

# The Mercury News

MercuryNews.com

## Opinion: Buy America in stimulus will be a job-killer for Silicon Valley

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Special to the Mercury News

Posted: 02/09/2009 08:00:00 PM PST

Provisions in the House stimulus bill (HR 1) require that construction funds be used only for projects using American-made iron and steel. The Senate bill (SB 336) goes even further, extending the preference to all manufactured goods. A late Senate amendment stipulates that the United States should act consistent with its treaty obligations — but it's still a bad precedent.

Buy America provisions aren't just misguided, they're also dangerous. While the idea of spending stimulus money to help only U.S. workers is superficially attractive, it ignores the deep interdependence that links the world's economies. This interdependence flows both ways: Actions that hurt our partners can ultimately hurt us.

This is dramatically clear for businesses and employees in the Bay Area. Bay Area manufacturers get 60 percent of their revenue from overseas. A semiannual survey of 50 leading companies, conducted by the Bay Area Council Economic Institute, finds their share of revenue from domestic sales progressively shrinking and their share of revenue earned from foreign sales growing.

For many of these companies — flagships of the Bay Area economy — dependence on global markets is dramatic. Agilent Technologies' share of total revenue from foreign sources is 66 percent; Applied Materials, 81 percent; Autodesk, 66 percent; Cisco,

45 percent; Seagate, 69 percent; Cadence, 49 percent; Varian, 47 percent; Hewlett-Packard, 65 percent; Intel, 79 percent; 3Com, 69 percent; National Semiconductor, 80 percent, and the list goes on.

The bottom line is that the health of many of our leading companies and our economy is tied to the willingness of partners around the world to buy our goods and services.

Buy America threatens to unravel that by setting off retaliatory or copycat responses around the world, restricting both access and opportunity. Other nations are enacting their own stimulus packages, and it's important that they be open to participation by U.S. companies. California's high-tech and aerospace industries in particular depend on overseas markets. If we only sell to ourselves, and our partners close their doors, employment will continue to fall and the world's economy will continue to shrink.

Last year the world's major economies, including the United States, urged global leaders to avoid economic protectionism. In November, Asia-Pacific leaders, again including the United States, did the same. But in these difficult times, that consensus could unravel.

As the world's leading economy, we must lead by example. Major economies are working hard to coordinate their responses to the global economic downturn. Buy America could push economies that should be working together back into their corners, each protecting its own shrinking pie.

President Barack Obama must resist protectionist pressures, including Buy America. He has promised a new era in which the United States eschews unilateralism and works more closely with its partners. This is his first test and a highly visible opportunity to deliver on that promise. He has expressed concern over the protectionist implications of the legislation, and the Senate has responded by amending its bill to provide that Buy America requirements be applied consistent with U.S. treaty obligations. That's good, but when the House and Senate bills are reconciled in conference, Bay Area congressional leaders should go further. They should recognize the importance of trade to the nation and the region, and remove Buy America from the bill altogether.

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