

The **UNITED STATES SENATE**
COMMITTEE *on* **FINANCE**
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**Wyden Statement at Finance Committee Hearing on the Effect off the U.S. Tax Code on
Domestic Manufacturing**
As Prepared for Delivery

The Finance Committee has worked hard over the last year to tackle the public health and jobs crises brought on by Covid-19. Today the committee meets to discuss another challenge that the pandemic exposed; the fragility of our supply chains, and the need to boost manufacturing in America.

When Covid-19 exploded, factories around the globe shut down and supply chains were cut. Most Americans would recognize the effect of the supply chain crisis as something I'll call a toilet paper problem. It seemed like the supply ran out in the blink of an eye, and overnight nobody could get their hands on a package of toilet paper. Some sellers raised prices, others restricted the marketplace to compensate for the shortages, but the shelves still emptied and Americans were facing a panic.

Household paper products are one thing, but the reality is, huge and vitally important parts of our economy are suffering from their own version of a toilet paper problem, too. For example, over the last year there have been concerns about the supply of batteries, medications and minerals used in electronics.

There are still shortages of personal protective equipment that doctors and nurses need badly. Domestic producers, including one in Oregon, have begun making high-quality respirators and other PPE, but it's still a market dominated by producers in China.

The supply chain crisis setting off the most alarm bells deals with semiconductors. They are a key component of cars, medical devices, appliances, phones and computers, defense technologies, you name it. Americans don't roll out of bed without flipping some switch or checking some device that relies on semiconductors.

Disruptions at a single Taiwanese producer of semiconductors has caused major headaches for manufacturers across the U.S., as well as for American consumers. Factories here in the U.S. have gone quiet as a result of the shortage. The shockwaves of this blow to the modern global economy are continuing to ripple out and will cause further problems in the weeks and months to come.

It is a recipe for trouble when one single pandemic, natural disaster or terrorist attack can sever brittle supply chains and hobble our economy, threaten American jobs and weaken our national security.

That's why there's bipartisan interest in building up our domestic manufacturing to bolster the supply of semiconductors and other critical components and products. President Biden ordered a comprehensive review of supply chains in several different areas of our economy and national defense. The administration has made it clear that nothing is off the table when it comes to making our supply chains and our economy more resilient.

In addition to America's national and economic security, this is also about high-skill, high-wage jobs. A lot of communities around the country have endured a steady decline since manufacturing jobs peaked decades ago. Our manufacturing economy never fully recovered from the Great Recession before the pandemic hit.

There is a big opportunity to begin to turn that around when you look at high-tech manufacturing. This is an area where my home state of Oregon is a national leader. Intel is one of our biggest employers. Our state is known for the innovation that comes out of the Silicon Forest. Oregonians know that investments in R&D and advanced manufacturing bring about high-wage, high-skill jobs. Those are exactly the kind of jobs this country needs to create a lot more of.

This committee has a host of economic tools in the kit that can help shore up domestic manufacturing. For example, Senator Stabenow and Senator Daines are working with Senator Manchin on the advanced manufacturing credit. Senators Warner and Cornyn and others are working on the issue of chips. In my view, it's also going to be important to look at changes to the 2017 Trump tax law, which in fact created a disincentive for R&D. Fixing that issue, and creating strong and reliable long-term incentives is going to be key. Because the U.S. will not out-compete China and other countries with short-term legislation and never-ending uncertainty.

So I want to keep working with members and with the administration on this issue, because the fact is, this economic challenge is also a job-creation opportunity. The committee is joined this morning by a panel of witnesses who will be able to examine this issue from just about every angle. I want to thank them for joining us, and I look forward to Q&A.

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