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OPINION

GUEST ESSAY

The Only Way to Solve Our Supply Chain Crisis Is to Rethink Trade



By Josh Hawley

Mr. Hawley is a Republican senator from Missouri.

America is mired in a supply chain crisis. Imports are slow to arrive, items on store shelves are becoming more scarce, and prices are rising. President Biden's reckless spending policy is the immediate cause of these higher prices, but the problems have been brewing for decades. Now we must change course. We can rebuild what made this nation great in the first place by making things in America again.

At its core, our crisis of scarcity is a crisis of production, most acutely felt in the goods that we need the most. Whether it be personal protective equipment, pharmaceutical drugs or semiconductors, the coronavirus pandemic has exposed a hard truth: The United States — the strongest country in the world — cannot produce an adequate supply of the critical goods it needs.

The failure of the nation's productive capacity to keep up with its needs was not inevitable. It was a choice. Over the last 30 years, experts and politicians in Washington from both parties helped build a global economic system that prioritized the free flow of capital over the wages of American workers, and the free flow of goods over the resiliency of our nation's supply chains. We liberalized and expanded trade relations with China under the delusion that it could be influenced into becoming a peace-loving democracy. We ceded more and more of our national sovereignty to multinational organizations like the World Trade Organization, and supported China's membership to that body.

The consequences of these bad policies have been disastrous. They've created trade patterns that have helped **multinational corporations boost their profits by exploiting cheap labor** abroad and offshoring America's industrial commons and the capabilities of its manufacturing sector. As a result, thousands of factories have shuttered, millions of jobs have been shipped overseas and the economic security of the United States is now more vulnerable to unpredictable crises like global pandemics, and America is dangerously dependent on the productive capacity of China, our chief adversary. These policies were sold to us as a path to greater wealth, but they've made us weaker and more vulnerable.

The global pandemic has exposed this system for what it is — a failure. When our **supply chains collapse** like a house of cards during a surge in demand, our trade deficit reaches a **record high** and our nation faces a shortage of critical inputs like semiconductors and life-saving **pharmaceutical drugs**, alarm bells should sound.

But President Biden seems determined to repeat the follies of the past. His administration acts as if we must embrace lower expectations and that America must come to accept that unstable supply and volatile prices are unavoidable. As if we are too weak to do otherwise.

That's wrong. America is a strong nation. We should start acting like one. While distribution problems are a factor right now in the crisis, **structural reforms are imperative to reassert our economic independence.** We need to **fundamentally restructure our country's trade policy and decouple our security and safety from the profit-seeking of multinational corporations.** I'm **proposing new legislation** to take a big first step: *the Make in America to Sell in America Act.*

Under this plan, officials at the Department of Commerce and the Department of Defense will identify goods and inputs they determine to be critical for our national security and essential for the protection of our industrial base. These goods would then become subject to a **new local content requirement:** If companies want access to the American market for these critical and essential goods, then **over 50 percent of the value of those goods** they sell in America must be made in America. Companies will have three years to comply, and can receive targeted, temporary waivers if they need more time to **reshore production.** In effect, the legislation applies the domestic sourcing principles of the **Buy American Act** — a law that governs federal government procurement — **to the entire commercial market.**

When it comes to our most critical goods, this "**majority-made**" standard is just common sense and harder to game than more complicated rules. And the requirements of this standard will be enforced with a compliance mechanism that closely mirrors one of the nation's oldest trade remedy regimes: **anti-dumping.** **Under my proposal, domestic producers can petition the U.S. International Trade Commission** if they suspect that corporations or importers have violated the local content requirement, and the secretary of commerce can take enforcement actions such as civil penalties following an investigation to ensure the new standards are met.

I've previously called for the abolishment of the World Trade Organization to ensure that the United States can safeguard its economic sovereignty. Regardless of how this proposal

affects existing trade agreements, we should welcome the opportunity to reassess trade deals that hamstring our ability to pursue policies that protect American workers and power American industry.

Whether they are applied to computer chips, steel, electronics or machinery, local content requirements will bring jobs back to America, help to revitalize the nation's depleted manufacturing sector and foster the domestic production so essential to our economic independence. This **restoration of America's industrial commons for the production of critical goods** will have positive spillover effects, helping to bolster the nation's ability to produce other products.

Local content requirements can help reverse our dependence on foreign nations both by discouraging multinational corporations from relying on fragile global supply chains, and also encouraging them instead to build productive capacity in the United States. They will increase certainty by reducing the likelihood of shortages and scarcity and the price swings like we see today. With this approach, we can exchange volatility for stability in our markets, and industrial decay for industrial strength.

The United States must not settle for scarcity. We must never lower our expectations. Just the opposite. The strength and resourcefulness of the American people are unlimited. Let them build. Let them create. And they'll change the world.