



END THE SUPPLY CHAIN CRISIS

Dear Iowans,

For nearly two years, the global COVID-19 pandemic has caused tremendous pain and imposed severe challenges on families, workers, and businesses all across Iowa. While progress has been made toward getting our economy moving and workers back on the job, we still struggle with the havoc this virus has caused throughout the world.

Chief among these challenges has been the rising consumer prices and inflation that have made it harder for working families to get by. From Davenport to Osceola to Sioux Center and everywhere in between, a whole host of critical goods are simply more expensive than they were before COVID-19 struck. For many of these products, price increases have been caused or exacerbated by breakdowns in our global supply chain that have drastically increased shipping times, leading to higher costs that eventually get passed on to consumers while inhibiting growth for Iowa businesses.

Fighting inflation and getting our supply chain back to normal is an urgent priority and must be a chief goal of every single one of our elected leaders. But too few of them have been willing to truly acknowledge the causes of this problem and how to fix it for the long term. Instead, their complacency has been purchased by the influence of the same large multi-national corporations that created this crisis in the first place, and are unwilling to hold these companies accountable to protect Iowa families and businesses.

The supply chain crisis that is increasing costs and delaying products was not an unavoidable event that was impossible to see coming. It's been building for years, waiting for a tipping point to send this complex system over the edge, as politicians including our own Sen. Chuck Grassley have stood by and done nothing.

Nearly fifty years ago, when Sen. Grassley was just getting to Washington, our supply chain was not so vulnerable to disruption. That's because we actually made things here in Iowa and across the country. In 1979, when Sen. Grassley had already been in Washington for four years, 22 percent of total non-farm workers across the country were employed in manufacturing.¹ Today, that figure is only 8.4 percent.²

Back then, our factories were community anchors that provided good union jobs, civic cohesion, and local investment to towns across Iowa. As goods were made here, when companies did well, so did the Iowans working to produce those products. Corporate growth meant community growth, and led to our towns being great places to live for all ages.

But today, that's changed. Decades of corporate monopolization and greed have hollowed out domestic manufacturing as companies have shipped production overseas where they can get away with paying lower wages and cutting union benefits. This let large multi-national corporations make bigger and bigger profits, but it sucked jobs, investment, and resources out of our towns and communities here at home.

Politicians like Sen. Grassley have stood by and let these companies get away with this abandonment, opposing measures to hold them accountable and put a stop to outsourcing.³ They've voted for measures that made it easier for companies to take their operations abroad.⁴ And our communities have paid the price, as too many of our towns lack access to good jobs that cause the next generations to stay and build a life here; over the past decade, two thirds of our counties lost population as Iowans moved away due to lack of opportunity.⁵

In addition to weakening our towns and communities, this transition also lengthened supply chains to span the globe, with the components that go into modern products and goods manufactured all over the world. This system became highly vulnerable to disruption, and the COVID-19 pandemic has led to massive shipping delays that both increase the costs of goods for Iowans and make them unavailable for weeks or months. This hurts all of us — both Iowa workers and families, and Iowa businesses that can't get the products they need.

It's time to put a stop to this crisis and finally hold the multi-national corporations that created this problem accountable to fix our broken supply chains immediately, while bringing home domestic manufacturing to prevent this problem from happening again.

It's clear that career politicians in Washington won't do it. Sen. Grassley has received more than \$1.2 million in campaign contributions from lobbyists and millions from corporate PACs,⁶ funding which has shifted his focus from fighting for the Iowans who he's supposed to represent to protecting the profits of the corporate industries that back his campaigns.

I won't be beholden to any corporations, and won't be afraid to take action to get Iowans immediate relief from rising prices now, end the restraints on small business growth that supply chain delays create, and protect and create good Iowa jobs while strengthening our towns and communities for the future.

Let's get to work.

A handwritten signature in black ink, appearing to read 'Abby Finkenauer', with a stylized flourish at the end.

