

(January 16, 2009) Congress Daily: Stronger 'Buy America' Provisions Sought In Stimulus Plan

Advocates of tougher "Buy America" requirements for infrastructure spending will be disappointed by the House Democrats' \$825 billion economic stimulus package. The measure leaves out specific references to keeping infrastructure projects American-made, other than funding for "21st Century Green High-Performing Public School Facilities." That section prohibits education agencies from spending money "unless all of the iron and steel used in such project is produced in the United States," subject to the usual exceptions under the 1933 Buy American Act. The law already covers highway, transit, rail, aviation and water infrastructure projects, but critics argue exceptions provided under the law are a recipe for abuse. "We're at the very beginning of the process here, but there are enough anecdotes of abuses of Buy America and domestic content requirements that we do need to tighten it up and ensure there is more bang for the buck," said Scott Paul, executive director of the Alliance for American Manufacturing. His group represents domestic companies like Allegheny Technologies and U.S. Steel, as well as the United Steelworkers Union of America.

In a conference call today, Steelworkers President Leo Gerard said while the package's infrastructure spending overall was a plus, he was disappointed at the lack of tougher "Buy America" language. "I'm really angry at the waffling on the domestic content," Gerard said. He said his membership would mount a massive mobilization to advocate for tougher provisions. A report released today by the Political Economy Research Institute at the University of Massachusetts said that import "leakage" from other countries poses a risk particularly to the manufacturing sector and especially energy infrastructure projects, which rely on imported goods to the tune of roughly 22 percent. The report said job-creation estimates under the infrastructure portion of the bill could decline by about one-third because of such import leakage.

Some lawmakers are already gearing up to try to broaden "Buy America" language. Reps. Dan Lipinski, D-Ill., and Donald Manzullo, R-Ill., are circulating a letter they plan to send to House leaders next week. It states that "Buy America" stipulations should be included for materials and equipment used in projects ranging from bridges and schools to "smart meters," plug-in electrical cars and health information technology. "If the intent of the stimulus bill is to put Americans back to work, the money must be spent here at home. American taxpayer dollars should go to American workers," the letter states.

Beefing up "Buy America" provisions could have international trade implications, with some analysts arguing it could violate the World Trade Organization's Agreement on Government Procurement. But the big fear among domestic producers is the threat of imports from China, which has not signed the agreement. The Organization for International Investment, which represents companies headquartered abroad but which manufacture products and employ workers in the United States, said removal of broader "Buy America" language was a step in the right direction. "We were pleased that none of the rhetoric and us-versus-them way of thinking made its way into plans to stimulate the economy," said Nancy McLernon, the group's president. "While it's appropriate that tax dollars go towards benefiting American workers, the concern is when there is some sort of arbitrary selection of which American workers are more important than others."

by Peter Cohn