

## Outsourcing's Rewards

CEOs AT COMPANIES THAT OUTSOURCE the most U.S. jobs are rewarded with bigger paychecks, according to an August report from the Institute of Policy Studies and United for a Fair Economy.

Average CEO compensation at the 50 firms outsourcing the most service jobs increased by 46 percent in 2003, compared to a 9 percent average increase for all CEOs at the 365 large companies surveyed by Business Week. Top outsourcing CEOs earned an average of \$10.4 million in 2003, 28 percent more than the average CEO compensation of \$8.1 million. From 2001 to 2003, the top 50 outsourcing CEOs collectively earned \$2.2 billion while sending an estimated 200,000 jobs overseas.

After two years of narrowing, the CEO-to-worker wage gap is rising again. The CEO pay to worker pay ratio reached 301:1 in 2003, up from 282:1 in 2002. If the minimum wage had increased as quickly as CEO pay since 1990, it would today be \$15.76 per hour, rather than the current \$5.15 per hour.

The August report, "Executive Excess 2004," profiles the CEO pay practices and political contributions for the 15 companies that outsourced the most U.S. service jobs: United Technologies, Citigroup, Oracle, Bank of America, Cognizant Technology Solutions, Morgan Stanley, Intuit, SBC Communications, Conesco, JP Morgan Chase, Sprint, Bank of New York, Time Warner, General Electric and American Express.

Bank of America, for example, cut nearly 5,000 U.S. jobs while outsourcing up to 1,100 jobs to India in 2003. In July 2004, the firm announced that it planned to cut another 12,500 U.S. jobs in the next two years. Meanwhile, CEO Kenneth Lewis received \$37.9 million in compensation in 2003, nearly 110 percent more than in 2002.

The outsourcing of service jobs to low-wage countries has further widened the pay gap between workers and their bosses. Currently, the pay gap between U.S. CEOs and U.S. call center workers is 400:1, while the gap between U.S. CEOs and Indian call center workers is 3,348:1.

## Thailand Stays Biotech-Free

THAILAND'S CABINET in August overturned a decision by Prime Minister Thaksin Shinawatra, arrived at only 10 days earlier, to authorize the planting of crops containing genetically modified organisms (GMOs), Reuters reports.

The cabinet decided instead to establish a panel to review arguments for and against GMO crops.

The prime minister's earlier decision had been subjected to severe criticism, including by Thai organic farming groups that feared their ability to export would be under-

mined by the introduction of GMO crops. Because GMO crops can infect neighboring farms that are not using biotech seeds, once GMO crops are introduced into an area, farmers cannot be sure that their products are GMO-free — even if they don't use any GMO seed. The only way to maintain sales to overseas customers seeking guarantees that their products were GMO-free, the farmers said, would be to undertake expensive testing.

Prime Minister Thaksin had headed a committee that made the recommendation to authorize biotech crops. After the decision had been reached, Reuters reports, he stated in a radio address, "If we don't start now, we will miss this scientific train and lose out in the world."

"We hope this government didn't keep the ban because they were afraid of losing their popularity ahead of the general election," Sairung Thongplon of the Confederation of Consumers' Organizations told Reuters. "We hope it will not lift the ban after the elections" in March.

## Unconstitutional Subsidy

U.S. STATES ARE GOING TO HAVE A HARDER TIME giving away corporate welfare to multinational corporations, if a September decision from the U.S. Court of Appeals for the Sixth Circuit holds up.

In the decision, the court found unconstitutional an investment tax credit provided by the state of Ohio to DaimlerChrysler to entice the company into an upgrade of a Jeep assembly plant.

"The Court has struck down Ohio's investment tax credit for violating the Constitution's Commerce Clause, and has enjoined its enforcement," explains Northeastern University law professor Peter Enrich, who along with Toledo attorney Terry Lodge filed the case. "This puts an end to an Ohio program of corporate tax incentives that gave away an estimated \$90 million to businesses in the 2002 fiscal year. It also raises grave constitutional doubts about the closely similar programs that are in place in the vast majority of other states."

DaimlerChrysler had extracted from the City of Toledo and State of Ohio a subsidy package worth \$300 million to expand a Jeep plant that critics said it would have developed anyway. In exchange for an agreement to maintain a declining number of jobs at the plant, the economically depressed city and state showered presents on the automaker: the investment tax credit, a 10-year property tax holiday, free water, free site preparation and free land — land which housed a close-knit neighborhood.

The suit, brought on behalf of residents and small businesses in Toledo, argued that the subsidy package violated the U.S. Constitution's Commerce Clause, which prohibits states from using their tax systems to favor in-state companies. The court agreed with the plaintiffs argument on the investment tax credit, but argued that other elements of the subsidy package did not violate the Constitutional rule. ■

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