

Buy american act for government contracts

Business



BUY AMERICAN ACT FOR GOVERNMENT CONTRACTS Summary of the main points The American Recovery and Reinvestment Act, also known as ARRA, was an initiative for stimulating the nation's economy by maintaining a favorable balance of payment. "Buy American" requirements are a set of supplementary regulations to the ARRA. The requirements tighten the provisions of the ARRA requirements by subjecting all contracts to the former rules, irrespective of the size of the contract or the period in which the contract is to be carried out. Subject to three waivers, the Buy American regulations ensures that materials for use in construction of public facilities are produced in the United States. Particular materials under regulations include "iron, steel, and manufactured goods" (Zirkelbach, 2009, p. 7). The regulations only allows for use of non domestic materials if either the materials are not "produced in America" in the required quantity or quality, application of domestic materials will be up to at least twenty five percent more expensive and if application of domestic products will contravene public interest. Any waiver on the mentioned grounds must however be reported in writing. BAA regulations however exempt some countries, countries with trade ties to the United States. These countries enjoy the benefits as though their products were manufactured in the United States. The Buy America act rules have further put more restriction over allowance on construction materials that are products of 'non-domestic' raw materials. The raw materials, under BAA, must be at least fifty percent domestic (Zirkelbach, 2009).

Personal position over the Buy American Requirements

The provisions of Buy American Requirements are unfair to other countries whose materials are restricted from being used in constructing the United

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States' public facilities. The act discriminates against these countries and their enterprises. The regulations specifically undermines developing countries, and their enterprises, that might not be in a position to produce the materials in large quantities, as large as could not be produced by the United States domestic market (Lipsey and Chrystal, 2007).

The Buy American requirement and the government position of a “ free market”

A free market economy is identified by influence of buyers and sellers only, as opposed to government imposed regulatory measures for controlling the economy. Application of the Buy American requirements act, together with its aim of facilitating the ARRA's goals of strengthening the United States' economy therefore contradicts the the spirit of capitalism. Policies for a capitalistic economy would for example be aimed at liberating regulations that limits importation of goods into the United States. This would give contractors and global sellers the freedom to influence the market through pure market forces (Lipsey and Chrystal, 2007).

Exceptions to Buy American requirements

The exceptions of Buy American requirements are are fair and advantageous to the United States economy. They are fair because they allow for bilateral trade relations with other countries that in effect offers a positive image of the country in the international market. The exceptions are advantageous because they ensure rationale in spending taxpayer's money. They allow for use of cheaper resources from the other countries hence easing the burden on the country's accumulated fund (Lipsey and Chrystal, 2007).

Reference

Lipsey and Chrystal, 2007). Economics. New York, NY: Oxford University
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Zirkelbach, G. (2009). ' Anti-fraud regulatory scheme imposed on stimulus fund contracts'. Retrieved from: [http://www. jacksonkelly. com/JK/pdf/zirkelbach. pdf](http://www.jacksonkelly.com/JK/pdf/zirkelbach.pdf)