



Congress of the United States
House of Representatives
Washington, DC 20515

February 26, 2004

Dear Colleague:


Jobs, economic growth, increased productivity, rising living standards, continued technology advances, empowering skilled and entrepreneurial Americans – this is the stuff of our changing economy. This article from USA Today illustrates some of the impressive change that is underway. Unfortunately, much of this entire class of emerging small businesses is being missed by many of our jobs statistics.

Sincerely,

David Dreier

EBay evolves to serve small businesses

By Jon Swartz

 SAN FRANCISCO — EBay (EBAY) will unfurl on Monday its most ambitious services yet for small businesses, reflecting how mom-and-pop shops have redefined the way they use the auction site.

The new services, in partnership with outside companies, offer small businesses credit lines up to \$50,000, financing options for industrial and high-tech equipment that costs more than \$2,000, job recruitment and shipping and tracking services.

The options signal an "evolution" in small-business use of eBay, CEO Meg Whitman said. Companies that once sold items on eBay are now trolling it for bargains or to resell products.

Rusty Bennett, owner of SmokeStack Restaurant in Thurber, Texas, estimates he saved \$40,000 buying and reselling restaurant equipment on eBay last year. He also buys and resells computer systems and beer signs for profit. That's a far cry from when Bennett first used eBay in 1996 to buy rare personal computers.

"EBay has become less of a collectibles destination and more of a liquidator," says Ina Steiner, editor of online newsletter AuctionBytes.com. "Small businesses have found they can buy as easily as sell."

The changing habits of small businesses on eBay also may be influenced by a slumping economy, Internet analysts say. Thousands of unemployed are starting businesses on eBay, and small-business owners increasingly depend on eBay to find

bargains.

The shift has further fueled eBay's breakneck growth. Small businesses bought \$2 billion worth of products on eBay last year, twice what they did in 2002.

About 430,000 individuals and small businesses make their livings from eBay — nearly three times the number in late 2002. And there are 1 million business-related listings on eBay, twice that of a year ago.

"People crave the ability to be as successful as they can be, to reach their potential," Whitman said. "That is what this is about: a self-dynamic dream of buyers and sellers." (Emphasis added)

EBay became the most successful online venture because of the slavish devotion of its 95 million registered users. They made eBay the place to trade Pez dispensers and other collectibles.

But some feared eBay had become too chummy with corporate customers like Disney and IBM in recent years.

"When eBay changed, sure, it upset me," says Bobby Beeman, who has sold antiques, jewelry and gift items on eBay since 1997. "But I've come to accept the course they chose. It's business."

Now, Beeman and others say they are encouraged by surging small-business growth on eBay. That's what made eBay a success and continues to define it, they say.