

**Statement Of Senator Byron Dorgan**  
**Democratic Policy Committee Hearing On Shipping American Jobs Overseas**

March 5, 2004

Sometimes, when you work in Congress, you are faced with an issue that makes you rub your eyes in disbelief.

Last month, the President sent Congress his annual Economic Report. And the report stated, plainly, that it is good thing for our country to send American service jobs overseas:

“One facet of increased services trade is the increased use of *offshore outsourcing* in which a company relocates labor-intensive service industry functions to another country . . . For example, a U.S. firm might use a call center in India to handle customer service-related questions. When a good or service is produced more cheaply abroad, it makes more sense to import it than to make or provide it domestically.”

Could this really be the Administration’s policy?

On February 10, the Los Angeles Times ran a story entitled “*Bush Supports Shift of Jobs Overseas.*” The story quoted Greg Mankiw, the chairman of the President’s Council of Economic Advisors, who was the principal author of the President’s report. This is what he had to say: “Outsourcing is just a new way of doing international trade . . . More things are tradable than were tradable in the past. And that’s a good thing.”

My first reaction was that I hoped the President did not really believe this. Even though the President signed the report to Congress himself, I hoped that Mr. Mankiw’s statements about outsourcing had escaped the President’s notice.

Perhaps Mr. Mankiw was an ivory tower academic, who did not know that economic policy has an effect on real people. Perhaps when Mr. Mankiw looked at our country’s net loss of 2.7 million jobs in the last three years, he just saw an abstraction, and did not understand the pain this caused at dinner tables around the country, as families worried about how to make ends meet.

At any rate, I certainly hoped that Mr. Mankiw was not speaking for the President. And some of my Republican colleagues had similar reactions.

My colleague from Iowa, Senator Grassley, said, “That's not the policy of the president, and the economic adviser of the president had no business saying that.” Senator Grassley said that if that were the president’s policy, "he would have no business being president.”

But the fact is that when the Bush Administration had a chance to repudiate Mr. Mankiw's remarks, it did not.

On February 12, Reuters reported that "Bush Defends Economist Mankiw." In fact, the story quoted White House spokesman Scott McClellan as saying that "we certainly don't want to do anything that would undermine free trade." McClellan dismissed calls from lawmakers for Mr. Mankiw's resignation, saying that this was "laughable."

The fact is that support for outsourcing is Administration policy. Mr. Mankiw has made a few noises about maybe picking his words more carefully the next time, but he has not repudiated the policy he outlined. And neither has the Administration. Jobs are fleeing our country, and the Administration is driving the getaway car.

This is no laughing matter. What does this policy mean for our country? Even some prominent economists, who are normally fierce advocates for unfettered free trade, recognize that continued loss of jobs in this country is a serious matter, and cannot continue to go ignored.

Princeton economist Paul Krugman, writing in the New York Times, had this to say:

"The accelerated pace of globalization means more losers as well as more winners; workers' fears that they will lose their jobs to Chinese factories and Indian call centers aren't irrational. Addressing those fears isn't protectionist. On the contrary, it's an essential part of any realistic political strategy in support of world trade."

Krugman estimated that our economy is about 4 million jobs short of where it should be.

But the Administration's attitude seems to be, don't worry, be happy. In the long run, outsourcing will strengthen our country, and we'll all be better off.

Let's go back to that Los Angeles article, where Mr. Mankiw was quoted as saying that,

"Maybe we will outsource a few radiologists. What does that mean? Well, maybe the next generation of doctors will train fewer radiologists and will train more general practitioners or surgeons. . . Maybe we have learned that we don't have a comparative advantage in radiologists."

Well, according to BusinessWeek, if present trends continue, within ten years we will lose 3.3 million service jobs due to outsourcing: in office support, in computer programming, in business operations, in management, and in sales, among other fields.

What is going to take the place of those jobs?

It will not be manufacturing jobs, the way things are going. We have lost over 2 million good manufacturing jobs in the last three years. Perhaps the Administration truly

believes – as the President’s report suggests – that flipping burgers at fast food restaurants could be considered “manufacturing.” I hope this is not where they are pinning their hopes.

The Administration says that the movement of American factory jobs and white-collar work to other countries will enrich the U.S. economy over time, even if it causes short-term pain.

Well, it is certainly not obvious to me that outsourcing will help the U.S. economy in the long run. And as John Maynard Keynes once famously said, in the long run, we are all dead.

So pick your long run. I want very much for this country to succeed. But I am focusing on the next year, the next 5 years, the next 20 years, when I know that we will have real problems, given our current course. I don’t think we can just say that our current course will be good for us 100 years down the road, so let’s forget about the short- and medium-term consequences.

So today’s hearing is a very timely one. We will hear some first-hand accounts by Americans who have lost their jobs due to outsourcing.

And we will then hear a variety of points of view about what this all means, and what to do about it.