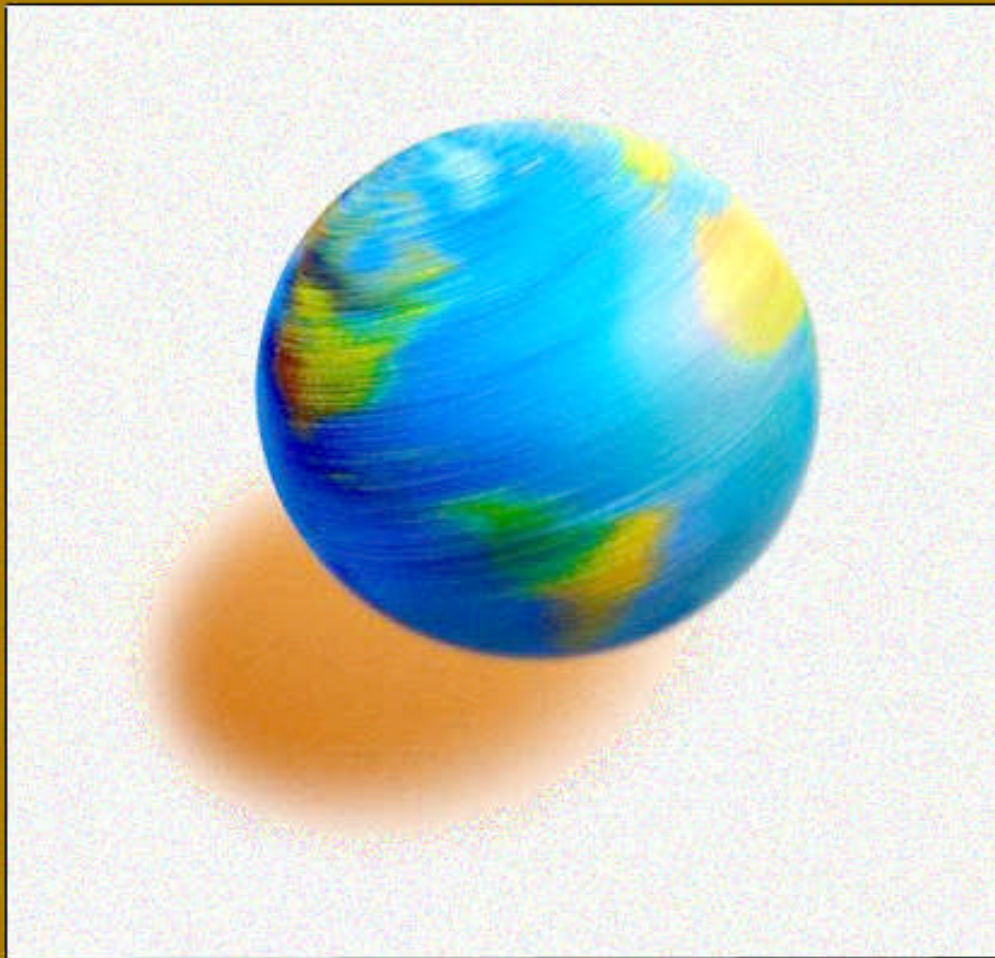


The Black Book of Outsourcing

www.TheBlackBookOfOutsourcing.com

Brown-Wilson Group, Inc.

www.Brown-Wilson.com



**Outsourcing &
The 2008 Presidential
Primary Vote**

Outsourcing & The 2008 Presidential Primary Vote

January 16, 2008

HIGHLIGHTS

Over 88% of polled American voters have not heard enough about the economy from the candidates. How strongly are the sentiments on offshore outsourcing affecting voter decisions in 2008?

With the economy a top voter concern, offshore outsourcing has lost its emotional and political charge that captivated the 2004 election until now. A reminiscent anti-outsourcing tsunami may impact Super Tuesday in a big way.

Take-Aways For Candidates:

► The "Outsourcing" issue is a very strategic vote-getter, particularly on and before Super Tuesday, in key states with high unemployment and high sub-prime foreclosures... for Democrats **Obama** and **Edwards**.

► **Clinton's** relationships, financially and diplomatically, with offshore outsourcers are growing uproar in states of high unemployment and foreclosures, many with Super Tuesday primaries.

► After Super Tuesday, "outsourcing" as a vote-motivating tactic in the remaining primary states will not serve as effectively for candidates' short-listed issues of impact.

► The majority of voting Americans cannot define offshoring and outsourcing correctly, even when provided limited definition options. The terms are emotionally identified with job loss and not as business processes.

► 94% of voters admittedly cannot identify the presidential candidate positions on outsourcing, yet 80% of voting Democrats say they support an anti-outsourcing candidate.

Take-Aways For Voters:

► **McCain** is viewed as the most pro-outsourcing candidate by senate voting record and public statements.

► **Clinton** and **Romney** supporters see their candidates as both low profile pro-outsourcers.

► **Edwards**, a populist, has little track record to reference, but as Kerry's running mate in 2004, is viewed as highly anti-outsourcing by that association.

► **Obama** is viewed as the most anti-outsourcing candidate, particularly after suggesting racism against **Clinton** with her free trade and India-friendly positioning.

Doug Brown & Scott Wilson
Managing Partners
Brown-Wilson Group
727.784.6689

Take-Aways For Strategists:

► A pre-Super Tuesday litmus test gauged no significant impact by the offshoring issue from Republicans in Michigan. Home son, **Romney** returned as a highly pro-outsourcing presidential candidate to face the state with the highest anti-outsourcing sentiments in the country. Primary voters did not feel strongly enough against offshore outsourcing, to reject **Romney** (or **McCain**) and elect a Republican who has a less pro-offshoring position such as **Huckabee**.

► More than two-thirds of all **Democrat** voters see offshoring as unpatriotic. However, more than half of **Democrat** voters do not think tax breaks are necessary incentives for companies to keep all their jobs in the US.

► Over two thirds of **Democrats** believe that the President has the power to ban outsourcing in the US, and plan to cast their vote with that misconception in mind.

The first week of January 2008, Brown-Wilson Group's BLACK BOOK RESEARCH DIVISION, global surveyors of the outsourcing and offshoring economic pulse, collected and analyzed the 2008 influence of outsourcing on this years' US presidential primary elections.