Abby Finkenauer

Mission: Reduce inflation and help lowans struggling with the rising cost of living by ending the supply chain crisis while bringing home domestic manufacturing to create good jobs for the future

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1. HIRE MORE TRUCK DRIVERS TO GET GOODS MOVING ONCE THEY ARRIVE ON U.S. SHORES

Once goods shipped from abroad reach American shores, they still need to be transported all over the country to get to their final destinations. While rail and air transport are key links in our domestic supply chain, the backbone is trucking. Yet we currently have a shortage of up to 80,000 truck drivers needed to hit full transport capacity,⁷ and this deficit is severely restraining supply chain logistics and delaying shipments.

We must expand the pool of truckers on the road by incentivizing the hiring of more union drivers to alleviate backlogs and get goods quickly to their destinations.

In the near term, Congress should institute hiring tax credits for trucking operations and targeted tax incentives for individual operators in order to raise wages and entice more drivers onto the road, while doing so in a way that does not pass the increased costs of those wages on to consumers. These tax credits should be tied to strong labor protections and union status, and should be particularly focused on attracting drivers who have recently left the industry for other jobs back on to the roads temporarily to bolster transport capacity. Trucking is a tough job, and drivers should be paid fairly; by providing temporary economic incentives in the short term, we can boost the number of drivers in service until we catch up with supply chain backlogs.

We also must fix this shortfall over the long term. The Biden administration’s infrastructure bill passed earlier this year will play a role in stemming this problem, creating a pro-

gram to explore apprenticeships to bring younger drivers into the industry, while cutting red tape to expand the number of drivers permitted to drive across state lines.⁸ We must ensure this program is implemented effectively and is funded over the long term, while also expanding additional driver training programs so that any American who wants to enter this industry has access to gain the skills they need to do so.

2. USE FEDERAL PROPERTIES AS STAGING SPACES FOR GOODS TO ALLEVIATE BACKLOGS AND MOVE MATERIAL FASTER

When ships arrive at U.S. ports, they need to be able to unload their goods quickly and efficiently and then turn around and carry American-made products to foreign markets. But at too many of our major ports, that isn't happening. That's leading to massive backlogs of ships waiting to enter ports. In southern California, where 40 percent of our overseas shipping flows through the ports of Los Angeles and Long Beach,⁹ up to 90 massive container ships have been delayed in offloading at any given time.¹⁰ Similar traffic jams have happened at ports across the country ranging from more than 20 ships backlogged in Savannah, Ga.¹¹ to 10 or more in Houston.¹² That costs time and money, with the damage passed on to American consumers and businesses in the form of higher prices and delays.

Numerous factors are delaying these shipments including the truck driver shortage and overloaded port operations, but one bottleneck is space. As holding areas overflow with goods waiting to be picked up and distributed across the country, there's nowhere for additional goods to be stored, so ships are forced to wait outside of port fully loaded.

We can help speed this process and alleviate one part of this bottleneck by using nearby federal properties to temporarily store goods until they can be picked up and shipped onward. By eliminating one cause of shipping backup, we can get goods on shore faster, making them easier to pick up for domestic transportation, and turn around ships more quickly to carry American goods to market, reducing costly delays and improving efficiency.

3. USE THE DEFENSE PRODUCTION ACT TO TEMPORARILY MANUFACTURE KEY PARTS AT HOME SO THAT ENTIRE PRODUCTS AREN'T DELAYED SOLELY FOR SMALL COMPONENTS

Over the past 50 years as corporate manufacturing and production has left our country and shifted overseas, companies have sought to increase profits even further by implementing the Just In Time production model which brings together the different components that go into a product all at once from disparate sources.¹³ This model operates on extremely precise timelines so that all parts arrive at a central location simultaneously, cutting down on storage needs and saving costs. It's an extremely efficient model that has led to skyrocketing corporate earnings. But it's highly vulnerable to supply chain breakdowns because if any components, no matter how minor, encounter even the slightest delay, the entire end product is held in flux. Those components could be highly complex elements like semiconductors, or even tiny, easy to produce parts like fasteners or sealants.

