

Offshoring American Jobs:

**Corporations, Campaign Cash &
Bush Administration Policies**



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Acknowledgments

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About Public Citizen

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Executive Summary

George W. Bush is the first U.S. president since Herbert Hoover to preside over a nation that has fewer jobs at the end of his first term than when he took office. During the Bush administration, 1.6 million private sector jobs have been lost nationwide.¹

However, an important distinction can be made between Bush's and Hoover's tenures: During the Depression, the U.S. economy collapsed and jobs disappeared completely; during the Bush years, the U.S. economy has continued to grow, and many jobs that disappeared from within our borders "reappeared" in far-off locations – places where labor costs are significantly lower. This practice is widely referred to as *offshoring*.

The first wave of U.S. corporate offshoring occurred in the 1980s and accelerated in the mid-1990s after the launch of the North American Free Trade Agreement (NAFTA) and World Trade Organization (WTO). During this period, hundreds of plants closed across the United States. This first wave primarily affected the manufacturing sector and blue-collar jobs. One rationale given by the proponents of NAFTA and the WTO for the initial export of jobs was that low-skilled and low-paying manufacturing jobs would be replaced with "better paying and cleaner jobs" in the high-tech and professional service sectors.²

In the aftermath of the blue-collar jobs meltdown, offshoring now has gained major momentum among service sector companies seeking lower employment costs and higher profit margins. This job migration began with lower-wage, "back office" operations, such as telemarketing, reservations and data processing. However, service sector offshoring has moved up the skills ladder, so that millions of high-paying, high-skilled jobs are now at risk. In other words, corporations increasingly are shipping out the very kinds of white-collar jobs in which the United States theoretically should have a competitive advantage and that were supposed to replace offshored manufacturing jobs.

The newest wave of offshoring is primarily occurring in three industry sectors: financial services, computer products and services, and telecommunications services – the subjects of this report.

This report's major findings include:

- **At least 53,000 white-collar finance, computer and telecommunications services jobs have been offshored by 29 companies since 2000.** Public Citizen estimates that more than 11,000 financial services jobs, nearly 25,000 computer products and services jobs and at least 17,000 telecommunications services jobs have gone abroad. Job losses are almost certainly much higher, considering the fact that companies resist disclosing such information and no federal or state reporting requirements exist for jobs sent offshore.
- **The Bush administration has taken numerous actions to promote the offshoring of jobs or failed to take actions to stem the flow of jobs abroad.**

- **It opposes proposals to include anti-offshoring provisions into government procurement contracts.** Twice in the past 18 months, measures have been considered in Congress that would restrict the federal government from giving contracts to companies that send work offshore. In both instances, the Bush administration opposed the proposals.
- **It encourages companies to create jobs overseas by deferring the taxation of overseas profits.** President Bush, who has eagerly revised the tax code to benefit wealthy corporate CEOs, supports continuing a key incentive for companies to ship jobs overseas. It allows the profits of U.S.-based multinationals to be subject to taxation only when their foreign earnings are repatriated. Two years ago, the Treasury Department promised to issue new regulations to address some of the loopholes that permit this activity, but even draft changes have not been forthcoming.
- **It has been inactive on the threat offshoring poses to consumer privacy protections for medical and financial information.** Increased offshoring by U.S. companies means that an unprecedented amount of sensitive personal data is being shipped overseas. Strong privacy protections, however, effectively end at our borders. Rep. Edward Markey (D-Mass.) has asked nine federal agencies how the Bush administration is addressing this threat to consumer information privacy – but the responses, while providing even more proof that new legislation is needed, failed to address the regulatory holes that exist.
- **It has made efforts to expand the World Trade Organization (WTO) into more service sectors and undermine anti-offshoring policies in procurement chapters of trade agreements.** The White House is trying to expand the scope of the WTO’s “services” agreement, the General Agreement on Trade in Services (GATS), by bringing more service sectors under its scope, thereby limiting the ability of governments to independently regulate service sectors. The administration is passionately pushing service-sector privatization and deregulation through new regional and bilateral free trade agreements, such as the Central American Free Trade Agreement (CAFTA) and the proposed Free Trade Area of the Americas (FTAA), a 31-nation NAFTA expansion. The administration also has sought to undermine state laws by lobbying state governors to get them to bind their states to new procurement rules in a dozen proposed bilateral free trade agreements. These rules would threaten state bans on the public purchase of goods produced in sweatshops or state laws requiring recycled content in paper products and similar goods. They would also outlaw measures that have been introduced in more than 30 state legislatures to prohibit the use of state funds for contracts that employ overseas workers.

