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House, Senate Split Over “Buy America” Protectionism

Bush administration opposed, Congressional Republicans divided on free trade impediment.

WASHINGTON – The House and Senate armed services committees are at odds over whether or not to expand congressional “Buy America” rules, which require the Pentagon to give American manufacturers preference on contracts. The House seeks to expand the regulations while some senators, including Sen. John Warner (R-Va.), chairman of the Armed Services Committee, are opposed, viewing the rules as trade barriers.

The House and Senate committees are trying to hammer out the differences between their bills authorizing 2004 defense programs. The White House is opposed to the “Buy America” rules, arguing that they are protectionist and will increase defense expenditures at the expense of taxpayers.

“The ‘Buy America’ rules are protectionist, oppose free trade, harm taxpayers, and should be eliminated,” said taxpayer advocate Grover Norquist, President of Americans for Tax Reform. **“These rules are certainly nice for American defense contractors, but how the taxpayers who may well be paying more money for the same goods that could be purchased more cheaply from foreign manufacturers? There are billions of dollars in taxpayer money at stake here and President Bush and Sen. Warner deserve our thanks for making sure that our money is well spent.”**

The House, including House panel chairman Rep. Duncan Hunter, R-Calif., claims that Warner is breaking his word from previous negotiations over a \$400.5 billion defense bill. Warner rejects the accusation saying that he is acting forthrightly on a matter of importance to the Senate and to the country and that he is willing to compromise with the House.

Under the House bill, 65% of military purchases have to be American made, up from 50% in current law. House Republicans support the expansion of the “Buy America” rules because they say the Pentagon has already become too dependent on foreign contractors who could sever supplies in a dispute with the U.S.

“I understand the concern that the U.S. military is, or will become, too dependent on foreign contractors for their supplies,” continued Norquist, **“but the Pentagon, rather than politicians, needs to make its own decisions regarding that concern. How can the Pentagon ever spend taxpayer money wisely if they are required to buy from a specified source, regardless of cost? If American defense contractors want to have preference, they’ll have to become more competitive.”**

Americans for Tax Reform (ATR) is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal, state and local tax increases. For more information or to arrange an interview, please contact Jonathan Collegio at (202) 785-0266 or at jcollegio@atr.org.