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June 9, 2010

The Honorable Tom Harkin
Chairman
Senate Appropriations Subcommittee on Labor,
Health and Human Services, Education, and
Related Agencies
731 Hart Senate Office Building
Washington, DC 20510

Dear Mr. Chairman:

It has come to my attention that the Administration's FY 2011 budget recommends eliminating the International Labor Comparison (ILC) office in the Bureau of Labor Statistics (BLS). Demand for ILC data is greater today than at any time in the past due to developments in the US economy. I urge the Committee to appropriate FY 2011 funds for the ILC office.

Since its creation ILC data has enabled policymakers and researchers to analyze the performance of the US economy relative to other major economies around the world. This analysis is increasingly important with the intensification of international competition. It is no longer adequate to view the performance of the US economy in isolation.

The ILC's value-added is adjusting data derived from national sources in order to make them comparable across countries. This is an invaluable function since nations use different methodologies in collecting and reporting their economic data. Analysts are likely to arrive at incorrect conclusions if they compare data without regard for differences in methodologies.

I am personally familiar with the value of the data reported by ILC. During the 1990s the Congressionally-mandated Competitiveness Policy Council, which I chaired, relied heavily on ILC data for each of its 4 annual reports to the President and Congress.

If anything, the ILC's efforts should be expanded to cover more indicators and more countries, as the current coverage reflects a previous economic era. Currently ILC reports data on only a half dozen indicators for a small group of countries. This may have been adequate a decade ago but it is no longer so, given economic developments around the world and the intensification of international competition.

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The ILC currently reports only a few economic indicators for China and Mexico, two of our most important competitors (and markets). The lack of current and comparable labor market data for Mexico is particularly problematic, since it handicaps analysts' ability to verify assertions made about the impact of the North America Free Trade Agreement. Currently, the ILC provides virtually no data for other Latin American economies. The ILC program needs to be expanded in order to meet the economic realities we currently face.

With a budget of \$2 million, eliminating the ILC would not have any meaningful effect on government spending but it will seriously handicap our ability to analyze the performance of the United States relative to other major economies. I urge you and your colleagues to appropriate the necessary funds to enable ILC to continue and indeed expand its activities.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Fred Bergsten". The signature is written in a cursive style with a large, sweeping flourish at the end.

C. Fred Bergsten
Director