



## **Lou Dobbs Tonight: Exporting America**

*Aired: May 7, 2004*

DOBBS: Tonight, in "Exporting America," the U.S. trade representative has asked all 50 states to support new trade agreements with Australia and Central America. But there is definitely some fine print that governors and legislators in those states should be reading. And those details, in fact, could take away state's right when it comes to trade, including state efforts to stop the flow of American jobs to cheap overseas labor markets. Lisa Sylvester reports.

(BEGIN VIDEOTAPE)

LISA SYLVESTER, CNN CORRESPONDENT (voice-over): Critics say the Bush administration's glad handing over recent trade deals is turning into the strong-arming of states. As part of trade negotiations, the U.S. trade representative sent a letter governors asking for a voluntary commitment on procurement. 27 state governors signed up. But some of the provisions could severely restrict states' decisions.

CHRIS SLEVIN, PUBLIC CITIZEN: States have a lot to lose by signing on to these agreements. They're not getting access to foreign markets by signing on to these. They are basically opening up their own purchasing policies to U.S. trade negotiators.

SYLVESTER: The trade agreements could prohibit a state from giving subsidies to local farmers and small businesses as well as limits states which prefer not to do business with polluters or states that have by American laws giving U.S. companies an edge over foreign corporations. Any state law that aims to curb offshoring could be illegal under the new trade agreements.

PROF. ROBERT STUMBERG, GEORGETOWN LAW: Based on that act of correspondence, international law now applies to your state. The risk of noncompliance could be preemption by the federal government or it could be the risk that your state could be sanctioned economically through tariffs.

SYLVESTER: It is normally the state legislature's job to decide how money is spent, not the governors. Washington state representative Velma Veloria

questions if her governor even has the proper authority. She fears trade deals are being made without enough oversight.

REP. VELMA VELORIA, WASHINGTON STATE HOUSE: The people elected us to protect their rights, to be able help with part -- to develop laws and regulations, to help our own economy. If these international trade agreements take that away, where then, do the people go?

SYLVESTER: At the same time, states are worried about the impact of free trade agreements. U.S.T.R. Robert Zoellick continues to push forward with at least seven new agreements being negotiated.

(END VIDEOTAPE)

SYLVESTER: Until the trade agreements are signed by President Bush, states can still pull their name off the list if they do not want to be held to these restrictive provisions. The president is expected to sign the Australian trade agreement in two weeks -- Lou.

DOBBS: Let's be frank about this. Much of this is being done without great publicity between the U.S. trade representatives, the governors and representatives in states, isn't that correct?

SYLVESTER: It is. I think this is really being slipped under the radar. I'm not sure if many of these governors are knowingly -- if they even are aware of exactly what they're giving up. There is a campaign out there to make governors aware of exactly what's at stake and how this could affect their procurement decisions in the future -- Lou.

DOBBS: The Washington representative talking about, in effect, international trade agreements superseding states' rights in this country, the fact is the World Trade agreement and NAFTA both have provisions that supersede our court system now moving to the state legislatures and the governorship almost without examination. We thank you for yours tonight, Lisa, thanks. Lisa Sylvester reporting from Washington.

*Aired: May 13, 2004*

DOBBS: In "Exporting America" tonight fighting back against a White House effort to block anti-outsourcing legislation. As Lisa Sylvester reported here last week, U.S. trade representative is lobbying all 50 governors that that trade rules that would guarantee foreign companies equal access to state government contracts. Now, governors are becoming upset by outsourcing and they're starting to say no way. Peter Viles reports.

(BEGIN VIDEOTAPE)

PETER VILES, CNN CORRESPONDENT (voice-over): From Iowa to Pennsylvania, backlash against the Bush White House and its trade policies. It started when the president's man on trade, Robert Zoellick lobbied all 50 governors seeking their, quote, "voluntary commitment" to agree to procurement rules that mean, quote, "treating foreign suppliers in the same manner as domestic suppliers." In other words, just say no to the anti-outsourcing backlash and let foreign companies compete for state contracts.

LORI WALLACH, PUBLIC CITIZEN: What's at stake is whether or not the different states and enough taxpayers in the states will decide how our tax dollars are spent, or whether we're going to have global one size fits all rules. To some degree that may be the ideology the White House is for. I doubt that many Americans would favor that.

