

Congress debates protection measure

'Buy American' could destroy jobs, some say

By Drew Fitzgerald Boston University News Service

WASHINGTON — As the Senate considers a \$900 billion economic stimulus package, a "Buy American" amendment is sparking debate over whether the measure could destroy more jobs than it saves.

The House version of the stimulus legislation that passed last week without a single Republican vote carried an amendment requiring that all construction and repair projects receiving federal funds under the act use American steel. That provision was expanded in Senate committee to include all "iron, steel and manufactured goods."

Some business groups and diplomats are attacking the idea, warning that any trade barriers Congress enacts could lead to an increase in worldwide trade tariffs against U.S. exports that would further hurt the economy. The European Union's top diplomat in the United States warned the EU could file a complaint with the World Trade Organization if the provision becomes law, according to the Associated Press.

The U.S. Chamber of Commerce slammed the idea last week in a news release, noting that the last time the United States faced a major recession and enacted protectionist legislation the world economy slipped into the Great Depression.

"Without sales abroad ... many U.S. workers would be out of a job," the chamber wrote in a Jan. 22 letter to congressional leaders.

White House spokesman Robert Gibbs said President Obama is confident that whatever bill comes out of Congress "will strike a balance that ensures that we meet our commitments in global trade agreements."

Rep. Mike Michaud, D-Maine, said he feels strongly that the Buy American clause needs to be a part of final legislation. He acknowledged the provision would create tensions with important trading partners such as Canada, "but it's one of the things we can work out."

"If we're trying to stimulate the economy here, we're better off spending money for businesses here in the United States than sending money off overseas to China," he said. "We've got to start focusing on the manufacturing base here in the United States."

Michaud criticized Obama for promising to support American businesses during his campaign before "backpedaling" by choosing Clinton-era officials such as Lawrence Summers and Rahm Emanuel as his closest advisers. Michaud called Tuesday's designation of Sen. Judd Gregg, R-N.H., to head the Commerce Department a "terrible pick" because Gregg once supported abolishing the department.

"If you look at who [Obama] has surrounded himself with, I'm not surprised," Michaud said. "He's getting advice from probably the same individuals who were involved with not dealing correctly with the financial institutions."

Rep. Chellie Pingree, D-Maine, said the American steel provision was also "important" to her when she voted for the stimulus package in the House and said she supports the Senate's expansion of the clause to include all American goods.

Both Maine senators met with Obama Wednesday at the White House to discuss potential changes to the stimulus package.

Sen. Olympia Snowe said in an e-mail message she was confident the ultimate language of the bill would not represent a trade violation.

"Frankly, I am particularly disappointed in the Canadian government's vocal opposition to this provision, which it has the temerity to voice the very moment it is violating the Softwood Lumber Agreement by declaring new timber subsidies," she said.

Sen. Susan Collins, in her meeting with Obama, discussed a bipartisan effort she has been working on to trim some of the spending from the stimulus package and focus more on job creation. Several expenditures she specifically mentioned included funds for State Department information technology and for combating a potential outbreak of pandemic flu. She said these things should be paid for through routine legislation and not in the stimulus package.

Senate leaders have said they hope to have a final stimulus bill ready to send to the White House by the end of next week.