To Order Additional Reports or receive more Information visit:
<http://TheBlackBookOfOutsourcing.com>

Executive Summary

The presidential campaign is unfolding during a period of major tests to U.S. free trade policy. With the surge in the U.S. trade deficit to China, the growing practice of outsourcing jobs to countries like India and the Philippines, and deep concerns about the fallout in U.S. manufacturing towns, free trade and outsourcing are the subjects of increasing voter skepticism in states of high unemployment.

Anti-offshore (foreign outsourcing) rhetoric was popularized in the 2004 presidential campaigns as a politicized façade to get the endorsement of labor unions and the vote unemployed. Although far less sensationalized in 2008, outsourcing is gaining attention again as primary votes demand positions to improving the US economy.

While American jobs have been lost to outsourcing because of globalization, more US jobs are being created in the same process. The unemployment rate is under 5% and for college grads it is only 1.8%. Nonetheless, some presidential hopefuls are finding themselves pointing again towards offshoring as the demise of the American job market.

Adding to the voter confusion, 2004 presidential candidate John Kerry, and his covering media, used the terms outsourcing and offshoring interchangeably so often that the terms are still used as if defined the same. For the sake of this research paper, the terms will be defined as:

Outsourcing – Part of workload, duties or services performed by outside supplier (includes work sent to companies also located in the United States)

Offshoring – Foreign outsourcing (functions provided by a company located abroad)

Do Voters Still Care about Outsourcing?

Black Book Poll Survey 132A

PRO-OUTSOURCING & OFFSHORING-NEUTRAL VOTERS

My Candidate's Positive Position on Outsourcing will affect my vote for him/her

Republicans

Yes	17.0%
No	36.3%
Outsourcing Stance Doesn't Matter	<u>46.7%</u>

Democrats

Yes	4.7%
No	<u>67.2%</u>
Outsourcing Stance Doesn't Matter	28.1%

Independents

Yes	39.4%
No	22.5%
Outsourcing Stance Doesn't Matter	<u>38.1%</u>

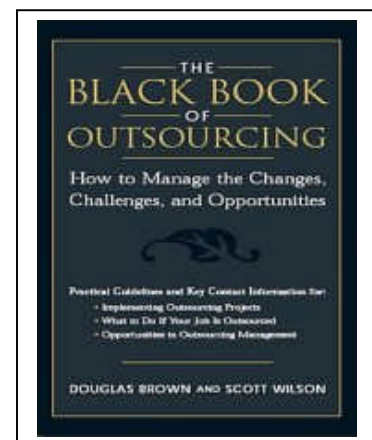
ANTI-OUTSOURCING VOTERS

My Candidate's Negative Position on Outsourcing will affect my vote for him/her

Republicans

Yes	7.4%
No	5.3%
Outsourcing Stance Doesn't Matter	<u>33.2%</u>

Democrats



Yes	82.4%
No	3.2%
Outsourcing Stance Doesn't Matter	14.3%

Independents

Yes	27.7%
No	29.4%
Outsourcing Stance Doesn't Matter	34.8%

Voter Perceptions of Primary Candidates Views on Offshore Outsourcing

Regardless of the actual candidate passion for or against offshoring, voters viewed candidates' positions as follows:

Which Candidates Support Outsourcing to Strengthen US Economy

Voters Agree

1	John McCain	R	93.4%
2	Rudy Giuliani	R	90.2%
3	Ron Paul	R	77.3%
4	Mike Huckabee	R	48.6%
5	Fred Thompson	R	42.3%
6	Mitt Romney	R	39.8%
7	Hillary Clinton	D	21.6%

Which Candidates Criticize Outsourcing For Weakening US Economy

Voters Agree

1	John Edwards	D	91.8%
2	Barack Obama	D	87.6%
3	Bill Richardson	D	35.0%
4	Dennis Kucinich	D	30.2%
5	Hillary Clinton	D	27.4%
6	Mitt Romney	R	20.2%

Most polled maintain a candidate must either be "for" or "against" outsourcing, but Clinton (D) and Romney (R) each have more than 20% of surveyed participants believing their position is anti-outsourcing and 20%+ believing their position is pro-outsourcing.

part one: outsourcing remains a strategic issue for democrats

Candidates will get more Bang-for-the-Buck to play the Anti-Offshoring Card as an Economy Woe before Super Tuesday

Democrats Obama and Edwards should make the important vote-gathering pitch to exploit both the anti-outsourcing majorities and those who confuse the outsourcing and offshoring terms on and before Super Tuesday.

The states where “anti-offshoring” sentiments are strongest will almost all conduct their primaries prior to February 6. Coincidentally, these states also have the highest unemployment and the highest confusion on the powers of the president to regulate outsourcing. It makes vote gathering sense for aligned Democratic candidates to maximize anti-outsourcing sentiments in the short-term.

Where anti-outsourcing sentiment is highest, and when they vote in the primaries:

ANTI-OUTSOURCING VOTER SENTIMENTS			
Rank of 50	State	Electorates	Primary On or Before Super Tuesday
1	Michigan	17	Yes
2	Illinois	21	Yes
3	Connecticut	7	Yes
4	New York	31	Yes
5	Minnesota	10	Yes
6	California	55	Yes
7	Georgia	15	Yes
8	Florida	17	Yes
9	Massachusetts	12	Yes
10	New Jersey	15	Yes
11	Tennessee	11	Yes
12	Colorado	9	Yes
13	Ohio	20	Yes
14	Arizona	10	Yes
15	Oregon	7	No (May 20)

2004 Blue States

2005 Red States

Strong Anti-Outsourcing Sentiments and Available Total Electorates = 250

Rank of 50	State	Percent of all voters with Strong Anti-Outsourcing Sentiments
1	Michigan	29.5%
2	Illinois	27.4%
3	Connecticut	26.3%
4	New York	26.2%
5	Minnesota	24.8%
6	California	22.5%
7	Georgia	22.4%
8	Florida	21.9%
9	Massachusetts	18.3%
10	New Jersey	12.8%
11	Tennessee	12.4%
12	Colorado	12.1%
13	Ohio	11.7%
14	Arizona	11.2%
15	Oregon	10.6%

The Clouded Concepts of Offshoring versus Outsourcing

The pro's and con's of Globalization and the Offshoring/Outsourcing issue confuses more than a third of all voters. Candidates emphasizing the negative economic impacts of a global economy can still extract votes from their supporters. However, the understanding, acceptance and application of outsourcing by Americans has increased over eighty percent of its 2004 impact value. American votes, particularly in the Deep South, are the least likely to define the business terms of outsourcing and offshoring correctly, even when provided five distinct options to choose from.

