



Buy American saps New York's vitality, strains economy

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Doing less with more is apparently the new motto in Albany. At least that's the logical conclusion, based on the recent decision by the Legislature to pass, and Gov. Andrew Cuomo to sign, legislation mandating the use American-made structural iron and steel for all surface road and bridge projects in the state.

Forbidding the use of cheaper foreign alternatives, the new law is sure to raise the cost of needed infrastructure projects. In turn, the state will either be forced to let the state's roads and bridges further degrade, make cuts from elsewhere in the budget to accommodate the spending increase, or raise taxes on New Yorkers. Even worse, the law takes effect amid a rising budget deficit and a report card from the American Society of Civil Engineers, which hands the state a grade of D+ for its bridges and D- for its roads.

The case against Buy American laws is so straightforward that even a politician should be able to understand it. Simply put, every extra dollar spent on the purchase of an American-made product instead of a cheaper foreign-made alternative is a dollar wasted. The new Tappan Zee Bridge, for example, required 110,000 tons of steel. Every \$10 extra per ton spent on steel represents a reduction in state coffers of more than \$1 million for no discernible benefit. Politicians don't shop this way with their own dollars, so why does cost-effectiveness cease when tax dollars are on the line?

Advocates for such provisions rarely acknowledge these increased costs and instead emphasize an alleged need to support steel-producing jobs in the United States. In the words of Senate Majority Leader John J. Flanagan, they argue the law will "protect workers right here in our own backyard." But even this makes little sense. Again, the Tappan Zee is a useful example. Subject to its own Buy American requirements, steel for the \$4 billion project wasn't produced in New York but rather in Indiana and Pennsylvania. Sen. Flanagan's house on Long Island appears to have quite the backyard.

It is true that steelworkers in those states will eventually use their dollars to purchase products made in New York and other parts of the United States, but this is no less the case with dollars sent overseas. China, which produced steel used on the Verrazano Bridge and LaGuardia Airport renovations, purchased \$7.4 billion worth of goods and services from New York last year. If fewer dollars are sent to China to buy their cheaper steel, Chinese purchases of products from New York and other states can expect to decline. And what about those harmed because of the tax increases or cuts needed to pay for the increased infrastructure costs?

Who benefits? Narrow steel interests receive their lobbying payoff while the rest of New York is stuck with the bill. Even worse, it appears that other industries may be looking to get in on the action: the new law establishes a working group to examine extending the Buy American provision to such items as concrete, cement, and aluminum products. Perhaps the thinking in Albany is that the new Tappan Zee bridge wasn't expensive enough.

Sold as a tonic to promote economic strength, New York's new Buy American law is instead sure to sap the state's vitality through a witch's brew of higher taxes, worsened infrastructure, and increased budget strain. It's clear that the steelmakers, unions and other special interests are having their voice heard by Gov. Cuomo and other lawmakers. Maybe they should also consider listening to the rest of the state.

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