- **The 29 companies that are leading offshorers have contributed substantially to Bush presidential campaigns.**
 - **The 29 companies and their employees have given a total of at least \$19.1 million – an average of \$657,000 per company– in campaign contributions to President Bush and the Republican National Committee (RNC) since 2000.** These donations include company political action committee and employee contributions; soft money contributed to the RNC, which is banned in the 2004 election cycle; and corporate contributions to the Bush-Cheney Inaugural fund. Eleven offshoring companies in the financial services sector have given a total of \$9.3 million to Bush, the RNC and the inaugural fund since 2000. Twelve offshoring companies in the computer products and services sector have given a total of \$4.6 million to Bush, the RNC and the inaugural fund since 2000. Six offshoring companies in the telecommunications sector have given a total of \$5.2 million to Bush, the RNC and the inaugural fund since 2000.
 - **Twenty-three Rangers and Pioneers from the 29 companies bundled together a minimum of \$3.5 million to assist President Bush in the 2000 and 2004 campaigns.** Rangers and Pioneers are the honorary titles given by the Bush campaign to fundraisers who bundle at least \$200,000 or \$100,000, respectively, in maximum \$2,000 contributions. They are typically corporate executives who often round up much more than the minimum required to receive the campaign’s special designation.
 - **The amount raised by the 23 Rangers and Pioneers from these 29 companies increased 10 times from 2000 to 2004.** In 2000, just five individuals from the 29 companies pledged to become Bush Pioneers. Three of them raised at least \$100,000, but the campaign did not confirm whether two others reached their goal or exactly how much money either of them raised. In 2004, the number of bundlers from the 29 companies had swollen to 19 (10 Rangers and 9 Pioneers), who raised at least \$3.2 million. This is a tenfold increase in money raised.
 - **These 23 Rangers and Pioneers came from just 11 leading offshoring companies.** Seven companies in the financial services sector provided 15 Bush bundlers, including four from Morgan Stanley and three from Goldman Sachs. The leading offshoring companies in the computer products and services industry had a total of four bundlers – two each from Microsoft and Texas Instruments. The leading offshoring companies in the telecommunications industry had a total of four bundlers, two each from SBC Communications and Verizon Communications.

Offshoring of American Jobs Has Accelerated Under President Bush

There are no reliable data on the total number of U.S. jobs that have already been sent abroad in recent years.³ Measurement issues and other methodological problems have generated a confusing array of estimates. The key problem for many analysts has been defining and systematically linking domestic job losses with positions created overseas by American companies. No matter what the estimates, most analysts see the current situation as the beginning of what is expected to be a rapidly escalating trend.

Under President Bush, the offshoring of jobs has gained considerable momentum. Job losses are in a wide range of sectors but are concentrated in financial services, computer products and services, and telecommunications services.

Public Citizen examined 29 companies in these three sectors. The chosen companies were compiled by identifying the top offshoring corporations in each of the three sectors and then including each of these companies' top competitors that also offshore jobs. The list is based on news accounts and a Web site that maintains comprehensive data on jobs offshored – TechsUnite.org.

Public Citizen estimates that these 29 companies have offshored at least 53,000 U.S. jobs since 2000. More than 11,000 of these jobs were from 11 financial services sector companies, nearly 25,000 jobs were from 12 computer products and services companies, and at least 17,000 jobs were from six telecommunications services companies. [See Figure 1]

The job losses at these 29 companies are almost certainly much higher. Corporate America's fears over a backlash have placed great limits on how much information it is willing to reveal – making it difficult to acquire and verify data on jobs going abroad. Moreover, there are no federal or state reporting requirements for jobs sent offshore.

Large swaths of the U.S. labor force – from factory workers to Ph.D. engineers to computer scientists – must now compete with developing country wages. The result is a hollowing out of the middle class. Even government contract work is not immune to the offshoring trend – although the number of jobs lost is even harder to determine. State and federal governments usually do not track where the work is done by a private contractor after the contract has been awarded. In many cases, contracts are awarded to a U.S. firm that then subcontracts with an overseas affiliate or third-party service provider. Thus, while there are many well-known anecdotal examples of state government work being sent offshore, no data have been collected on the extent of the practice.

Whatever the exact numbers, most analysts agree that this new wave of overseas outsourcing is gaining steam, as the following data show.

