

Paying the Price of “Buy American”

Douglas Holtz-Eakin

October 22nd, 2021

DC-area commuters, including numerous AAF staffers, have been treated to a fishy experience this week: The sardine-style cramming of commuters into Metro subway cars. And, instead of trains arriving every few minutes, commuters have been blessed with 30-minute waits for the privilege.

What happened? Last week Metro suffered a derailment and attention centered on the axles of the newest vintage of Metro rail cars. The cars were pulled from service for inspection, idling 60 percent of the fleet, and leaving only 40 cars for the entire metropolitan area. Only the coronavirus could see an upside in this.

Ah, but the plot thickens. It turns out that four years ago AAF research warned that the U.S. “imposes regulatory restrictions which require funds obtained through Federal Transportation Association (FTA) grants only be used on American-made products” and “U.S. metro cars are 34 percent more expensive than foreign procurements, an average of \$700,000 per car.” The cars are waaaaay more expensive than they need to be and perhaps also defective. Wonderful.

The CATO Institute notes that these efforts to reach *technical* compliance with Buy American provisions are “how it came to be that railcars sold by Japanese company Kawasaki were assembled in Lincoln, Nebraska. Rather than being built in the location and with the materials deemed most efficient by the market, the production of railcars has been instead partly determined by the whims and desires of politicians spending other people’s money.” They go on to note that Metro is attempting to avoid Buy American requirements for its next major purchase of rolling stock.”

Eakinomics, economists, and other policy analysts regularly bewail Buy American and other protectionist policies (loophole-ridden or not), but I suspect to little effect. The arguments are a bit too abstract compared to a bigger paycheck for a U.S. worker. But there is nothing abstract about the danger to human life from derailments and the misery of the commute this past week. And Buy American is at fault.