

Ports Security: Dubai Deal Just the Beginning

By Leo Hindery Jr.

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The proposed deal to turn over management of six American ports to a United Arab Emirates company needs to be stopped. However, the doomed ports deal is just the most controversial part of how the United States has offshored and outsourced its security in our post Sept. 11 world.

A disturbing new report from the U.S. Government Accountability Office shows that Uncle Sam is joining many Fortune 500 companies in the offshoring act. GAO auditors found that in government contracting - which comprises a staggering 19 percent of the national economy - there are almost no restrictions on the type of work that can be sent overseas.

Furthermore, the report states the Department of Defense does not require even the managers of our nation's major weapon systems programs to "identify or manage potential security risks from foreign suppliers." CIA and Defense security experts are concerned that those with "hostile intentions, such as terrorist organizations and foreign government economic and information warfare units, could gain direct access ... and perpetrate attacks on U.S. infrastructure ... [or] interfere with defense or infrastructure systems."

This is simply unacceptable.

It is also troublesome that hard-working taxpayers are literally helping finance the sunset of their own jobs. And make no mistake - a lot of dollars are at stake here. Federal IT outsourcing work is expected to hit the \$15 billion mark by 2007, and because of lax rules, we can't determine how much of that is ending up in foreign hands since, as the GAO tells us, almost zero federal data exists to inform us as to what is really going on.

This situation sends a misguided and hypocritical message to private industry. At a time when the federal government should be leading the way in ensuring that American citizens have the education, work force training and protections necessary to compete in the global economy, the administration is actually helping international off-shore centers gain a foothold in our most valuable - and critical - services and IT jobs.

Forrester Research estimates that in the next 10 years, 3.3 million service jobs and 3.4 million IT or technology jobs will go overseas - along with more than \$200 billion in annual wages. And an additional 7 million manufacturing jobs will be moving as well. In all, at least 10 percent and up to 15 percent of the jobs in America today will move offshore in the next decade.

While some argue that this offshoring saves us a few tax dollars at a time when our

federal budget is in acute deficit-spending, the damage is severe and irreversible. The services and IT exporters in India, China and Russia are only growing more emboldened and knowledgeable about American business - and about our weapons systems. They will take this information, learn from it, perfect it and then pummel us over the head with it. We may be selling them the very rope which will be used to hang us.

The Bush administration's response to the GAO report was quick and shameless: "Offshoring may affect fewer workers than the headlines seem to indicate." And it wouldn't even address the security issues raised by the auditors, at a time when we absolutely must keep our military, intelligence and other very sensitive technology jobs within our country's borders.

For solutions, we should look to economist Gene Sperling's six-point plan that calls for increased job creation, investments in competitiveness, improved education, dislocation insurance and a pre-emption strategy. And to Sperling's list, we also need to add getting all the facts about offshoring, strict enforcement of trade agreements, reforming the tax code and reforming federal R&D funding - and we should even consider capping the annual growth of the nation's trade deficit, as a sort of doomsday trigger.

In 2004, Bush ran a re-election campaign ad using wolves in the forest to symbolize terrorists who travel in packs, waiting to pounce on innocents. His consultants and pollsters may have received the imagery correct, but the policy side seems not to have received the message.

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