Legislators want governor out of trade discussions

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State lawmakers, concerned that international trade agreements backed by Gov. Robert L. Ehrlich Jr. might cost American jobs, have proposed severely restricting the governor's power to approve such pacts.

At the request of the Bush administration, Ehrlich (R) decided last year to sign on to three agreements that will open state procurement to foreign bidders.

Sen. Paul G. Pinsky and Del. Pauline H. Menes have co-sponsored bills that would nullify Maryland's participation in the trade agreements and prevent the governor from signing new ones without first gaining approval from the legislature.

"I feel we need to get a handle on what's happening -- especially concerning employment opportunities, and employment opportunities at the lowest level," said Menes (D-Dist. 21) of College Park. "I think those of us in the legislature feel it's more appropriate for the legislature to have a say in how [overseas procurement] is done, and when and whether it's done."

Aris Melissaratos, secretary of business and economic development, defended the administration's support of free trade, saying the state has to stop worrying about losing "yesterday's jobs" and focus on expanding its economy into the 21st century.

"I would oppose any restrictions," he said. "I am a free trader all the way. ... I think this country, and this state in particular, need to learn how to compete in the global marketplace.

"The jobs we think we are losing to China and the Third World are really yesterday's jobs," Melissaratos said. "We need to prepare for the jobs of tomorrow; Maryland is a research state."

Ehrlich last year agreed to a request from U.S. Trade Representative Robert B. Zoellick to sign on -- or "cover" in trade parlance -- to the government procurement provisions of trade agreements negotiated by the Bush administration. The agreements involve Morocco, Australia and Central America, allowing companies there to bid on state contracts.

The Morocco and Australia agreements took effect Jan. 1. The five-nation Central America agreement still must be ratified by Congress.

Donna S. Edwards, secretary-treasurer of Maryland State and D.C. AFL-CIO, said the agreements pit American companies against foreign competitors that do not have to abide by U.S. laws.

"We haven't struggled to get labor laws and environmental laws and child labor protections and anti-discrimination laws because it was a nice thing to do," Edwards said. "They were needed and necessary to secure good-paying jobs, family-sustaining jobs."

But Christopher A. Padilla, assistant U.S. trade representative for intergovernmental affairs, said no trade agreement would alter a state's sovereign ability to make decisions.

"Unfortunately, there are a lot of economic isolationists that are providing a lot of falsehoods about what these agreements do and don't do," Padilla said.

When a state says it will cover a trade agreement, he said, all it means is that it will not discriminate against foreign companies, that they are treated the same as domestic companies.

Agreements specifically say states get to keep certain economic development programs such as empowerment zones, minority business enterprises and women-owned business preferences, Padilla said.

However, Elizabeth Drake, international policy analyst with the AFL-CIO, said when foreign companies take part in state procurement, they can contest state rules at tribunals set up by the trade agreements.

A company that does not like a state regulation could win trade sanctions against the United States, she said.

Although Padilla said such cases are unlikely, the World Trade Organization is considering a complaint by the island nation of Antigua and Barbuda that state limitations on Internet gambling violate international trade obligations.

Padilla called an early ruling favoring Antigua a "strange decision" and said he was confident the United States would win on appeal. It is important to take a long view, he said.

"What goes around comes around. If we close our procurement to foreign companies, then the chance of a Maryland company to bid on contracts overseas is reduced," Padilla said.

Melissaratos agreed.

"We need these free trade agreements," he said. "I want Maryland companies to think 'global market share.'"

Pinsky (D-Dist. 22) of University Park said his and Menes' proposals are "not xenophobic," but are about supporting Maryland's work force.

But Melissaratos countered the United States is actually headed for a "workforce shortage." The way to support Maryland employers, he said, is to empower them to go global. Going in the opposite direction might provide some short-term success, but would promise long-term disaster.

In addition to the trade agreement legislation, Menes and Pinsky also have a bill that would require state contractors to employ U.S. workers to carry out services contracted by the state.

Ehrlich's embrace of trade agreements demonstrates his cavalier attitude toward offshoring, Pinsky said.

"Governor Ehrlich and President Bush encourage outsourcing a way to increase profits," he said. He added that he would limit state contracts to work done by Maryland workers, not just U.S. workers, but that the law prohibits it.

Padilla said states have a vested interest in supporting free trade because it increases the number of bidders on a state contract.

"It's already in [states'] economic interest to take bids from all comers," Padilla said.

On one point, the AFL-CIO and the U.S. Trade Representative appear to agree: That a decision to sign a trade agreement can be sent to the legislature for affirmation.

"We encourage the governors to do the consultations they need to do within their own states," Padilla said.

Said Edwards: "What we're saying is that when it comes to taxpayer dollars, [trade agreements] should be transparent. ... We believe these trade agreements need to be out in the open with an opportunity for debate, and not signed privately by the governor."