Ranked Order	State	Percent of Voters Who Could Not or Incorrectly Defined Outsourcing &/or Offshoring from a limited choice set of 5 Answers Sets to Select From
1	Alabama	88.5
2	Michigan	87.1
3	Georgia	86.6
4	Tennessee	86.5
5	Missouri	85.7
6	Ohio	84.8
7	Texas	82.2
8	North Carolina	82.0
9	Wisconsin	79.6
10	Kentucky	74.6
11	Nevada	74.0
12	Washington	73.3
13	Vermont	73.4
14	West Virginia	70.2
15	Florida	68.6

In other words, these are States where Outsourcing and Offshoring are not well understood by all voters.

Another challenging concept for most American voters is the powers of the presidency...specifically the power of the president to ban outsourcing and globalization. Despite the efforts of civics educators and politicians, the voting American public still indicates a confidence that the President can unilaterally affect economic issues like outsourcing.

Does The US President Have the Power to Ban Outsourcing?

Ranked Order	State	Percent Who Think The US President can unilaterally ban outsourcing
1	Wisconsin	88.5
2	Texas	87.1
3	Kentucky	86.6
4	Georgia	86.5
5	Tennessee	85.7
6	Michigan	84.8
7	South Carolina	82.2
8	California	82.0
9	Louisiana	79.6
10	Illinois	74.6
11	New York	74.0
12	Maine	73.3
13	West Virginia	72.4
14	Ohio	70.2
15	Arkansas	70.0

Of those who believed the President could ban outsourcing in the United States (almost two thirds of the voting public) the following benefits were ranked as predictable by voters after an outsourcing ban.

Ranked Order	Benefits of Banning Outsourcing in US	Percent in Top Three
1	Reduce US Unemployment	95.8
2	Return Outsourced Jobs to US	89.0
3	Grow More US Jobs	86.9
4	Restore Unions	86.5
5	Close Immigration	86.1
6	Implement European Style Labor Rights in US	84.5
7	Cut Taxes	82.8
8	Stop Work flow to India, Mexico & China	75.2
9	Raise Minimum Wage	74.3
10	Repair Deficit	22.4

part two: where outsourcing is a non-issue in 2008

No substantial gain in electorates is achievable for any candidate, including Republicans, by raising a pro-outsourcing platform prior to the primary elections in states in which offshoring is not a major candidate issue. Many pro-outsourcing states hold primaries after Super Tuesday.

OUTSOURCING NEUTRAL/PRO-OUTSOURCING VOTER SENTIMENTS			
Rank of 50	State	Electorates	Primary On or Before Super Tuesday
1	South Dakota	3	No, June 3
2	Utah	5	Yes
3	Wyoming	3	No, March 8
4	Nebraska	5	No, February 9
5	Mississippi	6	No, March 11
6	Virginia	13	No, February 12
7	Montana	3	No, June 3
8	Idaho	4	Yes
9	Kansas	6	Yes

2004 Blue States

2005 Red States

Outsourcing Neutral or Pro-Outsourcing Sentiments Total Electorates = 48

Who Participates in the Black Book Ranking Process: In this survey, Black Book solicited the web, phone and mail input c participants from November 14, 2007 to January 6, 2008.

**5065 Unemployed Workers, Underemployed
and/or Current Job Seekers in 50 states**

2942 Registered Democrats
1577 Registered Republicans
546 Independents

2429 Business Owners & users of Outsourcing Services

787 Registered Democrats
1404 Registered Republicans
238 Independents

part three: top four reasons why outsourcing won't get much play as an election issue in 2008

While these are some of the same concerns that people talked about in 2004, most of the United States' primary voters cannot rise above these four paradigms.

1. We're told Outsourcing is Bad for America

Foreign outsourcing—or offshoring—remains the 2008 target of choice for protectionists. Critics claim offshoring is sending jobs to foreigners at the expense of American workers. Still, US unemployment hovers around 5%, a relatively low percentage based on past administrations.

Offshoring is a trend that has been taking place for decades now in the manufacturing sector, and it has resulted in better, more productive jobs for Americans. Today's uproar comes from concerns that offshoring is now costing white-collar jobs. In fact, the percentage of white collar jobs affected by overseas outsourcing is small, and the overall outcome beneficial to America.

What affects your Negative Opinion on Outsourcing?		
1	MEDIA: Most I read about Outsourcing in media is negative	89.1%
2	POLITICIANS: I am told Outsourcing is Unpatriotic and Anti-America	83.4%
3	PERSONAL EXPERIENCE: Outsourcing Negatively Affected the Livelihood of Someone I Know	9.7%

Look at one example: The offshoring of computer-related manufacturing jobs has accounted for an overall 26% of the drop in hardware prices since the last two presidential elections. The resulting increase in productivity encouraged the rapid spread of computer use and thereby added some \$600 billion in cumulative additional GDP between 1995 and 2007.

Further, the fact that the rest of the world also outsources their services to the U.S.—i.e. "insourcing"—is a consequence of the global economy too often overlooked by critics.

For instance, American companies sell 3 times more IT services to the rest of the world—more than \$10 billion worth—than they buy. If politicians declare war on outsourcing, U.S. producers and workers will suffer the most.

Voters view offshore outsourcing as an emotionally charged issue linked to lost jobs and opportunities for Americans OR as a grand economic opportunity. There still isn't much gray area in voters' minds and candidates avoid those types of issues.

2. Anti-Outsourcing Sentiments are primarily about the lack of Job Security

Outsourcing is a very hot issue for many Americans, primarily because it affects their own personal job security. For that reason, it is not popular for candidates to support offshore outsourcing. Although less than ten percent of voting Americans state they know someone personally who was affected by offshoring over the past eight years, it still retains the drama of the media and politics.

The economy is becoming more global that ever before. The concept of America as a self-sustaining consumer nation, producing all its own products and providing all of its own services is long gone.

America is so affected by the global economy that is unrealistic to imagine that America can compete with foreign nations unless we allow American businesses to outsource at least part of their labor costs to developing countries.

Cost-light balance sheets entice investors to buy up shares of US companies pushing the market forward. With enough companies participating in these cost saving measures the stage is set for a bullish market.

