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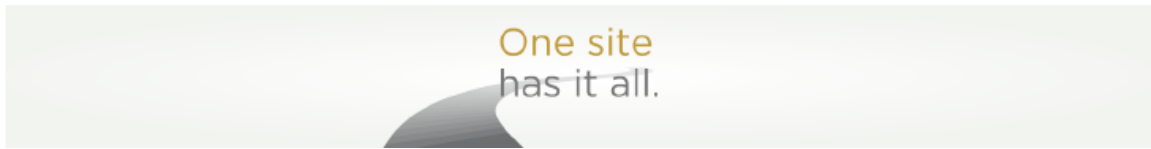
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## 'Buy America' in Stimulus (but Good Luck With That)

By LOUIS UCHITELLE  
Published: February 20, 2009

The "Buy America" clause in the \$787 billion [stimulus package](#) signed into law on Tuesday has a certain quaintness to it. Far more than in the past, the phrase has come to mean "Buy America — if it is still made here."

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A worker at a solar panel factory in Germany. Most solar panels in America are imported.

Take the \$43 billion earmarked for green technology. Most of the nation's solar panels and [wind turbines](#) are imported, mainly from Europe and Asia, and the new law waves aside Buy America restrictions if "the relevant manufactured goods are not produced in the United States in sufficient and reasonably available quantities."

The provision will apply mainly to the nearly \$150 billion that will be spent on infrastructure projects, including green technology. Supporters of the original measure hoped that all of the "iron, steel and manufactured goods" used in the various projects would be made in the United States. But the legislation signed by [President Obama](#) is full of exceptions that quiet even the fiercest critics of that

original plan.

"We are not happy with any Buy America provision, but we can live with this one," said Martin A. Regalia, chief economist for the United States Chamber of Commerce, which represents many multinational companies that have moved manufacturing offshore for products likely to be used to build or repair highways, bridges, schools, rapid-transit systems, waterways and homes.

Most of the support for a clause to protect American businesses came from small manufacturers, with operations concentrated in the United States. But even they no longer make much of the machinery and materials likely to be needed for a wave of investment.

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Trade data tell the story. By late last year, 37 percent of all manufactured goods sold in America were imported. That was more than double the percentage in 1991, according to Commerce Department data, and nearly four times the level in 1978. Buy America had far more impact in the 1930s and in the early 1980s, two other periods in which Congress enacted similar measures with the goal of generating good jobs in manufacturing and lifting output.

"The reality is that if we want to move ahead on shovel-ready infrastructure," we cannot limit ourselves to products made in the United States, said Scott N. Paul, executive director of the Alliance for American Manufacturing, which represents small manufacturers. The alliance had pushed hard for stronger protections, and the measure that emerged is unlikely to shield its constituents from foreign imports.

The Buy America clause allows, for example, imports from the 38 countries with which the United States has trade agreements. Among the nation's major trading partners, only Brazil, India and China would be subject to the restriction. And what they ship to America would not be turned away if doing so "would be inconsistent with the public interest," the law says.

The components of green technology, an important target of federal spending, fall into this category. "The president's goal is to double the output of renewable energy in three years," said George Sterzinger, executive director of the Renewable Energy Policy Project, financed by the federal government and private foundations. "But right now we don't make enough solar panels and wind turbines in this country to do that."

Seventy percent of the 14,000 wind turbines in the United States were imported. That level of imports would continue, even under the new Buy America clause, if domestic manufacturers could not fill the orders. Importing many of these products will dilute the job creation and output increases that are the overall goals of the stimulus package, many economists say, just as job creation and output are diluted when people save tax rebates or spend them on imported goods and services.

"The leakage is a real issue; we don't make enough stuff here," said Daniel R. DiMicco, chairman of Nucor, the big steel company.

The steel industry, not surprisingly, was a big supporter of the Buy America clause. Although some specialty steels needed for public works will still be imported, most of the steel orders generated by the federal stimulus package are expected to go to American mills, which are now operating at less than 50 percent of capacity.

While there may be excess capacity in steel, that is not the issue elsewhere in manufacturing. That is partly because American multinationals often use overseas factories, but also because American companies, whatever their size, simply do not make some of the key components of Mr. Obama's recovery proposals.

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A version of this article appeared in print on February 21, 2009, on page B1 of the New York edition.

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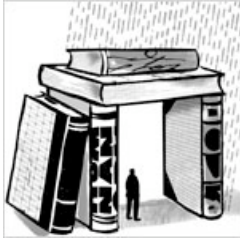


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