

Opening Statement
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Is America Exporting Good Jobs?
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In recent months, there has been growing public recognition that good U.S. jobs are being exported to low-wage countries like China, India, and Mexico.

This is not some ivory-tower academic discussion. This affects real people, and their very livelihoods. We are told that the economy is recovering, but this recovery is just a remote abstraction for the millions of people that are out of work.

The statistics are sobering. October marked the 39th consecutive month of U.S. manufacturing losses, and America has lost nearly 3 million private sector jobs since President Bush took office. For every one of those lost jobs, there is a family that sits at the dinner table wondering what kind of a future they have to look forward to.

Some of these job losses involve household names. We all know Huffy bicycles. The Huffy bicycle company has a long history, dating back to 1898, when it opened its first plant in Dayton, Ohio.

Well, in 1998, the company celebrated its 100th anniversary by laying off 1,800 U.S. workers, and outsourcing its production to China, Mexico and Taiwan. The plants closed were in Ohio, Missouri, and Mississippi.

The 850 Huffy workers fired in July 1998 from the Huffy plant in Ohio were members of the United Steelworkers of America (USWA). They earned hourly wages of \$11, plus \$6 in benefits. Surely the workers were not getting wealthy at those rates – but these were good, decent jobs.

By contrast, in 2000, the average wage of the workers in China making Huffy bicycles was 33 cents an hour, less than two percent of what the USWA members made. No one should have to compete with workers making 33 cents an hour. That is a race that we cannot win, and should not want to. Many of the fired Huffy workers are now working two, or even three, minimum wage jobs to try to make ends meet and not fall behind in mortgage and car payments, school and other expenses for their children.

Just two months ago, a company in Indianapolis shut down its operations and moved all of its jobs to Tianjin, China. The company, Magnequench Inc., is not a household name. But according to the Defense Department, this company was making 80 percent of the rare-earth magnets used in the production of smart bombs. About 225 American workers were employed at the plant, making high-tech products of strategic importance to our nation's defense. Those jobs are now gone to China.

Earlier this year, *BusinessWeek* magazine did a cover story entitled “*Is Your Job Next?*” The magazine forecast that over the next 12 years, we would lose over 3.3 million additional jobs to offshore “outsourcing” – not in manufacturing, but in white collar jobs. The estimates are reprinted below:

SECTOR/YEAR	2005	2010	2015
OFFICE SUPPORT	295,000	791,000	1,700,000
COMPUTER	109,000	277,000	473,000
BUSINESS OPERATIONS	61,000	162,000	348,000
MANAGEMENT	37,000	118,000	288,000
SALES	29,000	97,000	227,000
ARCHITECTURE	32,000	83,000	184,000
LEGAL	14,000	35,000	75,000
LIFE SCIENCES	3,700	14,000	37,000
ART, DESIGN	6,000	14,000	30,000
TOTAL	588,000	1,593,010	3,300,000

Source: *BusinessWeek*, February 3, 2003

White-collar workers in this country are starting to see the light at the end of the economic tunnel – but it is looking more and more like an oncoming train.

We have been told for a decade that our country should not try to retain good blue-collar jobs, because we could not compete with low-wage labor. Of course, that was nonsense then, and it is nonsense now. But we were told that even if we lost manufacturing jobs, the white-collar sector would still thrive. Now, we are seeing that this was an empty promise as well.

For the better part of two decades, I have been a strong critic of U.S. trade policy. One administration after another has embraced the siren song of free trade proponents, and bought into the promises of U.S. job creation. Those promised jobs have not materialized. On the contrary, U.S. jobs have become our top export.

So I have convened this hearing to examine the issue of U.S. job losses, and its relationship to U.S. trade policy.

At the outset, we are going to hear from two remarkable young women from Honduras. They have traveled here to describe the dismal labor conditions at a U.S.-owned garment factory in the San Miguel Free Trade Zone in Honduras.

I want everyone to see the human face of so-called free trade. It's especially appropriate that we hear from these witnesses, because just two months ago one of the largest textile companies in our country, Pillowtex, went under. About 5,600 Pillowtex workers in North Carolina lost their jobs.

To my mind, the workers at Pillowtex and these two brave women from Honduras from whom we will soon hear are all victims of the same free trade system that promotes an unwinnable race to the bottom.

The two workers that will testify this morning make clothes for the Sean John clothing label, which sell at high prices in boutiques in this country. They work in inhumane conditions. They have come here under threats to their safety in Honduras, but they have come because they have an important story that Americans need to hear.

Incidentally, the Sean John label is owned by Sean Combs, a well-known figure in the U.S. music industry. I asked Mr. Combs to attend today as well, because Mr. Combs has promised to take a close look at the problems in these Honduras factories, and make sure that there are decent conditions there. Mr. Combs declined to attend.

We will also hear this morning from Charles Kernaghan, who is the Executive Director of the National Labor Committee in New York. Mr. Kernaghan has been working for years to put a human face on the human cost of so-called free trade.

With that, let me turn to our first panel.