3. Congress makes the laws but voters rest blame on the President

The argument is often made that it doesn't matter if we vote for a president who is for or against anything issue-wise because Congress ultimately represents the people and balances out the President's opinion or powers regarding imposing or approving anything.

It does matter what the future President thinks or does in regards to economic issues like Outsourcing. The President directs the foreign policy of this country and indeed both appoints individuals and works with individuals who make decisions regarding this and related federal issues.

One of the President's responsibilities is Foreign Policy. However, it is a mistake to think that outsourcing is a federal issue. The US Constitution does not mention outsourcing at all. Other than Congress enacting legislation that indirectly affects outsourcing (via tariffs or some other means), there isn't anything that they can do that is permitted by the US Constitution, least of all the President.

4. Political economic debates rarely move beyond the Rhetoric Level

The problem is that there hasn't been any serious discussion by either party's candidates.

The Democrats angrily claim that Republicans don't care about working men and women. The Republicans say the Democrats are just loony protectionists.

During President Bush's time in office, the Doha round of global trade talks foundered. But Congress approved several Free Trade Agreements (FTAs) between the United States and smaller countries including, Oman, Chile, and Singapore. It also narrowly approved the Central America Free Trade Agreement. Deals with Panama and South Korea are also in the works. Though many of the candidates claim to be in favor of free trade, their rhetoric and voting records vary. Issues of fair trade, enforcement of labor standards, and trade policy towards African and Latin American economies will likely remain in the forefront of legislative debate as the presidential campaigns pick up steam.

Other Polling Results of Interest

Democrats: Offshore Outsourcing is Unpatriotic and Anti-American

Yes	<u>54.9%*</u>
No	23.1%
Neither/Undecided	22.0%

*(Down from 93.9% of Democrats in 2004)

Democrats: Should the US Provide Tax Breaks for Businesses That Do NOT Offshore?

Yes	24.2%
No	<u>56.3%</u>
Undecided	19.5%

part four: candidate positions on offshore outsourcing and trade

Offshore outsourcing has again become a topic of growing national debate as economic recovery has elevated to the platforms of presidential candidates. Occupying its fair share of headlines since the last presidential election of 2004, it has become an influential issue in the race for the U.S. presidency, but with much less drama.

On a softer tone, "Offshoring" ("outsourcing" in politico-speak) is now seen as one of many economic challenges for presidential "change agents" to tackle.

Front running primary candidates are struggling to appease both displaced workers angry that their jobs are moving offshore and big businesses concerned that Congress would try to cut off their supply of low-cost labor.

In brief summary of the details below, the candidates on the spectrum of offshoring advocacy and opposition include:

	Anti-Outsourcing	Pro-Outsourcing
Pro-Free Trade	OBAMA	ROMNEY MCCAIN CLINTON GIULIANI
Anti – Free Trade	EDWARDS	HUCKABEE

These candidates have chosen to run for the presidency during a period of massive global change. Technological innovations coupled with Internet-enabled offshore outsourcing are contributing to a wave of productivity and, simultaneously, to a stagnant job market. The next waves of innovation are also approaching.

Unfortunately, that shift from the old economy to the next economy may not occur soon enough. With job growth elusive, the candidates' stances on the offshore outsourcing issue have assumed greater importance. Voters should scrutinize the candidates, ideas about globalization and free trade, economic growth, jobs, education, and offshore-specific remedies.

In the last presidential election, the candidates were actually on similar sides of globalization and free trade. But when it came to specific remedies for outsourcing issue, the candidates varied considerably on this issue. Since Bush's chief economic adviser stated offshore outsourcing was "probably a plus for the economy in the long run," Bush's position remained not to penalize firms going offshore. Meanwhile, Kerry had made the topic

a cornerstone of his campaign and had suggested raising taxes for offshoring companies. In an effort to collect those actions, plans and words which help us best identify each candidate's true outsourcing sentiments we have gathered data to illuminate the front-runner candidates' positions on offshore outsourcing and related issues as a window into their presidential influence on outsourcing after elected.

The 2008 Issues

Free Trade vs. Fair Trade

While almost all candidates believe that global trade can be beneficial, some argue that the current system is unfair to American workers. Trading partners might be able to supply the United States with cheap goods, because their companies spend less money to comply with weaker domestic labor and environmental laws. By comparison, a company manufacturing in America would face higher costs to comply with more stringent American labor laws, like the minimum wage, or environmental laws, like the Clean Air Act. "Fair Trade" proponents want new American trade agreements to include provisions that require trading partners to raise their environmental and labor laws. "Fair Traders" claim that this policy allows American workers and foreign ones to play on a fairer regulatory playing field. Thus, proponents of "Fair Trade" want to ensure that no foreign nation can lure American jobs to its shores by offering companies the chance to avoid the labor and environmental laws of the rich world. Free trade agreements lower or abolish import tariffs and government subsidies to domestic industries. Most economists contend that, without these artificial barriers, production will naturally occur where it can be done most efficiently.

Offshoring and Globalization

Thanks to rapid advances in communications and transportation technology, nations can trade in goods and services at smaller costs than imagined even a decade ago. Globalization refers to a dramatic proliferation of international exchanges – of goods, services, ideas, and culture. Still, closer economic and social contact is a broad social trend that policy makers in disparate fields acknowledge and ponder. Preparing America to thrive under the conditions of globalization cuts across specific political issues. As globalization becomes a subset of many particular issues, policymakers treat the inter-connected world as another factor to consider in forming economic, social, foreign, and security policies.

Fast Track Authority

Under the Constitution, Congress must ratify any foreign agreement that the President negotiates. However, if Congress introduces amendments to a treaty, the President would have to return to negotiations and persuade the trading partner to accept the amendment. Since doing so would introduce tremendous delays and complications into trade agreements, Fast Track Authority allows Congress to grant the President the legal power to negotiate a trade agreement with a foreign nation and submit it to Congress for an up-or-down vote without the possibility of amendment. President Bush' fast track authority expired at midnight on July 1, 2007 and the Democrat-controlled Congress has yet to reauthorize it. Fast Track was designed 30 years ago as a way to deal with traditional tariff and quota-focused trade deals. Today's "trade" agreements affect a broad range of domestic non-trade issues like local prevailing wage laws, Buy-America procurement policy, anti-off-shoring measures, food safety, land use and zoning, the environment and even local tax laws. Congress, state officials and the public need a new modern procedure for developing U.S. trade policy that is appropriate to the reality of 21st century globalization agreements.