- **Skilled, white-collar employees are as vulnerable to offshoring as manufacturing workers.**

Researchers at the University of California, Berkeley, have calculated that more than 14 million highly skilled, white-collar jobs paying an annual average salary of \$40,000 are vulnerable to being offshored.⁴ A widely cited projection by Forrester Research, a technology research firm, estimates that 3.4 million white-collar jobs will move offshore by 2015, including 830,000 by 2005, up from their original projection of 588,000.⁵ A Goldman Sachs study estimates that as many as 6 million U.S. service jobs could move overseas in the next decade.⁶

- **Offshoring is sweeping through industries employing highly educated workers in technology, financial services, information and professional services.**

Specialized industry projections include the Gartner Group's estimate that 10 percent of U.S. technology jobs will have moved offshore by 2005.⁷ Despite the brewing political backlash, Gartner found that up to 25 percent of traditional information technology jobs will be relocated from developed to developing countries by 2010.⁸ Mark Zandi, an economist at Economy.com, estimates that between 750,000 and 1.2 million U.S. jobs have gone offshore since early 2001, and that 19 percent of these were in information, financial and business services.⁹

A.T. Kearney predicts 500,000 financial services jobs (8 percent of all U.S. jobs in banking, brokerage and insurance) will be shipped overseas by May 2008.¹⁰ Almost 5 percent of U.S. human resources jobs had been sent offshore by mid-2003, a figure that is expected to rise to at least 15 percent by 2007, according to a national human resources publication.¹¹

While information technology, back-office accounting and telemarketing jobs have been going offshore since the mid 1990s,¹² professional positions in law, investment research, tax-preparation, technical writing, and medical transcription are now at risk of being sent offshore.¹³

- **Low-paying positions have replaced information technology jobs in the government's projections for most rapid employment growth.**

The U.S. Bureau of Labor Statistics (BLS) projects that over the next decade six of the 10 occupations expected to gain the most ground are low-wage occupations that do not require a college degree.¹⁴ This represents a major shift from earlier government estimates. Just two years ago, the BLS projected nearly the opposite: that the seven most rapidly growing occupations would be in information technology from 2000 to 2010.¹⁵

- **Many workers' wages are dramatically reduced by offshoring.**

Besides domestic job loss, a major effect of globalization is the suppression of wages in affluent countries. A recent worker displacement survey conducted by the U.S. government found that 56.9 percent of those who said they were re-employed were earning less in their new jobs than in the jobs they had lost. Thirty-four percent of those displaced workers who were re-employed reported earnings losses of 20 percent or more.¹⁶ A Brookings Institution study estimates that, for every dollar of U.S. services activity offshored, "re-employed" workers recover less than half – 47 cents.¹⁷

- **While American workers face job losses, companies that offshore the most service-sector jobs enhance executive pay.**

A recent report by the Institute for Policy Studies (IPS) titled *Executive Excess*, highlights that the offshoring trend may in fact be contributing to the country's income disparity. IPS found that executive pay at the 50 companies outsourcing the most service-sector jobs increased 46 percent in 2003.¹⁸ While the average CEO got a 9 percent raise in 2003, regular workers saw just a 2 percent pay increase. For the first time in two years, the CEO-to-worker wage gap rose. The CEO-to-worker pay ratio reached 301:1 in 2003, up from 282:1 in 2002. For call center workers the gap is even wider. Currently, the pay gap between U.S. CEOs and American call center workers is 400:1.¹⁹

Figure 1
Estimates of U.S. Jobs Sent Abroad by 29 Leading Offshoring Companies, 2000 to 2004

Company Name	Jobs Offshored Since Jan. 1, 2000	Details/Sources
Financial Services		
Bank of America	1,500	Bank of America had sent 1,500 technology jobs to India by March 2003 (<i>BusinessWeek</i> , Feb. 2, 2003) and is building a subsidiary there, which it plans to staff with up to 1,000 by 2005 (<i>ComputerWeekly.com</i> , Feb. 19, 2004).
Charles Schwab	150	San Francisco brokerage Charles Schwab moved part of its information technology division to a contractor in Bangalore, India, in 2003, where about 150 people do programming for Schwab's internal computer networks and Web site. This followed a 25 percent company-wide layoff (<i>The Sun Herald</i> (Biloxi, Miss.) Oct. 27, 2002).
Citigroup	500	Citigroup cut 500 U.S. call center workers at the same time it acquired an Indian outsourcing firm (<i>Phoenix Business Journal</i> , April 23, 2004).
Fidelity Investments/FMR Corp.	1,000	TechsUnite's Offshore Tracker*
Goldman Sachs	250	TechsUnite's Offshore Tracker*
HSBC USA	768	HSBC has transferred 768 customer service, collections and "back-office" positions from Buffalo, N.Y., to India during the last three years (<i>Buffalo News</i> , Feb. 22, 2004).
JP Morgan Chase & Co.	5,040	J.P. Morgan Chase & Co. has said it plans to expand its cost-saving-support operations in India to as many as 5,000 employees during the next several years (<i>Wall Street Journal</i> , Oct. 15, 2003). The company expected to have 40 research analysts in Mumbai, India, by the end of 2003 (<i>USA Today</i> , Aug. 5, 2003).
Mellon Financial	230	TechsUnite's Offshore Tracker*
Merrill Lynch	800	TechsUnite's Offshore Tracker*
Morgan Stanley	1,000	Morgan Stanley has sent portions of its information technology work to offshore outsourcers, relying on roughly 1,000 contract workers in Canada, India and the Philippines (<i>Information Week</i> , Sept. 22, 2003).
Wachovia	Not Available	TechsUnite's Offshore Tracker* reports that an unknown number of software, web developer and engineer jobs have gone to Latvia, Lithuania and other unknown locations.
Financial Services Subtotal	11,238	

