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‘Buy America’ is misguided notion

From Nancy McLernon, President and CEO, Organization for International Investment

Lawmakers may have good intentions pursuing “Buy America” provisions, but they come with unintended consequences: inadvertently hurting American workers, stifling proven job-creation methods and putting domestic companies at risk for retaliation when they go abroad to sell their goods — not to mention, sending the wrong message to a company looking to invest in the United States.

The idea of the American job has changed. Jobs are no longer neatly categorized by country or continent. Steelworkers in Alabama and defense industry employees in Pennsylvania work for companies based in Europe. Cars, trucks and SUVs built in America by Americans are employed by companies from Japan and Germany. The Trader Joe’s where you shop found its origins overseas. And even though the Girl Scout cookies you crave are baked in the United States, the company that makes them is based in Canada. In fact, global companies with U.S. operations have directly “insourced” over 5 million jobs into the United States.

Americans can be put back to work more quickly by encouraging job-creating investment from domestic sources and from other countries. It’s simple: The economy will create jobs at a faster rate if we increase the number of companies operating in the United States.

Insourcing companies sign over \$364 billion in paychecks for American workers each year. Statistics show that American employees at these firms receive average compensation of \$68,317, which is 32 percent higher than all U.S. companies. A bonus: Manufacturing jobs make up 30 percent of all jobs at U.S. subsidiaries, a stated sector of focus for the Obama administration in its economic recovery plan.

For more than 15 years, under both Democratic and Republican presidents, insourced jobs have been made possible because our government has remained open to international investment. “Buy America” ignores the symbiotic relationship U.S. workers have with globally engaged companies. Even in the most inclement economic conditions, an open door to cross-border investment leads to a steady flow of new jobs. That is what we need right now.

Washington

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