Critical to such a new system is restoring Congress ability to control the contents of U.S. trade agreements, as well as empowering Congress to decide with which countries it is in our national interest to negotiate new agreements. Because the Constitution grants the Executive Branch the exclusive authority to negotiate on behalf of the United States with foreign sovereigns, a system of cooperation between the Congress and Executive Branch is needed. However, in contrast to Fast Track, which by its very structural design sidelines Congress, a new trade negotiating mechanism must provide early and regular opportunities for Congress to hold negotiators accountable to the substantive objectives Congress sets.

NAFTA

The North American Free Trade Agreement created a free trade zone among the United States, Canada, and Mexico. Since its passage in 1993, some have argued that the agreement allows American companies to lay off American workers and relocate production to Mexico, where it is much cheaper. In the primaries,

Democratic candidates promised to renegotiate NAFTA so that Mexico enacts tougher labor and environmental laws.

China

As China ascends as an economic power and the U.S. trade deficit with China exceeded \$200 billion in 2006, candidates are apprehensive that China will be a competitor rather than a partner. Some are calling for Congress to confront China for maintaining an artificially cheap currency that makes export cheaper.

Party Positions

Democrats fear rising economic insecurity among the middle class and stress the need for the federal government to compensate globalization's losers. They would ensure that future trade agreements include strong labor and environmental provisions that prevent a country from allowing business practices that would be illegal in America.

Democrats also express concern over America's mounting trade deficit with China, a rising economic and military power with an authoritarian government. They call on China to stop manipulating its currency to artificially lower the prices of its exports.

Democrats have it even tougher than Republican candidates because of their need to "craft messages acceptable to two traditionally 'blue' groups: labor unions, which are often vocal opponents of outsourcing, and high-tech companies, which tend to be pro-outsourcing.

The Democrat platform links education, training, incentive programs, trade adjustment assistance, government procurement strategies (including "buy American") and research and development to improve the loss of US jobs abroad. However, adoption of many such programs could violate existing laws and international obligations of the United States, so a legislative mandate would be needed to fulfill the ambitious goals.

Looking for the endorsement of the nation's leading labor union, The AFL-CIO, the umbrella labor group whose member unions have roughly 13 million members, is expected to endorse Kerry on Thursday. The AFL-CIO has vehemently opposed NAFTA and other international trade agreements, arguing that they leave U.S. workers at the mercy of competitors with lower safety and environmental standards.

Because the Democrats policy platform (and thus each individual candidate) is more complex on the issues of offshore outsourcing and free trade, more detail is devoted to what might predict the future direction of their respective administrations, if elected in 2008.

Republicans support free trade more instinctively and champion its tendency to combat inflation by giving consumers lower prices. Owing to the party's traditional belief in limited government, an example of limited government and champion trade's ability to lower inflation manifests in free trade and offshoring.

Republicans tend to oppose interventions in the economy like labor and environmental provisions, calling them nothing more than a self-interested excuse for protectionism.

Republicans fear that poor countries, most of whom only offer low production costs to the global economy instead of technology and knowledge, will have no incentive to negotiate agreements with America that remove their primary source of competitive advantage. While they do support Trade Adjustment Assistance, government programs that help workers displaced by free trade to find new jobs, Republicans more comfortable with the natural shifting of workers to more productive industries. They stress that American exports can thrive as trading partners become richer and buy U.S. manufactured goods and services.

DEMOCRAT FRONTRUNNERS

Hillary Clinton on Globalization and Trade

Position Summary

Senator Clinton is generally supportive of free trade but stresses the need for government to relieve the burdens of globalization on low-skilled workers. If trade creates more inequality, Clinton foresees that such economic insecurity will produce tension "for our society and for our politics." In a climate of slow wage growth, record corporate profits, and rising costs of living, Clinton calls for "Pro-American trade" that "tries to lift up" American and foreign workers.

Still, Clinton's presidential agenda on outsourcing is not clearly predictable.

When Sen. Hillary Rodham Clinton flew to New Delhi to meet with Indian business leaders in 2005, she offered a blunt assessment of the loss of American jobs across the Pacific. "There is no way to legislate against reality," she declared. "Outsourcing will continue . . . We are not against all outsourcing; we are not in favor of putting up fences." Two years later, as a Democratic presidential hopeful, Clinton struck a different tone when she told students in New Hampshire that she hated "seeing U.S. telemarketing jobs done in remote locations far, far from our shores."

Hillary Clinton's husband and top political advisor, former President Bill Clinton, was a chief architect and promoter of the controversial North American Free Trade Agreement (NAFTA), which was signed into law with much fanfare by Mr. Clinton on September 14, 1993. Critics contend that NAFTA caused the loss of a million U.S. jobs outsourced to non-industrialized countries, and hasn't delivered on the promises of widespread prosperity. Both Clintons are active leaders of the Democratic Leadership Council, a pro-corporate interests/centrist Democratic organization that fully supports US trade arrangements.

In 2007, however, Senator Clinton has expressed interest for a few changes to U.S. trade pacts. Commented the senator during a June 2007 debate, "We have to do several things: end the tax breaks that still exist in the tax code for outsourcing jobs, have trade agreements with enforceable labor and environmental standards... "

Senator Clinton has voted YES for all free trade agreements presented during her tenure in Congress, except for the Central American Free Trade Agreement (CAFTA) in 2005. Senator Clinton voted to extend "most favored nation trade status" to China despite the country's record of substantial human rights violations.

Clinton maintains a delicate balance as a dedicated free-trader, while courting two competing constituencies: wealthy Indian immigrants who have pledged to donate and raise as much as \$5 million for her 2008 campaign and powerful American labor unions that are crucial to any Democratic primary victory. (Despite aggressive courtship by Democratic candidates, major unions such as the AFL-CIO, the Teamsters and the Service Employees International Union have withheld their endorsements as they scrutinize the candidates' records and solicit views on a variety of issues.)

Facing a cool reception, Clinton and her advisers have used closed-door meetings with labor leaders in recent months to explain her past ties to Indian companies, donors and policies. Aides have highlighted her efforts to retrain displaced workers and to end offshore tax breaks that reward companies that outsource jobs.

Senator Clinton opposes legislative measures -- such as trade barriers -- to slow the loss of American jobs if they would restrain free trade. She has supported the expansion of the temporary-worker visas because U.S. technology companies have repeatedly told her the visas are needed to maintain a ready workforce. At the same time, they say, she has worked hard to secure money to assist workers who have lost jobs to outsourcing and wants to retrain the American workforce to compete better in the global marketplace.