Figure 1 (continued)

Company Name	Jobs Offshored Since Jan. 1, 2000	Details/Sources
Computer Products & Services		
Applied Materials Inc.	200	TechsUnite's Offshore Tracker*
Cisco Systems	2,300	TechsUnite's Offshore Tracker*
Computer Associates International	300	CAI reported that it planned to add several hundred workers to its software development centers in India. The company already employed 300 in India (<i>Newsday</i> , Oct. 12, 2003).
Dell Inc.	5,700	Dell eliminated 5,700 jobs in Central Texas at the same time it opened a call center in India (<i>Austin American-Statesman</i> , Oct. 21, 2002 and TechsUnite Offshore Tracker*).
Hewlett-Packard	1,200	HP shifted 1,200 Compaq customer-service jobs from Florida to an existing HP center in India (<i>Fort Worth Star-Telegram</i> , July 21, 2003).
IBM Corp.	3,500	IBM said it intends to send 3,000 American jobs to other countries in 2004 (<i>Wall Street Journal</i> , April 8, 2004). As of December 2003, IBM had hired 500 engineers in India (<i>Wall Street Journal</i> , Apr. 15, 2003).
Intel Corp.	3,000	After Intel announced plans to cut 4,000 jobs in the United States, the company said it planned to add 200 workers in India, eventually tripling its number of engineers there to more than 3,000 (<i>Austin American Statesman</i> , Oct. 21, 2002).
Microsoft Corp.	900	In Hyderabad, India, Microsoft employs 325 software developers and 125 information technology staff (<i>Seattle Post-Intelligencer</i> , May 28, 2004). Microsoft plans to increase the number of staff in Hyderabad by 300 by 2005 (<i>ComputerWeekly.com</i> , June 3, 2004). In Bangalore, India, about 150 Microsoft employees receive customer service calls (<i>Charlotte Observer</i> , Dec. 14, 2003).
NCR Corp.	350	TechsUnite's Offshore Tracker*
Oracle Corp.	6,200	TechsUnite's Offshore Tracker*
Sun Microsystems	Not Available	TechsUnite's Offshore Tracker* reports that an unknown number of software, Web developer and engineer jobs have gone to undisclosed offshore locations.
Texas Instruments	1,000	TI was the first company to offshore design work to India. It opened a design center in Bangalore in 1985. Today, TI has two R&D facilities there, employing more than 1,000 engineers in chip design and embedded software. (<i>Business Week</i> , Nov. 11, 2002 and <i>Economist Intelligence Unit – ViewsWire</i> , June 10, 2004).
Computer Products & Services Subtotal	24,650	

Figure 1 (continued)

Company Name	Jobs Offshored Since Jan. 1, 2000	Details/Sources
Telecommunications Services		
AT&T Corp.	440	TechsUnite's Offshore Tracker*
Bell South	Not Available	Bell South is currently assessing the viability of sending 900 information technology jobs to India by 2007 (<i>America's Network</i> , Feb. 15, 2004).
MCI Inc.	7,500	TechsUnite's Offshore Tracker*
SBC Communications	4,520	TechsUnite's Offshore Tracker* reports that SBC hired Indian contractors to handle inquiries about its high-speed Internet service at the same time that it eliminated thousands of U.S. positions.
Sprint FON Group	4,500	TechsUnite's Offshore Tracker.* Sprint has given contracts to IBM Global Services and EDS to outsource hundreds of information technology jobs. The jobs are expected to be moved offshore. More recently, Sprint signed a contract with IBM to outsource 1,600 customer service jobs. Though IBM has said the jobs will not be sent overseas, it is expected that eventually the work could be handled by call centers in India or other countries (<i>Kansas City Star</i> , Feb. 14, 2004).
Verizon Communications	200	Verizon has eliminated hundreds of U.S. contract employees and replaced them with developers who work for computer-services firms abroad, primarily in India (<i>Wall Street Journal</i> , March 11, 2003).
Telecommunications Services Subtotal	17,160	
TOTAL	53,048	

*The Offshore Tracker is an initiative of the Washington Alliance of Technology Workers (WashTech), an affiliate of the Communications Workers of America (CWA). The Offshore Tracker is a database that tracks jobs transferred or created overseas by U.S. corporations. The data are obtained through media reports and individual accounts from employees and their families. TechsUnite estimates that the numbers contained in the Offshore Tracker represent only about 20 percent of total jobs lost due to overseas outsourcing because of the lack of transparency. Some employees who are replaced with overseas workers are offered severance packages contingent upon confidentiality agreements. Though TechsUnite's data are not comprehensive, it is the only existing database of its kind.