VILES: Originally the state of Pennsylvania agreed to the White House policy but then this week Governor Ed Rendell wrote saying to Zoellick saying, quote, "I was elected to ensure the prosperity and stability of Pennsylvania, I am rescinding my agreement." Politicians responding to the outrage that results when state money supports outsourcing.

MICHAEL VEON (D), PENNSYLVANIA STATE HOUSE: It really is adding insult to injury. You lose your job because the job is outsourced overseas. The insult is the company who did it is being paid taxpayers' dollars on a state contract. So it's adding insult to injury and people are outraged about it.

VILES: Also saying no to the White House on this, Iowa Governor Tom Vilsack saying he needs every tool available to help workers in his state.

(END VIDEOTAPE)

VILES: In the meantime, the Bush administration continues to negotiate these trade deals at rapid clip. It will sign two of them this month. Free trade with Australia next week and CAFTA, covering Central America, later in the month. Both of those require congressional approval, Lou.

DOBBS: Well, let's hope that a new day is dawning in this country. In my opinion, I just do not understand how a governor, representing the residents of the states, can agree with this nonsense.

VILES: Well, our understanding is about half of them have not yet agreed to it, about half have. A lot are grandfather deals, states had agreed to this years and years ago before outsourcing caught on and the jobs really started going overseas. It will be interesting to see, in the next couple of days, how many governors say, take my state off that list.

DOBBS: In my opinion, any governor that signs up for this deal is ridiculous. You're sitting there abdicating your responsibilities, turning over further responsibilities to the federal government and an administration that appears hell bent to outsource American jobs, because they think it is good for the economy.

With an election coming up, I sure hope working men and women in this country are paying a lot of attention to who is with them and who is against them. What do you think?

VILES: We'll find out in the next couple days. The argument in favor of signing this deal is superfluous. The federal government has already got deals with other federal governments who can bid on what. The state governments really don't need to be in the good on whether you can bid on a state contract in Australia or state contract in the United States.

DOBBS: Well, they sure as heck need to maintain their independence from those who want to diminish U.S. sovereignty. Peter Viles, thanks a lot.

As Pete just reported, Iowa and Pennsylvania have pulled out of that procurement agreement portion of the trade agreements. According to "Public Citizen," there are 25 states that continue to support the U.S. trade representative's effort to undermine the state's anti-outsourcing positions and legislation. The other 23 states have not signed on to that agreement.

*Aired: May 14, 2004*

DOBBS: Tonight, "Exporting America." My guest tonight just made a decision to keep jobs in his state and away from cheap overseas labor markets. Other states are following suit. They include Iowa, Minnesota, Missouri and other states are ready to sign on as well. The governors of those four states have refused to sign a trade deal that would take away their right to choose American workers over foreign workers when awarding contracts. Governor Ed Rendell of Pennsylvania is actively trying to protect the workers in his state. He joins us now from Washington, Pennsylvania. Good to have you with us.

Your decision to pull back from the agreement that the U.S. trade representative said was necessary to future free trade agreements, what prompted your decision?

GOV. ED RENDELL (D), PENNSYLVANIA: Well, simply just seeing what's gone on in the last three or four months with the outsourcing or offshoring of American jobs, jobs that Americans are, in fact, qualified to do. And then I got together with two legislators, Mike Diven and Representative McGeehan you've had on your show and we put in legislation creating a social responsibility section of our contracts where any bidder has to state whether they're going to use domestic workers on foreign workers to fulfill a contract.

It is not an automatic that the company that says they're going to use domestic workers gets the contract but it creates preference in the evaluation process. One thing I want to make clear, when we pulled out of the agreement, we only pulled out of the agreement -- the trade rep sent us a letter saying, send me a letter agreeing to allow African countries and Latin American countries that we're negotiating with to have access to your state contracts. And in the country of Australia.

