

Dayton Daily News: **Obama on “Buy America” provision: Let’s not start a trade war**
By Jessica Wehrman | Wednesday, February 11, 2009, 09:42 PM

President Barack Obama Wednesday said he had concerns about the “Buy America” provisions that the Senate put in its version of the stimulus bill last week, saying if such provisions are written in the wrong way, they can spark a trade war.

The provisions, pushed by Sen. Sherrod Brown, D-Ohio, would require all publicly-funded stimulus projects to use only materials produced in the United States. After criticism of a Senate version of the proposal last week, Brown inserted language reiterating that any “Buy America” provision would have to comply with current U.S. trade law.

Obama, in an interview with the Dayton Daily News and 15 other news organizations, said he was okay with that, but cautioned against adopting a stance that was too protectionist during tough economic times.

“If you look at the history of the Great Depression, when world GDP starts contracting, there is a strong urge, a strong bias on the part of every country to start shutting its doors to trade,” he said. “It’s a natural instinct. It can worsen the economic prospects for all countries.

“You start getting into a downward protectionist spiral that’s very dangerous, because just as there a lot of folks in Illinois or St. Louis or Missouri that are concerned about imports coming in, there’s probably an equal number of folks whose livelihoods depend on exports going out.”

He said he assumed now that work under the stimulus program would go to competitive American companies, and said that should continue to be done.

“But if we start getting into a situation where sending signal that violates existing trade arrangements or starts a cascade of lawsuits in the World Trade Organization or sends a signal around the world that we’re not open for business, I think that can backfire.”

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