Bush Administration Policies Permit and Promote the Offshoring of Jobs

In policy, legislative and philosophical battles over offshoring, the Bush administration consistently sides with the industries and companies that shift American jobs overseas.

- **The Bush administration has opposed proposals that attempted to insert anti-offshoring provisions into government procurement contracts.**

The federal government spends an estimated \$250 billion each year procuring goods and services.²⁰ Twice in the past 18 months, measures have been considered in Congress that would restrict the federal government from giving contracts to companies that send work offshore. In both instances, the Bush administration opposed the proposals.

An effort to add “Buy American” provisions to the 2004 Defense Authorization Act, which would have required the Defense Department to buy only U.S.-made products (or products in which American-made content comprised at least 65 percent of their costs),²¹ was derailed in conference committee in November 2003. Efforts by U.S. Trade Representative Robert B. Zoellick were widely credited with blocking the provisions.²² Ultimately, the provision that became law merely requires the Pentagon to identify the countries of origin of systems purchased for \$25,000 or more that are sold to the United States for national security purposes.²³

In March 2004, the Bush administration had a second opportunity to discourage U.S. companies from accepting federal money and then having the work performed overseas. But when Sen. Christopher Dodd (D-Conn.) introduced an amendment to prohibit offshore outsourcing of federal, state or local government contracts involving federal dollars, the administration worked with Republican congressional leaders to undermine the measure. Dodd’s amendment to the Foreign Sales Corporation-Extra Territorial Income (FSC-ETI) bill was significantly weakened during Senate floor consideration after the Office of the U.S. Trade Representative demanded it include exemptions for the 27 nations that signed the WTO Agreement on Government Procurement (AGP).²⁴ When it was finally approved on March 5, 2004, the Dodd amendment included the requested exemptions for these 27 countries.

Even in its diluted condition, however, the Dodd amendment, did not become law. It was stripped out during the House-Senate conference committee on the FSC-ETI bill, known as “The American Jobs Creation Act” (H.R. 4520), which President Bush signed into law on October 22, 2004. The defeat of the provision was a victory for technology and telecommunications service companies who receive billions of dollars in federal contracts a year. In 2002, automatic data processing equipment and automatic data processing and telecommunications services companies received almost \$24 billion in federal contract work. The contracts to these industries include multi-million dollar awards to known offshoring companies such as Computer Sciences Corp., IBM, Electronic Data Systems and Dell Computer.²⁵

- **The Bush administration encourages companies to create jobs abroad by deferring the taxation of overseas profits.**

President Bush, who has eagerly revised the tax code to benefit wealthy corporate CEOs, supports continuing a key provision in U.S. tax law that provides an incentive for companies to ship jobs overseas. U.S.-based multinationals operating abroad can take advantage of the deferral provision, which allows overseas profits to accumulate indefinitely, avoiding U.S. taxes. Such untaxed profits are valued at more than \$600 billion.²⁶ The profits of U.S.-based multinationals are subject to taxation only when their foreign earnings are repatriated, so companies can shield foreign earnings in perpetuity as long as they are being “invested” abroad – such as by building low-cost service centers and staffing them with cheap, local labor – or are “parked” in a holding company in offshore havens like Bermuda, Luxembourg or the Cayman Islands. Two years ago, the Treasury Department promised to issue new regulations to address some of the loopholes that permit this activity, but even draft changes have not been forthcoming.²⁷

- **The Bush administration supports tax benefits for companies that shift production overseas.**

The “American Jobs Creation Act” was Congress’ response to an adverse ruling by the WTO, which forced the United States to phase out its Foreign Sales Corporation (FSC) corporate tax benefit. FSC had provided U.S. exporters with an exemption from U.S. tax for a portion (15 percent to 30 percent) of the income earned from export transactions. The European Union (EU) challenged the policy at the WTO, and the WTO deemed that it was an illegal export subsidy.

After months of foot dragging, and following the EU imposing retaliatory tariffs, Congress replaced the export-related subsidies with a corporate tax cut that ballooned to \$145 billion.²⁸ While multinationals corporations no longer enjoy the same export subsidy, the legislation provides them with a new set of giveaways, including significant tax breaks for known offshoring companies such as GE and Citigroup.²⁹ The bill also includes provisions that allow some companies to extend their foreign tax credits from five years to 10 years and enables multinationals to repatriate overseas earnings for one year at a rate of 5.25 percent, instead of the normal 35 percent.³⁰

- **The Bush administration has been inactive on the threat offshoring poses to consumer privacy protections for medical and financial information.**

