

LOU DOBBS TONIGHT

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PILGRIM: Well, we report here extensively on companies and government offices that ship American jobs to cheap foreign labor markets. Now it seems some states are fighting the trend. The number of states considering a ban on outsourcing state work is on the rise.

Bill Tucker reports.

(BEGIN VIDEOTAPE)

BILL TUCKER, CNN CORRESPONDENT (voice-over): Should taxpayer dollars be going overseas or staying home and going to Americans? At least 40 states are now debating that issue, with some 112 different pieces of legislation that would prohibit their states from having state contract work or services performed by workers in a foreign country.

(ON SCREEN: Graphic with map of U.S. with states that have outsourcing bills highlighted, source: **National Foundation for American Policy**.)

A bill to prohibit the state from taking taxpayer dollars and putting them in the pockets of foreign countries sits on the desk of New Jersey's governor. Maryland's governor has already signed a similar law.

But in other states such as Mississippi, Montana, Oklahoma, Washington state, the bills are expiring in the legislatures. In Colorado, a bill to prohibit outsourcing of state work was withdrawn by the original sponsor after a cost analysis showed it would cost the state at least 28 million more dollars than the current practice of outsourcing the work overseas.

STUART ANDERSON, NATIONAL FOUNDATION FOR AMERICAN POLICY: The problem becomes if you overpay for services unnecessarily, that's less money that states would have for tax relief, education or job training.

TUCKER: Perhaps that explains why the governor of New Jersey has not yet signed his state's bill, even though it's been on his desk for over a month. There's also the Supreme Court to consider, which has ruled that it is unconstitutional for states to prohibit work going to foreign countries, saying it usurps the federal government's role in setting trade and foreign policy.

KEVIN KEARNS, U.S. BUSINESS & INDUSTRY COUNCIL: And if the other side, the outsourcers and their hired guns think they're going to stand on constitutional law and stop this tidal wave of sentiment in this country that wants to preserve good jobs, that wants to preserve manufacturing industries, that wants to preserve intact, stable communities, they're just barking up the wrong tree with legalistic arguments.

(END VIDEOTAPE)

TUCKER: Some critics of trade policy argue that none of the state bills would be necessary if we had a national trade policy to protect the American workers and the American economy. And they point to the rising momentum in Congress to do something about the massive trade deficit. And they want to start with China, and you can see that momentum there, Kitty.

PILGRIM: It is a complicated issue, though, Bill.

TUCKER: It is. But as that last bite indicates, there's a lot of emotion also beginning to build in this debate, as well.

PILGRIM: Thanks very much, Bill Tucker.