

APPLICATION OF BUY AMERICAN ACT

Chairman PROXMIRE. Thank you very much, Mr. Hughes.

Mr. Hughes, I would like to ask about a point that occurred to me while you were speaking on the application of Buy American Act and policies thereunder incident to Government procurement. Is there any figure available on the cost of this 50 percent differential?

HOW MUCH HAS THE 50 PERCENT DIFFERENTIAL COST

How much this has increased the cost to the Federal Government in procurement?

INCREASED COST IS FAIRLY SUBSTANTIAL

Mr. HUGHES. No, sir, there is not. We sought figures from Defense. We have attempted to estimate our own. We are in the process of trying to get some from Defense now but we don't have figures that would be worth putting in the record. There is a cost of course and it is fairly substantial in budgetary terms to offset the balance of payments savings.

Chairman PROXMIRE. This figure of 6 percent differential or 12 percent in certain cases, this antedates the balance of payments effort which was 50 percent?

Mr. HUGHES. That is correct.

Chairman PROXMIRE. Has there ever been a study of that?

6 TO 12 PERCENT DIFFERENTIAL SAVES ABOUT ONE-THIRD

Mr. HUGHES. We have some figures reflecting the savings, the budgetary savings implicit in the 6-12 percentages as compared with the 50 percent differential. They are of the magnitude of one-third of the expenditures. I think the figure \$10 to \$15 million, depending on the year.

Chairman PROXMIRE. \$10 to \$15 million?

Mr. HUGHES. Yes, out of a total foreign procurement by agencies affected by that 6-12 differential of the magnitude of \$30 million to \$45 million. These are civilian agencies we are talking about.

Chairman PROXMIRE. Last year, as I understood Mr. Ignatius in testifying, he said we spent \$67.5 million in order to reduce the gold dollars, the gold outflow. So you do not have anything more recent than that?

Mr. HUGHES. We do not. We are not too confident of that figure and we are trying to tie down figures better.

BUDGET CIRCULAR A-76

Chairman PROXMIRE. Mr. Gainsbrugh testified to this subcommittee as follows—he said:

REGARDING BUREAU OF THE BUDGET CIRCULAR A-76

The statement is somewhat weaker than previous statements in terms of underscoring the desirability of purchasing within the private sector.

He called it weaker.