She criticizes President Bush for his unwillingness to negotiate agreements that hold trading partners to high labor and environmental protections. She opposed CAFTA for this reason but demonstrated the willingness to compromise over this facet of trade policy. In debates, she has clashed with Senator Edwards who tried to

assail the Senator from New York over her husband's decision to support NAFTA in 1993 despite Clinton's desire to renegotiate NAFTA's to include provisions that strengthen labor rights.

Clinton promises to appoint a "trade prosecutor" to enforce existing agreements and sees benefits in trade with China so long as America strongly enforces anti-dumping regulations and WTO rules against currency manipulation.

In June 2007, the Barack Obama campaign sparked controversy by circulating a memo accusing Clinton of pandering to the Indian-American community. That memo notes the "tens of thousands" Clinton has received from companies that outsource jobs to India.

On economic matters, she is seen as more favorable towards outsourcing than her main Democratic rivals. She has also advocated that the US work with India, Australia and Japan on "issues of mutual concern, including combating terrorism, cooperating on global climate control, protecting global energy supplies, and deepening global economic development".

Clinton recently pleaded with her allies in the Indian American community to press Indian companies to invest more in the United States in return for the jobs they have gained through outsourcing -- or risk a backlash.

Clinton's positioning on outsourcing dates to the 1990s, when her husband's administration aggressively pursued free trade agreements such as NAFTA that union workers today consider the start of a huge exodus of U.S. jobs to cheaper overseas competition. During the rise of the Internet, the Clinton administration also distributed temporary-worker visas to hundreds of thousands of Indians who came to the United States for jobs at high-tech companies. Both Clintons made repeated trips to India -- visits that continued during Hillary Clinton's tenure in the Senate.

Looking forward, if elected, Clinton commended, "I will not enter into new trade agreements or seek trade promotion authority, until my administration has done two things: reviewed all of our existing agreements to determine whether or not they are benefiting our economy and our workers; and crafted a comprehensive pro-America trade policy that will strengthen our country in the 21st century."

Stump Issues - Clinton

Extend Fast Track Authority	Not for Bush, Wait under Next President is Elected to Decide
Offshoring	Supportive of US-India Relations, Friendly with Indian Business Leaders
NAFTA	For NAFTA when Bill Clinton was president, Include Labor Rights – but against CAFTA now
Free Trade	Yes
Major Modifications to Free Trade Agreements	No
More Labor & Environmental Standards in Treaties	Yes
China	Challenge Currency Manipulation & Dumping

John Edwards on Globalization and Trade

Position Summary

Though Edwards has described India as a "natural ally" with strong relations being "one of (his) highest priorities", he remains arguably the most populist and protectionist of the leading candidates in economic matters.

In his campaign thus far, John Edwards points to globalization as one source for stagnant wage growth and rising income inequality in America. The son of a mill worker and a close ally of labor, Edwards promotes trade treaties to complement the interests of workers and middle-class families. Through negotiating agreements to prohibit currency manipulation and set minimum labor and environmental standards, he has pledged to move away from previous trade deals negotiated by "Washington insiders" who only care about "the big business bottom line."

Edwards, in a 2005 speech acknowledging the globalization of commerce, stated that outsourcing was "an economic reality" and "America must act to ensure that it stays strong and adapts . . . to ensure that the American people are better prepared to meet the challenges of the new world.

If elected, Edwards states his criteria in evaluating any trade agreement will consider whether "the impact on jobs, wages, and prices" adds up to a net positive benefit for "most families." He wants to put every treaty through a "community impact assessment" and proposes the creation of additional on-the-job retraining programs for disaffected workers. The former Senator wants to empower the Justice Department to stand up for those whom he identifies as trade's losers by prosecuting trade partners who employ currency manipulation and subsidies declared illegal under World Trade Organization rules.

Former Sen. Edwards supports "'smart trade' policies: insisting on pro-worker provisions in new deals, holding trade partners to their commitments, investing more in dislocated workers and communities, and ensuring that imports are safe. He believes that the U.S. should not enter any new trade deals that do not meet these tests.

A most vocal opponent to free trade, Edwards stated, "I didn't vote for NAFTA. I campaigned against NAFTA. I voted against the Chilean trade agreement, against the Caribbean trade agreement, against the Singapore trade agreement, against final passage of fast track for this president." As a senator, John Edwards voted NO on every U.S. free trade bill, except for the Andean countries free trade agreement.

In his lone Senate term, Edwards consistently opposed bilateral trade agreements and Fast Track Authority that allows the President to submit a trade agreement to Congress without the possibility of legislative amendments. In a notable exception, he did support the U.S.-China Relations Act of 2000, which solidified China's status as a major American trading partner. He has promised to curtail any tax incentives for companies that ship jobs overseas and desires to amend NAFTA with explicit provisions for labor and environmental standards which he thinks will prevent America's partners in the treaty, most notably Mexico, from avoiding the high costs of labor and environmental compliance which bind U.S. corporations.

Stump Issues - Edwards

Extend Fast Track Authority	Not for Bush
Offshoring	Recognizes economic reality of outsourcing, Stood against offshoring as VP candidate with Kerry in 2004, Pro-US worker rights
NAFTA	Include Labor Rights
Free Trade	No
Major Modifications to Free Trade Agreements	Yes
More Labor & Environmental Standards in Trade	Yes
China	Challenge Currency Manipulation & Dumping

Barack Obama on Globalization and Trade

Position Summary

Senator Obama stresses that globalization is "something we should welcome" if smart policies lower the risks that, in Obama's opinion, globalization might pose to the American worker. The Senator from Illinois faults Bush for narrowly pursuing what Obama denounces as the trade agenda of big business which simultaneously neglects trade's losers. As President, Obama pledges to negotiate on behalf of workers rather than "the whims or corporate lobbyists."

About free trade, Senator Obama said at the same 2007 forum: "... people don't want a cheaper T-shirt if they're losing a job in the process. They would rather have the job and pay a little bit more for a T-shirt. And I think that's something that all Americans could agree to".