I sent a letter back saying, no, we won't do it for the African nations and for the Latin American nations but we have agreed to do it for Australia. The difference is Australia has agreed to live by International Labor Organization standards. So they've agreed to put their workers, in terms of labor conditions and some salaries and benefits on equal plane with American workers. We're not against free trade. We just want it to be fair. We want it to be a level playing field. Australia is playing by the same rules. All we're asking for is that the ILO standards be adopted by all these countries who want to bid against American workers. We'll take Australia and we'll take any country that will agree to abide by the ILO standards.

DOBBS: Of all the agreements that Robert Zoellick and his people at the U.S. trade representative's office have negotiated, Australia comes closest to making sense out of nearly three years in discussing a level playing field, an expression that has little serviceability usually in connection with trade agreements between this country and others.

But you've got big issues. You've lost a lot of jobs in Pennsylvania. What has been the reaction of the big, multinationals in Pennsylvania because they have been supporting, as the president, the outsourcing of jobs? Have you had a lot of, let's put it this way, plain old heat?

RENDELL: No. It's interesting. I had a meeting with Unisys one of the great Pennsylvania companies. Unisys does a lot of work for the government. One of the reasons I had the meeting is because they announced they were offshoring 3,000 new jobs. The line of differentiation there was that Unisys was not taking American jobs or an open American contract and moving them offshore. They were just expanding their international operation by 3,000 jobs.

Look, we understand that our multinationals and, certainly, Pennsylvania has a ton of multinationals are going to create jobs all over the world. By the way, Americans should realize that foreign companies employ a lot of people here. Pennsylvania has almost 400,000 people employed by foreign owned companies. We're not against that. We're against taking our jobs to countries that don't compete under the same standards. That's why we specifically, in my letter to U.S.T.R. Rep. Zoellick, I specifically only pulled us out of the African and Latin American agreements not out of the Australian agreement.

DOBBS: You are amongst the most experienced and talented political observers and analysts as well as governor. Governor Rendell, let me ask you, is it your sense that this is going to be a battle royal because we have the agreements with Australia, with CAFTA coming forward, Congress is going to have to approve it in 40 states. There's outsourcing by state governments of jobs from those states to cheap labor markets, 35 states have legislation to oppose it. Is this going to be a battle royal in your judgment in the next six months?

RENDELL: I hope not, although my guess is it might be. We, as you know, Governor Granholm of Michigan and Governor Doyle of Wisconsin and I spent a day in Washington seeing both congressmen and senators but also seeing administration officials. We had a very nice

talk with Secretary Evans, secretary of commerce and we told him quite frankly that we thought that the administration had not done a good job representing American interests in front of the WTO, unlike the Clinton administration which had fought back and filed petition after petition in the WTO. In three and a half years, the Bush administration has only filed ten complaints. We gave as an example, intellectual piracy. We know it's going on in China and India. We have yet to file one complaint in front of the WTO. Secretary Evans told us they're going to step it up and really enforce and we're waiting.

DOBBS: Against that partisan assertion you made, remind everybody it was President Clinton who signed off NAFTA, the WTO and move forward to some rather problematic, at best, and in other cases just outright unfavorable labor agreements in those trade deals.

RENDELL: And there's no question about that, Lou. We're hopeful. I don't want this to be an election issue. I want Secretary Evans' words to ring true. He says they've hired some experienced prosecutors, they've hired new deputies...

DOBBS: Governor, you are a terrific politician, you're a smart guy and so is our audience here. Let's talk straight. This is about American jobs who for 30 years we've had static wages in this country, corporate interests are just overpowering every other segment of our society and our economy. There's got to be, doesn't there, some balance here?

RENDELL: No question. I think the balance comes from us asserting the power that we have. Look, we've got this huge trade deficit. The world relies on our trade. There's no question about it. Their economies are based on American trade. We have leverage. I mean, take the treaty that was negotiated by the Carter administration where we get killed on the VAT tax and you know what I'm talking about, Lou, of foreign companies get to deduct the VAT tax from what they can sell their products for here. American companies get the VAT tax added in Europe.

DOBBS: It is the European subsidy of their entire exporting...

RENDELL: Of their entire economy. We should just say no more. No more. We're not going to do this anymore.

DOBBS: Governor, I'm sure working men and women in your state are very supportive of the action you've taken. Congratulations. Thanks for being here.

RENDELL: My pleasure.