

Chairman Gallagher Opening Remarks
Wisconsin Manufacturing Roundtable
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as prepared for delivery

At the Janesville plant here in Wisconsin we made the artillery that helped us win World War II and cars for 70 years afterwards. At Magnequench in Indiana we used to produce rare earths magnets LTV's East Chicago Steel Mill's shutdown left that community with nothing but a contaminated site.

Here in the Midwest, for years we've been told that the boarded up factories, the rusting steel mills, our laid-off friends and relatives were all just an inevitable consequence of "globalization". Politicians in Washington and bankers in New York lectured us that the hollowing out of our towns was just the free market working its magic. That our friends who were laid off should just move to cities, learn to code, and get with the program.

But the Select Committee came here today to the Midwest, far from the think tanks in DC where jobs and factories are just numbers in spreadsheets, to explore a different thesis:

The decline of American industry is not inevitable.

De-industrialization is a POLICY CHOICE. And it's been the favored policy of both parties for far too long. But more than Democrats or Republicans, American de-industrialization has been the favored policy in Beijing.

Here's what happens:

China heavily subsidizes national champions in critical industries like steel, ship building, automotives parts, electric batteries, photovoltaics, and countless others.

What does a favored Chinese company get?

Free real estate. The state-mandated obliteration of all domestic competition within China. Huge cash subsidies. Practically free loans. A total pass on environmental and work place safety regulations. No pesky organized labor to give underpaid workers a way to complain—they know what happens when you complain.

And, perhaps most egregious of all, a vast state-directed industrial espionage apparatus ready to coerce, hack, or steal any IP or trade secrets you need.

Our companies are competing against Chinese firms that literally cannot go bankrupt or be underpriced. In the case of Stoughton Trailers, their Chinese competitors were selling products into the US for less than the cost of the raw materials used to produce them. That's not competition. That is a disease. It's a disease that has eaten away at the fabric of our communities here for decades.

For years, people in Wisconsin have understood what Washington is just now waking up to: China doesn't play by the rules. The Chinese Communist Party's mercantilist industrial policy, underpricing, overpromising, and dumping in US markets has had devastating consequences for American workers, American manufacturers, and American national security. It's not a mystery why manufacturing in the Midwest has been hollowed out. It's a miracle that there's any manufacturing left here at all.

The good news is that we have tools at our disposal to respond to the PRC's predatory industrial policies. We could have a renaissance of making things here in America. Tariffs, when applied strategically to heavily subsidized PRC industries, not only reduce reliance on China, but also increase domestic manufacturing. Import exclusion orders prohibit goods produced using stolen American intellectual property from entering the United States. Targeted economic incentives in clearly defined and narrowly tailored sectors to offset PRC industrial policies can restore American companies' competitiveness in critical areas, strengthening both our economy and national security. Finally, we'll hear this afternoon from Stoughton Trailers about how trade remedies like countervailing duties can be used to level the playing field.

While Stoughton Trailers is an inspiring example of American grit, manufacturer-driven legal action cannot be our first line of defense against the CCP's trade warfare. We need to design trade, incentive, and regulatory systems that allow our manufacturing sector to flourish. The Chinese Communist Party is breathing down the neck of the American manufacturing worker. Congress needs to safeguard our industry, push back on China's rapacious trade practices, and start stamping "Made in the USA" on more things here in the Midwest.