Increased offshoring by U.S. companies means that an unprecedented amount of sensitive personal data is being shipped overseas. Ernst & Young is now sending tax preparation work to India.³¹ Aetna Inc. has moved some insurance-claim-processing functions to India.³² U.S. hospitals are having X-rays read in India.³³ Strong privacy protections, however, effectively end at our borders. In May, Rep. Edward Markey (D-Mass.) asked more than a dozen federal agencies how the Bush administration is addressing this threat to consumer information privacy. Markey received responses from about half of the agencies he contacted, including the Federal Deposit Insurance Corporation, banking regulators and the Department of Health and Human Services. But the responses, while providing even more proof that new legislation is needed, failed to address the regulatory holes that exist regarding sensitive personal information sent offshore.³⁴

For instance, the response from Health and Human Services Secretary Tommy Thompson neglected to communicate a commitment to improving privacy regulations. At the same time, his response further validated Markey's concerns. Thompson reported that under the Health Insurance Portability and Accountability Act (HIPAA), consumers whose private medical information has been offshored to an entity that then compromised its confidentiality, have no right to sue either the U.S. company that transferred the data, or the offshore company that released it.³⁵

Markey since has introduced the "Personal Data Offshoring Protection Act," which would prohibit companies from transferring personal information to countries that do not provide privacy protections equivalent to U.S. standards and would require notice and consent. The bill also provides for civil remedies for violations.

- **Bush trade policies have undermined domestic anti-offshoring policies in the services and procurement chapters of international trade agreements.**

Provisions in the services and procurement chapters of the WTO, as well as NAFTA-modeled trade agreements, severely restrain governments from regulating service sectors, including financial services, telecommunications and energy. These provisions are negotiated by the U.S. Trade Representative. Such provisions place significant limitations on anti-offshoring legislation at the federal level and in the 37 states also bound to the WTO procurement agreement. Unfortunately, the White House is trying to expand the scope of the WTO's "services" agreement, the General Agreement on Trade in Services (GATS), by bringing more service sectors under its scope, further limiting the ability of governments to regulate service sectors.

Although the WTO and NAFTA took effect under the Clinton administration, the Bush White House is taking the agreements a step further by passionately pushing the same kind of service-sector privatization and deregulation agenda in regional and bilateral free trade agreements, including the Central American Free Trade Agreement (CAFTA) and the proposed Free Trade Area of the Americas (FTAA), a 31-nation NAFTA expansion.

The Bush administration also has sought to undermine state laws by lobbying state governors to get them to bind their states to new procurement rules in a dozen proposed bilateral free trade agreements.³⁶ These rules would threaten state bans on the public purchase of goods produced in sweatshops or state laws requiring recycled content in paper products and similar goods. They would also outlaw measures that have been introduced in more than 30 state legislatures to prohibit the use of state funds for contracts that employ overseas workers.

Contributions to the Bush Campaign from Major Companies that Offshore U.S. Jobs

It would be an oversimplification to suggest that the Bush administration wholeheartedly supports policies that facilitate the offshoring of American jobs because of sizable campaign contributions from the companies that benefit from those policies. The role of money in politics sometimes works in more subtle ways than such a blatant *quid pro quo*.

As an unabashedly free-market, free-trade politician, it is no surprise that President Bush supports policies that result in the export of jobs to the lowest-cost countries – thereby enabling American companies to maximize their profits.

But what sizable campaign contributions from industry help ensure is that candidates who support unfettered offshoring policies are elected to office. Such financial support also guarantees a high level of access to decision-makers in the executive branch and Congress.

Public Citizen examined the campaign contributions to President Bush from the 29 leading companies in the three industry sectors that have emerged as active offshorers of white-collar jobs – financial services (11 companies), computer products and services (12 companies), and telecommunications (6 companies). These 29 companies have provided substantial support to Bush campaign efforts since the 2000 election cycle.

- **Twenty-three Rangers and Pioneers from the 29 companies bundled together a minimum of \$3.5 million to assist President Bush in the 2000 and 2004 campaigns.**

Rangers and Pioneers are the honorary titles given by the Bush campaign to fundraisers who bundle at least \$200,000 or \$100,000, respectively, in maximum \$2,000 contributions. They are typically corporate executives who often round up much more than the minimum required to receive the campaign's special designation. There has been remarkable growth in the number of Bush bundlers from leading offshoring companies from 2000 to 2004.

