U.S. employment, and IBM spokesmen declined to do so."



Ron Hira

IBM's unwillingness to publicly disclose its massive offshoring operations is no surprise, especially as it lobbies Congress and the Obama Administration for billions in [taxpayer handouts](#) as part of the economic stimulus package now being debated by Congress. What is remarkable is that the company is able to get away with it in the current job market with this President and this Congress.

InformationWeek reported on a new initiative by IBM, called [Project Match](#), which is supposed to connect displaced U.S. workers with job openings in low-cost countries like India. But the catch here is, of course, that U.S. workers would be paid Indian salaries. How many U.S. workers can take those jobs and still hope to retire back in the U.S.? The answer is none.

So, where is President Obama, the politician who campaigned against outsourcing? The *EE Times* story that detailed the [stealth layoffs and reactions of IBM workers](#), appeared on the same day that the President was chumming around with IBM's CEO Palmisano. Here's [what President Obama said](#) about why he invited to the White House Palmisano and nine other CEOs who are offshoring jobs:

"They make things, they hire people," the President said of the meeting participants. "They are on the front lines in seeing the enormous problems in the economy right now. Their ideas and their concerns have helped to shape our recovery package in order to get this economy back on track."

Can President Obama really be this naive? Or is it simply that he doesn't believe offshoring matters?

There is clear evidence that the latter is the case. On the very same day he was meeting with "CEOs [who] outsource American jobs"--a phrase he repeatedly and derisively used during his campaign, he named McKinsey's & Co.'s Diana Farrell to his National Economic Council, the inner circle of economic advisors in the White House. Farrell has done more to promote outsourcing than nearly anyone else in America.

Farrell was the lead author of the infamous "Offshoring: Is it a Win-Win Game?" Now she'll be operating at the highest levels of the Obama administration. Her phony "study" did more damage than any other in the debate over offshoring. And her propaganda was used to mislead the American public about the true impact of offshoring.

Moreover, Farrell's firm made millions of dollars consulting with companies, advising them to accelerate their

offshoring. And she publicly made the rounds to convince policymakers and the public that offshoring was good for them and the country. It's also no coincidence that the IBM and [Nasscom](#), the Indian IT outsourcing industry association, were major McKinsey clients. They benefited from McKinsey's lobbying as well as its consulting services.

This week (Feb. 3), President Obama nominated Sen. Judd Gregg (R-N.H.) to be the next Commerce Secretary. Gregg is a staunch proponent of outsourcing and expanding the H-1B visa program, destroying even more job opportunities for American engineers.

During the campaign, then-Senator Obama pledged to put American workers ahead of corporate profits. Now we know that this was simply a bad joke. A joke that all of us, except the CEOs, will pay dearly for in the years ahead.

The larger issue though is why President Obama can get away with these inexcusable and hypocritical actions? It's really quite simple: American workers have no real representation in Washington. While unions, like [Alliance@IBM](#) are doing yeoman's work on labor issues, it's simply not enough because their ranks, and therefore their resources, are too small.

Think about it for a moment: Who represents American engineers' interests in Washington? Sam Palmisano? Diana Farrell? President Obama? Do you think the President even raised the issue of offshoring with Palmisano?

Professional societies like IEEE are global institutions and are unwilling to do what's necessary to lobby on behalf of its U.S. members. I know, I've been active in IEEE's policy activities for years.

It's time for each individual to do his or her part if real change on jobs is to be achieved. Our leaders, politicians, university presidents and CEOs have little or no interest in helping engineers. You must help yourself, and that means becoming politically active. The offshoring of U.S. jobs isn't a partisan issue; both Democratic and Republican politicians are actively working against your career interests.

The first step is to begin communicating with your elected representatives about your interests and concerns. It's as simple as writing an e-mail. Then begin to organize and communicate in larger numbers through your local institutions, whether it is a professional society like IEEE or your place of worship.

This is not a time to mourn, it's time to take action.

—Ron Hira is an assistant professor of public policy at Rochester Institute of Technology and author of ["Outsourcing America"](#)