



Committee on Science
DEMOCRATIC CAUCUS
U.S. HOUSE OF REPRESENTATIVES

REP. BART GORDON, RANKING MEMBER

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Globalization and the American Workforce

What Did the Technology Administration Really Say?

Job losses continue in industrial sectors across the U.S. with little response from the Federal Government, noted U.S. House **Science Committee Ranking Member Rep. Bart Gordon** (D-TN). Gordon and fellow Committee Democrats have sought to highlight this growing problem – known as “offshoring” – in an attempt to insure hard-working Americans are kept in the loop on the state of their jobs.

Democrats’ efforts have centered on obtaining data compiled in 2004 by analysts at the Technology Administration (TA) within the Department of Commerce. That report, entitled *An Overview of Workforce Globalization in the U.S. IT Services and Software, U.S. Semiconductor and the U.S. Pharmaceuticals Industries*, provided an in-depth analysis of the ongoing loss of U.S. high-tech jobs and represents the most complete analysis to date on offshoring of U.S. jobs.

Until today, the TA analysts' report has never been publicly released. Today we are making available the executive summary and, for comparison purposes, the twelve-page "six-month assessment" the Department of Commerce released last September.



An Overview of Workforce Globalization in the U.S. IT Services and Software, U.S. Semiconductor and the U.S. Pharmaceuticals Industries

Six-Month Assessment of Workforce Globalization in Certain Knowledge-Based Industries

BACKGROUND

Democratic Members of the Science Committee have a long-standing interest in using Federal programs and agencies within our jurisdiction to undertake initiatives that prepare Americans for high-technology, high-paying jobs. In the 1980s, this "offshoring" seemed limited to manufacturing jobs in blue-collar industries

such as textiles, steel or metal fabrication. The U.S. responded by helping create the precursors of the Advanced Technology Program and the Manufacturing Extension Partnership Program at the Department of Commerce.

Recently, however, offshoring has begun to strike at the very high-tech jobs that we believed U.S. workers would move to fill as blue-collar opportunities shifted to other countries. A Cable News Network report in early March 2006 noted that 500,000 American jobs have migrated to India in recent years. That number is expected to triple in the next two years as American companies seek to cut costs and streamline business. India is but one example of a country that seems to be gaining employment at the expense of American workers. Over the last six years, the U.S. has lost just under 3 million jobs due to offshoring.

Now, we are witnessing software engineering, computer design, research and development, radiology, architecture and design and other high-value-added positions moving offshore to low-wage markets such as India, China, Ireland, and Brazil.

For the past two years, Science Committee Democrats tried to get specific details and information from Federal experts on this alarming trend. Our efforts were met with resistance, stonewalled by Federal agencies, and a lack of the Committee's traditional bipartisan cooperation. The Federal Government did the research, taxpayers paid for the report and the Technology Administration produced its analysis and findings, yet the Administration buried the truth in rhetoric. Democrats wanted the data, and finally got it.

Brief Timeline of the Report and Informational Requests

- **January, 2004:** The FY2004 Consolidated Appropriations report directed the Technology Administration to undertake a study on "the extent and implications of workforce globalization in knowledge-based industries such as life sciences, information technology, semiconductors and financial services." The report was due by June 23, 2004. \$335,000 was earmarked for this study.
 - No less than five analysts at TA immediately began work on the report in January 2004, ultimately producing a draft almost 200 pages in length. Just before submitting their drafts to TA management, the analysts were ordered to remove all citations and sourcing in their analytical report. However, neither the report nor a summary is ever released by Commerce.
- **May, 2005:** Democratic Staff of the Science Committee ask the Commerce Department for the status of the offshoring report and a briefing. Commerce Legislative Affairs never responded to the request (nor to subsequent requests during the summer).
- **August 3, 2005: Reps. Gordon, Costello (D-IL) and Wu** sent a letter to Secretary Gutierrez asking him to release the report - now more than a year overdue - and also asking questions regarding why the report was so late. The Secretary did not respond.
- **September 15, 2005:** A report summary, twelve pages in length, was released by Commerce in response to pressure from the Committee letter and from a Freedom of Information Act request filed by the trade publication *Manufacturing News*. The summary was fifteen months late. Staff learned that it was actually composed during August of 2005 and "back-dated" to comply with the Appropriation Committee's direction.
- **October 11, 2005: Reps. Gordon, Costello and Wu** sent a letter to Secretary Gutierrez once again requesting a copy of the original draft report produced by TA analysts. No response.
- **December 23, 2005:** Dan Caprio, Deputy Assistant Secretary for Technology Policy, denied Democratic Members' request for the original draft report. His reply thanked them for their "FOIA request."
- **January 26, 2006: Rep. Gordon** asked Chairman Boehlert (R-NY) to sign a document request to the Commerce Department requesting a copy of the draft report and other materials. Chairman Boehlert declined.
- **February 8, 2006: Reps. Gordon and Wu** wrote to Subcommittee Chairman Ehlers (R-MI) asking that he sign a request for the final draft report. Chairman Ehlers declined through his staff.

- **March 9, 2006: Rep. Gordon** introduced H.Res. 717, a Resolution of Inquiry directing the Secretary of Commerce to deliver a copy of the final draft TA report to Congress. The Resolution was referred to the House Science Committee.
- **March 29, 2006:** The Committee defeated the Resolution of Inquiry, but on a tie vote (17-17) failed to report to the House that the Resolution should be defeated. Chairman Boehlert recessed the markup.
- **April 5, 2006:** The Committee reconvened to complete the markup and reported the Resolution of Inquiry to the House without a recommendation. At the same time, Chairman Boehlert agreed to request that the Department deliver the report to the Committee.

RELATED CONTENT

Related Press Release(s):

- **Dems Quest For Jobs Report Successful**
- **Frustrated by Lack of Federal Commitment to Curb Offshoring, Dems Seek Commerce Report Containing Data on Loss of U.S. Jobs**
- **Gordon: Commerce Report on Offshoring Confirms U.S. Job Losses May Accelerate**
- **What Is Happening to American Jobs?**

Related Letter(s) To Admin:

- **Letter to Secretary of Commerce Seeking Mandated Report on Impacts of Offshoring and Globalization**
- **Second letter to Secretary of Commerce on Mandated Report Concerning Impacts of Offshoring and Globalization**

Related Legislation:

- **Resolution of Inquiry Directing the Secretary of Commerce to transmit to the House of Representatives a copy of a workforce globalization final draft report produced by the Technology Administration.**

Related Markup(s):

- **Full Committee Markup**

Complete consideration of H. Res. 717, Directing the Secretary of Commerce to deliver a draft report on offshoring jobs

- **Full Committee Markup**

H. Res. 717, Directing the Secretary of Commerce to deliver a draft report on offshoring jobs