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COMMITTEES:
BANKING
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RULES

United States Senate

WASHINGTON, DC 20510

February 11, 2004

The Honorable George W. Bush
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

We are writing to respectfully request that you repudiate your Council of Economic Advisers' position that the outsourcing of U.S. jobs to workers overseas is good for our nation's economy. We also ask that the Economic Report of the President be revised to reflect this change.

The report states: "One facet of increased services trade is the increased use of *offshore outsourcing* in which a company locates 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. The principal novelty of outsourcing services is the means by which foreign purchases are delivered. Whereas imported goods might arrive by ship, outsourced services are often delivered using telephone lines or the Internet. The basic economic forces behind the transactions are the same, however. When a good or service is produced more cheaply abroad, it makes more sense to import it than to make or provide it domestically."

We are troubled by the report's tone and its conclusions, which fail to capture the human toll behind the recent rise in offshore outsourcing. Offshore outsourcing is not simply a phenomenon of low-paying, inefficient jobs moving overseas or an Internet-driven "novelty." As we have seen from recent announcements, virtually every job category up and down the pay scale is now at risk: software engineers, machinists, newspaper reporters, accountants and radiologists. These are hard-working Americans who, in a very short period of time, have been forced to grapple with the introduction of enormous new pools of much lower paid but highly skilled workers now accessible in developing countries. This is a scale of change that we have not faced before. It is surprising that your advisors would categorize this new phenomenon so casually, when, in fact, we understand that the government has very little data on the true nature or extent of offshoring.

We are also troubled by the astonishing statement of the Chairman of the White House Council of Economic Advisers, Gregory Mankiw, that "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." He displays an alarming lack of sensitivity to the millions of unemployed Americans or low-wage workers who still can't make ends meet, and he fails to consider the new and extraordinary challenges facing U.S. workers.

Mr. President, the number one concern we hear from our constituents is jobs. These working men and women and their families do not share the inexplicably cavalier attitude of your economic advisors. We once again respectfully request that you repudiate the Council's report and instead work with us to better understand the effects of the new phenomenon of offshoring on American jobs and businesses and how we preserve the strength of the U.S. economy and workforce.

Sincerely,

Charles Schumer
United States Senator

Tom Daschle
United States Senator

Debbie Stabenow
United States Senator

Jon Corzine
United States Senator

Richard Durbin
United States Senator

Carl Levin
United States Senator

Robert Byrd
United States Senator

John Edwards
United States Senator

Patrick Leahy
United States Senator

Paul Sarbanes
United States Senator

Daniel Akaka
United States Senator

Tom Harkin
United States Senator

Edward Kennedy
United States Senator

Dianne Feinstein
United States Senator

Tim Johnson
United States Senator

Mark Dayton
United States Senator

Byron Dorgan
United States Senator

Herb Kohl
United States Senator

Hillary Rodham Clinton
United States Senator

Evan Bayh
United States Senator

Bill Nelson
United States Senator

Thomas R. Carper
United States Senator

Barbara Boxer
United States Senator

Joseph Lieberman
United States Senator

Barbara Mikulski
United States Senator