- In 2000, just five individuals from the 29 companies pledged to become Bush Pioneers. Three of them raised at least \$100,000, but the campaign would not confirm whether two others reached their goal or exactly how much money any of them raised.
- In 2004, the number of bundlers from the 29 companies had swollen to 19 (10 Rangers and 9 Pioneers), who raised at least \$3.2 million. This represents more than a tenfold increase. [See Figure 2] One rainmaker, Peter Coneway of Goldman Sachs, the only individual to qualify in both 2000 and 2004, also was crowned a “Super Ranger” in 2004 after raising at least \$200,000 for President Bush and at least another \$300,000 for the Republican National Committee (RNC).
- These 23 Rangers and Pioneers³⁷ came from just 11 companies. Seven of the leading offshoring companies in the financial services sector provided 15 Bush bundlers,

including four from Morgan Stanley and three from Goldman Sachs. The leading offshoring companies in the computer products and services industry had a total of four bundlers – two each from Microsoft and Texas Instruments. The leading offshoring companies in the telecommunications industry had a total of four bundlers, two each from SBC Communications and Verizon Communications.

- **Twenty-nine leading offshoring companies and their employees have given a total of at least \$19.1 million in campaign contributions to President Bush and the RNC since the 2000 election cycle.**

These campaign donations include company political action committee and employee contributions; soft money contributed to the RNC, which was banned in the 2004 election cycle because of the McCain-Feingold law; and corporate contributions to the Bush-Cheney Inaugural fund. [See Figure 3]

- The companies contributed an average of \$657,000 each since 2000 to benefit Bush.
- Eleven offshoring companies in the financial services sector have given a total of \$9.3 million to Bush, the RNC and the inaugural fund since 2000.
- Twelve offshoring companies in the computer products and services sector have given a total of \$4.6 million to Bush, the RNC and the inaugural fund since 2000.
- Six offshoring companies in the telecommunications sector have given a total of \$5.2 million to Bush, the RNC and the inaugural fund since 2000.

Figure 2
Bush Rangers and Pioneers from Leading Offshoring Companies, 2000 and 2004

Name	Employer	Occupation	Fundraising Status	Minimum \$ Bundled
Financial Services Sector				
James H. Hance	Bank of America	Vice Chairman	2004 Ranger	\$200,000
James. P. MacGilvray	Fidelity Investments	President	2004 Pioneer	\$100,000
David C. Weinstein	Fidelity Investments	Chief of Administration	2004 Pioneer	\$100,000
Peter. R. Coneway	Goldman Sachs	Limited Partner	2004 Super Ranger 2004 Ranger 2000 Pioneer	\$600,000
Henry M. Paulson Jr.	Goldman Sachs	Chairman & CEO	2004 Pioneer	\$100,000
George H. Walker IV	Goldman Sachs	Managing Director	2004 Pioneer	\$100,000
Alan R. Buckwalter III	JP Morgan Chase & Co.	Chair of Southwest Region (Ret.)	2000 Pioneer*	n/a
John O'Connor	JP Morgan Chase & Co.	Executive Partner	2004 Pioneer	\$100,000
John R. Stafford	JP Morgan Chase & Co.	Board of Directors	2000 Pioneer	\$100,000
E. Stanley O'Neal	Merrill Lynch	CEO	2004 Ranger	\$200,000
Palmer N. Murray	Morgan Stanley	Vice Chairman	2000 Pioneer	\$100,000
Richard F. Powers III	Morgan Stanley	Client Group President	2004 Ranger	\$200,000
Phillip J. Purcell	Morgan Stanley	CEO	2004 Ranger	\$200,000
William H. Strong	Morgan Stanley	Vice Chairman & Managing Director	2004 Ranger	\$200,000
G. Kennedy Thompson	Wachovia Corp.	Chairman, CEO & President	2004 Ranger	\$200,000
Financial Services Subtotal				\$2,500,000

Figure 2 (continued)

Name	Employer	Occupation	Fundraising Status	Minimum \$ Bundled
Computer Products & Services				
John Connors	Microsoft Corp.	Chief Financial Officer	2004 Pioneer	\$100,000
John Kelly	Microsoft Corp.	Attorney	2004 Pioneer	\$100,000
J. Fred Bucy, Jr.	Texas Instruments	CEO (Ret.)	2000 Pioneer*	n/a
Christine Todd Whitman	Texas Instruments	Board of Directors	2004 Ranger	\$200,000
Computer Products & Services Subtotal				\$400,000
Telecommunications Services				
Edward E. Whitacre Jr.	SBC Communications	Chairman & CEO	2004 Ranger	\$200,000
August Busch III	SBC Communications	Board of Directors	2004 Ranger	\$200,000
Ivan Seidenberg	Verizon Communications	President & CEO	2004 Pioneer	\$100,000
Peter Davidson	Verizon Communications	Senior Vice President	2004 Pioneer	\$100,000
Telecommunications Services Subtotal				\$600,000
TOTAL				\$3.5 million

Source: Public Citizen research and analysis of Bush campaign disclosures, www.WhiteHouseForSale.org.

*Pledged to become a Pioneer in 2000 but campaign would not confirm if bundler reached the goal or how much was collected.