In the Senate, Obama cast votes against CAFTA, opposing what he called its inability to enforce labor and environmental rights in Latin America. In his efforts to renegotiate NAFTA for better worker's rights, Obama pledges that other nations will discover that "we are hard bargainers" over getting trading partners to adopt such standards. If the present policy does not change, Obama fears a "race to the bottom" will ensure as companies relocate to countries with ever-lower cost bases. Yet, the Senator did not vote entirely against trade agreements, because he broke with his party to vote in favor of free trade with Oman in 2006.

After the vote, Obama stated, "We know that we can't put the forces of globalization back in the bottle. We cannot bring back every job that's been lost."

The Senator plans to end tax breaks that encourage outsourcing and render meaningful assistance to workers who might have lost their jobs thanks to lower cost goods made accessible to the American market through trade agreements. In Obama's opinion, a stronger social net would include enhance job training programs while preserving healthcare and pensions in portable plans independent of a particular employer. Obama's position is to reinvest in communities that are burdened by globalization.

Obama's platform on the areas of globalization include broad plans for technology: Ensure an open Internet; Create a transparent and connected democracy; Encourage a modern communications infrastructure; Employ technology to solve our nation's most pressing problems; and Improve America's competitiveness. He also promotes job training for clean technologies and the deployment of next-generation broadband.

Regarding China, Obama is critical of the Bush Administration for filing only 16 cases to enforce its rights under WTO agreements. This compares to 68 cases filed during the first six years of the Clinton Administration. Obama claims President Bush has failed to address the fact that China has engaged in ongoing currency manipulation that undercuts US exports; that China fails to enforce U.S. copyrights and trademarks and that some of our competitors create regulatory and tax barriers to the delivery and sale of technology goods and services abroad.

In a strange spin of political positioning, Senator Obama found himself in the center of a small candidate versus candidate storm after Indian-Americans voiced objections to a memo released by one of his campaign staffers that portrayed Sen. Hillary Clinton (D-N.Y.) as overly amenable to offshoring jobs to India.

Indians (in the US and abroad) find Obama taking the position that does not bode well for US-India relations. While Obama did vote in favor of the Hyde Act, the combination of policies that he has promised to pursue — including India-Pakistan hyphenation, American interference in pursuing a solution to the Kashmir crisis, a tougher line on outsourcing, and strong non-proliferation policies — indicates a strained relationship ahead if elected.

On granting to China "most favored nation trade status", Sen. Obama stated in 2004:

"The U.S. should be firm on issues that divide us [from the Beijing government... while flexible on issues that could unite us. We should insist on labor standards and human rights, the opening of Chinese markets fully to

American goods, and the fulfillment of legal contracts with American businesses - but without triggering a trade war, as prolonged instability in the Chinese economy could have global economic consequences."

Sen. Obama voted NO on the Central American Free Trade Agreement (CAFTA) in 2005, and voted YES in 2006 on a free trade pact with Oman.

Stump Issues - Obama

Extend Fast Track Authority	Not for Bush
Offshoring	Used Clinton's US-India relations as political weapon against her, Opposes loss of US jobs via corporate tax implications
NAFTA	Include Labor Rights
Free Trade	Yes
Major Modifications to Free Trade Agreements	Yes
More Labor & Environmental Standards in Treaties	Yes
China	Challenge Currency Manipulation

REPUBLICAN CANDIDATES

Rudy Giuliani on Globalization and Trade

Position Summary

Mayor Giuliani has issued few public statements regarding trade but embraces the opportunity globalization gives to American companies to sell "our products, our expertise, and our abilities" to emerging markets.

He regards free trade as the only way for the American economy to "move to the future." Giuliani's team of economic advisors includes none other than financial magazine publisher Steve Forbes, who points to the expansion of free trade as crucial to America's future competitiveness.

Giuliani's past concerns some pro-trade Republicans, because in 1993, he opposed NAFTA as against the economic interests of workers in New York City. But Giuliani does agree with many Republicans that free trade can help the establishment of stable democracies worldwide. He also hopes for a global trading agreement rather than the smaller ones between two nations.

On China's growing economic clout, Giuliani has remained quiet as well but promised to make protection of American intellectual property in China a central focus of his policy towards that country. As he assures voters that, as President, he will ensure that China acts according to the global trading rules, he welcomes China's growth as a potential American market and describes the millions of Chinese and Indians who escape poverty thanks to a job in manufacturing or information technology as a welcome event "for the future of America and the future of humanity."

On offshore outsourcing, Giuliani also played to the Republican faithful by saying that a 7 percent reduction in corporate taxes would do much to convince American companies to keep more jobs in the U.S. rather than outsourcing them to foreign countries.

Giuliani views India's rapidly growing economy as a potentially lucrative market, saying the United States should "take advantage of large number of consumers that are emerging in India." In particular, Giuliani said, the U.S. stands to "make a lot of money in India" in new energy technology.

Giuliani is likely to provide the greatest continuity in foreign policy with the Bush administration. "US cooperation with India on issues ranging from intelligence to naval patrols and civil nuclear power will serve as a pillar of security and prosperity in South Asia," he wrote recently.

Stump Issues - Giuliani

Extend Fast Track Authority	No Public Comments
Offshoring	Believes US has new opportunities of economic gain via wealthier India & China
NAFTA	Unclear
Free Trade	Yes
Major Modifications to Free Trade Agreements	No
More Labor & Environmental Standards in Treaties	No
China	Opportunity & Challenge

Mike Huckabee on Globalization and Trade

Position Summary

Among the leading candidates, Huckabee is perhaps the least experienced in foreign policy matters, including foreign economic policy. According to Mike Huckabee, globalization can enrich the American people as long as all trading partners "are playing by the same rules."

Running for President as a "different kind of Republican, not a wholly owned subsidiary of Wall Street," Huckabee calls for "fair trade" that will shield American workers from unfair competition, which puts him at odds with most of his Republican running mates. He believes that all of America's trading partners, especially China, India, and Mexico, should adhere to the same labor and environmental standards that American workers face. The governor remains concerned about America's substantial trade deficit with China and the Chinese government's policy of carefully controlling the value of the Remnibi Yuan to artificially lower the prices of Chinese exports. However, he expresses greater concern for America's increasing reliance on food and energy imports, which he says threaten long-term national security. Huckabee believes that a lighter tax code and less stringent business regulations provide the best inducements for companies to stay in America. He says that moving to a consumption-based "Fair Tax" rather than the current policy of taxing income "will instantly make American products 12% to 25% more competitive" by virtue of the lower tax costs to companies.

