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Associated Press

Donohue Endorses Outsourcing of Jobs

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By Rachel Konrad, AP Technology Writer

U.S. Chamber of Commerce Leader Thomas Donohue Promotes Outsourcing of Jobs to Boost Economy

SAN FRANCISCO (AP) -- U.S. Chamber of Commerce President and CEO Thomas Donohue is promoting overseas outsourcing of jobs as a way to boost the economy and even increase employment -- a stance that rankles jobless white-collar workers, particularly in the flagging technology industry.

Donohue, speaking Wednesday night to the Commonwealth Club of California, said he believes exporting high-paid tech jobs to low-cost countries such as India, China and Russia saves companies money that they may use to create new jobs for Americans.

CEOs from Wall Street to Silicon Valley have embraced the theory, and the pace of offshoring has shocked statisticians and economists.

In early June, the Bureau of Labor Statistics downwardly revised projections for white-collar job growth for 2002-2012, based on accelerated job migration. The agency reported that seven of the 10 occupations expected to gain the most ground are low-wage occupations that do not require a college degree.

Technology consulting firm Gartner Inc. estimates that 10 percent of computer services and software jobs will be moved overseas by the end of this year.

The job outlook in the San Francisco Bay area -- home to legions of unemployed programmers since the dot-com bust of 2000 -- is particularly bleak. Nearly one-third of local workers, or 31 percent, are worried about losing their jobs, compared to 18 percent for the nation, according to a survey released Wednesday by staffing firm Hudson Highland Group, Inc.

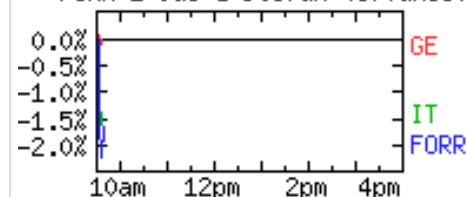
Donohue acknowledged the pain for people who have lost jobs to offshoring -- an estimated 250,000 a year, according to government estimates. But pockets of unemployment shouldn't lead to "anecdotal politics and policies," he said, and people affected by offshoring should "stop whining."

"One job sent overseas, if it happens to be my job, is one too many," Donohue said. "But the benefits of offshoring jobs outweighs the cost."

Although call center jobs have been migrating to the Philippines and Malaysia since the 1990s, in the past two years cash-strapped companies have exported high-paying jobs in research

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and development, software engineering, chip design and biotechnology startups. Most of those jobs have gone to India and China, whose universities graduate hundreds of thousands of engineers each year.

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General Electric Co., which offshores about 70 percent of its technology work, designs medical equipment in its Chinese research center and studies nanotechnology at a lab in India.

Motorola is hiring 5,000 researchers for a global research and development center in Beijing, while Intel employs hundreds of researchers at its Russia Software Development Center in Nizhny Novgorod.

President Bush has largely avoided the touchy subject in public appearances. Some of his economic advisers have said that exporting labor to low-cost countries will reduce business costs, boost corporations' financial performance and thereby improve the U.S. economy.

Democratic candidate John Kerry said last week in San Jose that "America can't put walls around itself" or reject the realities of the global economy. He has proposed tax reforms that would erase some financial incentives for companies to export high-paying jobs.

It's no surprise that Donohue, who tripled the Chamber of Commerce's lobbying team and aggressively promotes pro-business policies, endorses offshoring. The organization, which represents 3 million businesses, champions tax cuts, free trade and more liberal trade deals with China.

Donohue, 66, past president of the American Trucking Associations and regional assistant postmaster general in San Francisco and New York, likes to say that "business should stop apologizing" for perceived abuses.

But some experts are urging politicians and lobbyists to move away from rhetoric and start talking about what to do with jobless white-collar workers in tech hubs such as Silicon Valley, Boston, Seattle and Austin, Texas.

"Endlessly debating whether offshoring is good or bad is pointless -- like debating whether you've had a good trip on the Titanic while the iceberg comes into view," Forrester Research Inc. analyst John McCarthy said Wednesday. "The jobs go offshore today and the economic benefits don't come around for years. For the unemployed guy to accept business leaders' position is like believing Dick Nixon saying, 'Trust me, I'll take care of it all. Things will be fine.'"

(SUBS 4th graf, In early..., to correct `2002-2012' sted 2002-2003.)

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