Figure 3
Contributions to Bush and RNC from Leading Offshoring Companies,
2000-2004

Company	Election Cycle						Total
	2000		2002		2004		
	Bush	RNC	Inaug.	RNC	Bush	RNC	
Financial Services							
Bank of America	\$113,500	\$98,425	--	\$51,750	\$205,561	\$68,683	\$537,920
Charles Schwab	\$32,790	\$426,001	\$100,000	(\$5,300)	\$31,400	\$4,750	\$589,641
Citigroup	\$116,200	\$480,532	\$100,000	\$514,652	\$308,700	\$168,397	\$1,688,481
Fidelity Investments/ FMR Corp.	\$18,550	\$180,825	--	\$130,560	\$133,453	\$75,310	\$538,698
Goldman Sachs	\$136,999	\$626,000	\$100,000	\$310,345	\$368,100	\$469,404	\$2,010,848
HSBC USA	\$1,000	--	--	\$6,990	\$27,100	\$700	\$35,790
JP Morgan Chase & Co.	\$29,250	\$47,765	\$100,000	\$31,034	\$199,150	\$171,680	\$578,879
Mellon Financial	\$3,500	\$750	--	\$550	\$27,965	\$1,950	\$34,715
Merrill Lynch	\$132,425	\$301,647	\$100,000	\$118,141	\$564,304	\$160,135	\$1,376,652
Morgan Stanley	\$145,900	\$265,780	\$100,000	\$151,395	\$590,030	\$214,300	\$1,467,405
Wachovia Corp.	\$4,500	\$6,200	--	\$51,706	\$258,810	\$79,219	\$400,435
Financial Services Subtotal	\$734,614	\$2,433,925	\$600,000	\$1,361,824	\$2,714,573	\$1,414,528	\$9,259,464
Telecommunications Services							
AT&T Corp.	\$41,400	\$868,515	\$100,000	\$691,014	\$35,665	\$68,450	\$1,805,044
Bell South	\$73,120	\$84,226	--	\$73,800	\$71,800	\$52,250	\$355,196
MCI Inc.	\$38,601	\$430,105	--	\$74,464	\$30,050	\$45,600	\$618,820
SBC Communications	\$32,100	\$463,365	\$100,000	\$243,205	\$170,380	\$57,728	\$1,066,778
Sprint FON Group	\$9,750	\$74,895	--	\$50,300	\$19,875	\$11,700	\$166,520
Verizon Communications	\$41,680	\$535,526	--	\$415,246	\$96,300	\$72,150	\$1,160,902
Telecomm. Services Subtotal	\$236,651	\$2,456,632	\$200,000	\$1,548,029	\$424,070	\$307,878	\$5,173,260

Figure 3 (continued)

Company	Election Cycle						Total
	2000		2002		2004		
	Bush	RNC	Inaug.	RNC	Bush	RNC	
Computer Products & Services							
Applied Materials Inc.	\$2,750	\$17,750	--	\$500	\$4,250	\$500	\$25,750
Cisco Systems	\$29,250	\$230,373	\$100,000	\$174,338	\$87,610	\$8,800	\$630,371
Computer Associates International	\$19,500	\$46,000	--	\$750	\$14,250	\$3,630	\$84,130
Dell Inc.	\$43,985	\$371,810	--	\$273,950	\$30,700	\$92,650	\$813,095
Hewlett-Packard	\$13,500	\$12,575	\$50,000	\$30,715	\$34,560	\$6,125	\$147,475
IBM Corp.	\$21,833	\$12,175	\$100,000	\$17,150	\$77,970	\$46,758	\$275,886
Intel Corp.	\$15,900	\$31,675	--	\$500	\$22,405	\$3,250	\$73,730
Microsoft Corp.	\$62,250	\$724,277	\$100,000	\$989,052	\$191,890	\$64,695	\$2,132,164
NCR Corp.	\$6,250	\$2,250	--	\$1,550	\$7,500	\$1,750	\$19,300
Oracle Corp.	\$26,750	\$166,027	--	\$108,034	\$29,385	\$1,220	\$331,416
Sun Microsystems	\$6,650	\$4,600	--	\$1,950	\$16,250	\$1,450	\$30,900
Texas Instruments	\$22,450	\$2,650	--	\$5,250	\$24,600	\$4,750	\$59,700
Computer Products & Services Subtotal	\$271,068	\$1,622,162	\$350,000	\$1,603,739	\$541,370	\$235,578	\$4,623,917
TOTAL	\$1,242,333	\$6,512,719	\$1,150,000	\$4,513,592	\$3,680,013	\$1,957,984	\$19,056,641

Source: Public Citizen analysis of data provided by the Center for Responsive Politics. Totals include contributions from political action committees and individual members or employees of a company, as well as unrestricted "soft money" donations from individuals and corporate treasuries before the 2004 election cycle (when such donations became illegal). Contribution data are as of Oct. 1, 2004.

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