

**Rep. Phil Gingrey**  
*Opening Statement for Offshoring Part IV Hearing*  
*Subcommittee on Technology & Innovation*  
November 6, 2007

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Good Afternoon Mr. Chairman. I want to first thank you for holding this fourth hearing on the issue of offshoring that will address the “Implications for the Science and Engineering Workforce.” It is well documented that the United States has a very extensive history of scientific innovation that has benefited engineers and scientists – as well as the nation’s economy. Over the years, engineers and scientists have developed products and technologies that have raised the standard of living in our nation. In return, engineers and scientists have been rewarded for their efforts with abundant employment opportunities, excellent salaries and quality of life, and substantial public respect.

The advent of globalization is – in part – jeopardizing this mutually beneficial relationship. A 2003 McKinsey Global Institute report estimates that 52% of engineering jobs are amenable to offshoring. This, along with the 2003 spike in unemployment among engineers and computer scientists have led to feelings of widespread anxiety in these professions. For example, electrical engineers have become so concerned about their careers that a 2006 IEEE [*pronounced “I triple E”*] survey showed only 13% of the engineers responded that prospects for long-term demand for engineers in the U.S. were excellent – and 18% responded that the prospects were poor. What’s even more alarming Mr. Chairman is the same survey showed that only 37% would recommend engineering as a profession to their children – and a staggering 35% would not recommend engineering at all.

While there is certainly some disillusionment among today’s engineers and scientists on the prospects of the innovation industry in the United States, our country has also had the benefit for the past several years of foreign companies “insourcing” jobs here in the U.S. This phenomenon occurs when foreign-based companies establish subsidiaries in our country that provide jobs for hardworking American citizens.

Mr. Chairman, in a fifteen year window from 1987 to 2002, jobs created as the result of insourcing have jumped from 2.6 million to 5.4 million. Insourcing has also provided an infusion in our economy by accounting for 20% of U.S. exports. In 2003 alone, foreign companies reinvested \$38.6 billion in their American operations.

U.S. subsidiaries also serve as an important component to domestic R&D activities. According to Dartmouth College Professor Matthew J. Slaughter, U.S. subsidiaries have spent \$27.5 billion on domestic R&D, increasing its share of R&D activities to 14%.

Mr. Chairman, in my own state of Georgia, foreign-owned subsidiaries provide more than 190,000 high paying jobs to our residents. They provide the livelihood for 5.7% of Georgia’s private-sector workforce. This is an increase of over 18% in just five years. Additionally, over one-third of the jobs that subsidiaries bring to Georgia are in the manufacturing sector.

Columbia University professor Jeffrey Sachs goes so far as to say “There is no other fundamental mover of economic development than science and technology.” Mr. Chairman, I could not agree more with that statement, and I am proud of the progress that this committee has made through the America COMPETES Act to increase STEM education for America’s youth as a way to provide incentives for domestic companies to stay here at home. At the same time, we need to explore what can be done to bring more foreign-owned companies to our country to provide these high paying jobs to hardworking Americans.

Mr. Chairman, I look forward to hearing today's testimony from our esteemed panel on the solutions they have that will enable us to maintain and grow an engineering and scientific workforce that will keep us the world leader in technological innovation. With that Mr. Chairman, I yield back.