As Governor of Arkansas, Huckabee supported increased free trade with Mexico but now wants to renegotiate NAFTA to ensure that American, Canadian, and Mexican workers face the same regulations. Though governors have very limited input in national trade policy, Huckabee did sign a June 2006 agreement with the Korean International Trade Association to promote business development in Arkansas. Huckabee's site includes such topics as "The Secure American Plan," "Sanctity of Life," and "Faith of Politics." Under the first category, he said he supports increasing visas "for highly-skilled and highly-educated applicants," indicating that he would support an increase in H-1B visas.

Says Huckabee on trade, "I believe in free trade, but it has to be fair trade. We are losing jobs because of an unlevelled, unfair trading arena that has to be fixed. Behind the statistics, there are real families and real lives and real pain. I'm running for President because I don't want people who have worked loyally for a company for twenty or thirty years to walk in one morning and be handed a pink slip and be told, 'I'm sorry, but everything you spent your life working for is no longer here.' I believe that globalization, done right, done fairly, can be a blessing for our society. As the Industrial Revolution raised living standards by allowing ordinary people to buy mass-produced goods that previously only the rich could afford, so globalization gives all of us the equivalent of a big pay raise by letting us buy all kinds of things from clothing to computers to TVs much more inexpensively."

Stump Issues - Huckabee

Extend Fast Track Authority	No Public Comments
Offshoring	No foreign economic policy statements on outsourcing. Stated US should sanction Saudi Arabia for persecuting Christians there.
NAFTA	Include Labor Rights
Free Trade	Yes
Major Modifications to Free Trade Agreements	Yes
More Labor & Environmental Standards in Treaties	Yes
China	Challenge Currency Manipulation

John McCain on Globalization and Trade

Position Summary

During his tenure in the Senate, John McCain has embraced globalization and free trade as a way to "improve the well-being of all Americans, particularly the working poor." The Senator voted in support of NAFTA and every free trade agreement that went before the Senate under President Bush and calls the lowering protective as "the equivalent of a tax cut for every consumer."

McCain's encompassing offshoring viewpoint: "Every time US went protectionist, we paid heavy price".

McCain is the only major presidential candidate to openly back India's inclusion as a full member of the G8. He believes India deserves a seat at that table at the expense of Russia. Like most of his Republican rivals, he is dismissive of the dangers of outsourcing: "Some Americans see globalization and the rise of economic giants such as China and India as a threat", he wrote. "But we should continue to promote free trade... vital to American prosperity".

To coax nations from authoritarianism, trade with America serves as a "bulwark of liberty" and the "surest means to prosperity" for poor countries. After the terrorist attacks of September 11, 2001, McCain endorsed President Bush' vision of a free trade zone in the Middle East by 2013 as part of America's national security strategy. He denounced protectionism for its risks of breeding "a distrust of our allies and trading partners."

McCain recognizes that the necessity of economic change produces "justified anxiety" for the individual workers fearful for their jobs. As President, he pledges to replace unemployment insurance that is "no longer relevant to the world we live in" with a single system that helps individuals find jobs in the private sector and uses community colleges and technical for learning in-demand skills.

Stump Issues - McCain

Extend Fast Track Authority	Yes
Offshoring	Supportive
NAFTA	No Changes
Free Trade	Yes
Major Modifications to Free Trade Agreements	No
More Labor & Environmental Standards in Treaties	No
China	Voted against Punishing Currency Manipulation

Mitt Romney on Globalization and Trade

Position Summary

Governor Romney's record on globalization and offshoring policy is limited, but he is an unambiguous proponent of open markets. As a former venture capitalist that successfully invested in companies worldwide, he warns that growing protectionist impulses will only produce a "second-tier" economy that stagnates as other nations overtake the United States by employing superior research and development of new technologies.

American workers benefit when new export markets are open to their goods, argues Romney. He identifies emerging economies in Asia as both competitors and customers. China can grow into an important American market, but its government must "enforce our intellectual property rights as well as they enforce their own." Rather than seeking to raise barriers to free trade, American policymakers should ensure that our economy remains competitive through domestic reforms in tax law, business regulation, education, and immigration.

As he campaigns, Romney prefers to stress his broad philosophy rather than support for any specific policies. But in 2005 as Governor of Massachusetts, he did express support for the Central American Free Trade Agreement and champions "the power of trade to break down barriers" that stifles international cooperation on issues ranging from economic to global security.

Romney views India as potentially profitable for U.S. marketing and investment, due to its flourishing economy and huge population. Romney said in 2005 that although outsourcing to countries like India is a problem, "we'll see new opportunities created selling products there. We'll have a net increase in economic activity, just as we did with free trade."

Romney, a former venture capitalist, has spoken the least about India. He has defended outsourcing, and it is likely that Romney will be among the least protectionist of the major presidential candidates. "It's tempting to want to protect our markets and stay closed", he said as Massachusetts's governor in 2005, "but at some point it all comes crashing down and you're hopelessly left behind".

He is against protectionism, which, he said at a campaign speech in February 2007, "would virtually guarantee that America would become a second-tier economy in a couple of decades, with a second-class standard of living." Romney supports the emergence of Asia is an opportunity for trade and commerce.

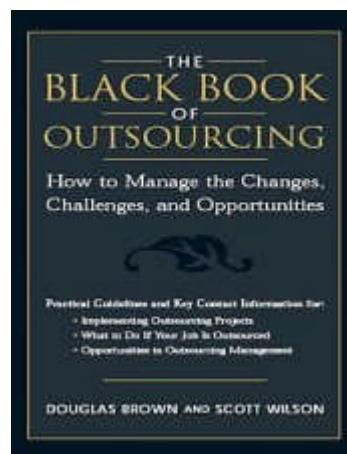
States Romney on trade, "Businesspeople should negotiate trade, not politicians."

Stump Issues - Romney

Extend Fast Track Authority	Yes
Offshoring	Supportive
NAFTA	No Changes
Free Trade	Yes
Major Modifications to Free Trade Agreements	No
More Labor & Environ. Standards in Treaties	No
China	Competitor & Customer



BROWN-WILSON GROUP, INC. CLEARWATER, FLORIDA USA EMAIL DOUG.BROWN@BROWN-WILSON.COM



WWW.THEBLACKBOOKOFOUTSOURCING.COM

**THE BLACK BOOK OF OUTSOURCING© (JOHN WILEY & SONS PUBLISHERS, 2005, 2008)
ALL RIGHTS RESERVED. 2008**