



MARKETWATCH

Buy-American Provision in Stimulus Bill Sets Important Precedent

Kevin L. Kearns and Alan Tonelson
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DOMESTIC MANUFACTURERS HAIL BUY-AMERICAN STIMULUS PROVISION AS POTENTIAL RECOVERY MULTIPLIER AND SIGNIFICANT POLICY PRECEDENT;

CALL PRESIDENTIAL ENFORCEMENT KEY TO MAXIMIZING BENEFITS

USBIC's Kearns: "If President Obama wants the biggest growth bang per stimulus buck, he'll work much harder than his predecessors to ensure that federal agencies Buy American at every opportunity, and to keep any presidential waivers to a bare minimum.

"WASHINGTON, Feb. 13 – The 1,850-member U.S. Business and Industry Council today applauded Congress for keeping in its final stimulus bill a Buy-American provision that can aid the nation's economic recovery by boosting domestic manufacturing output and employment. The Council also noted that the stimulus provision creates a critical precedent for other federal support programs for private industry, notably the automotive assistance packages and proposals to promote so-called green manufacturing.

But the Council noted that Buy American's effectiveness for the stimulus and other programs will depend largely on greatly improved presidential enforcement.

Said Council President Kevin L. Kearns, "The decision to expand Buy-American treatment to all manufactured goods can significantly increase the bill's stimulative effects. Despite the hysterical and false claims of opponents, substantial Buy-American authority has existed for decades. It is up to President Obama to see that this and other Buy-American laws are used effectively, fully, and consistently to boost domestic production – the only way out of the current economic crisis.

"Continued Kearns, "If President Obama wants the biggest growth bang per stimulus buck, he'll work much harder than his predecessors to ensure that federal agencies Buy American at every opportunity, and to keep any presidential waivers to a bare minimum."

Kearns also praised Congress for passing this precedent-setting Buy-American provision, which he said must be applied to Washington's other current and potential future efforts to support private industry during the economic crisis. "As long as the U.S. economy is in critical condition, Washington must help various sectors of the private economy increase production and jobs. The strongest possible Buy-American and U.S.-content measures should be applied to these programs as well."

Kearns called on Congress and the president to tighten the inadequate Buy-American and U.S. content provisions in the retooling loans extended to the automotive sector, and to add similar measures to the bridge loans Detroit has gotten under the Troubled Assets Relief Program. In addition, Kearns noted that Buy-American and U.S.-content provisions are urgently needed in green manufacturing proposals currently circulating in Washington.

"Both Democrats and Republicans have blithely and incorrectly assumed that green manufacturing jobs will be red, white, and blue jobs," said Kearns. "Yet without high mandatory U.S.-content standards, most green manufacturing is as susceptible to offshoring as the rest of manufacturing. Vastly increased domestic production – not printing dollars or continued borrowing from foreigners to consume foreign-made goods – is our only way out of the current crisis. Hopefully, President Obama understands this basic fact at a gut level, even if his circle of orthodox economic advisors does not."

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