This has led to massive savings for big companies, but instead of investing those savings back in their operations to strengthen manufacturing processes against future shocks, many corporations have used the increased profit for share buybacks that do nothing to help the company, but do enrich shareholders and chief executives — further plundering the benefits of corporate growth by sending it solely to wealthy investors, while workers are left behind.¹⁴ The result has been global supply chains that can be severely impacted by the slightest disruptions — all created by corporate greed.

Iowa workers and families should not have to bear the cost of this greed through higher prices and delayed goods that make it harder to get by. To get through this crisis, we need to use the domestic manufacturing capacity we do have as efficiently as possible to prevent small parts from holding back entire products.

The Defense Production Act is a decades-old law that allows the federal government to assert directive power to streamline domestic production of goods and parts.¹⁵ The law is used routinely; it was invoked hundreds of thousands of times by the Trump administration.¹⁶ The Biden administration should use the Defense Production Act to streamline domestic manufacturing capacity to produce here at home the most vital parts and components held up by supply chain delays so that the products they go into can get to market faster. And we need to ensure small manufacturers are a part of this solution as well so they receive business and investment that can help them grow, building on the effort I started when I passed legislation to ensure they are kept involved in government procurement processes.¹⁷

Overall, careful and targeted use of the Defense Production Act can lower costs and reduce inflation for Iowans when purchasing such products, while reducing delays that are making some goods unavailable for months.

4. REINVIGORATE DOMESTIC MANUFACTURING TO MAKE KEY COMPONENTS AT HOME OVER THE LONG TERM

While targeted use of the Defense Production Act can help solve the problems created by Just In Time manufacturing in the short term to get our supply chain up and running again, it isn't a permanent solution. We need a consistent and determined effort to reinvigorate domestic manufacturing and return production to Iowa and communities across the country. This will not only prevent future supply chain problems by shrinking the distances key parts, products, and goods must travel to reach their final destinations here at home, but can begin to breath life back into the towns and communities harmed by the outsourcing of manufacturing capacity overseas, creating good, union jobs and making them vibrant places to live once more.

This must start by ending the corporate tax loopholes and regulatory structure that makes it easier for companies to shift production and profits abroad. For decades, politicians in Washington like Sen. Grassley simply looked the other way as large corporations took advantage of the U.S. tax code to pack up and move overseas, doing nothing to fix

the problem while their silence was purchased by millions in corporate campaign contributions. Then in 2017, the GOP tax bill that Sen. Grassley voted for made things even worse,¹⁸ letting large corporations get away with effectively paying nothing in taxes on profits that they offshored in certain situations.¹⁹ The law only required U.S. corporations to pay taxes on overseas profits when those profits amounted to more than 10 percent of “off-shore tangible assets,” such as factories, equipment, and the value of physical operations.²⁰ That measure actively gave companies an incentive to increase offshoring as the higher the value of their overseas operations the more profits they could hide without being taxed on them domestically. As a result, our country is not only being robbed of much need revenue that could be invested in our schools, infrastructure, strengthening Social Security and Medicare or other critical priorities, but leaves companies with little incentive to bring their profits and operations back home. It’s time for effective tax reform that eliminates the tax loopholes that incentivize corporations to send jobs and profits abroad, while ending their ability to dodge paying what they owe by hiding profits overseas.

We also must take steps to strengthen and invest in domestic manufacturing to expand capacity and help workers receive the skills they need to fill the jobs created. That includes expanding and toughening Buy American requirements to end loopholes that let states such as Iowa get around such measures,²¹ increasing domestic content requirements, limiting waivers, and cracking down on false advertising in which companies falsely claim foreign-made goods are made here at home. We should expand initiatives like the State Trade Expansion Program that I fought for in Congress²² and play a critical role in helping small manufacturers find markets for their goods.²³ We need to invest in research and development to continue American innovation, and expand access to capital so that manufacturers are able to receive the investments they need to scale up and increase operations and production. And we need to expand job and skills training programs so that workers can obtain the necessary skills for a career in growing manufacturing industries without going into a mountain of debt.

5. CRACK DOWN ON ANTI-COMPETITIVE SHIPPING INDUSTRY PRACTICES TO ENSURE SHIPPING CAPACITY IS BEING FULLY UTILIZED AND GET IOWA EXPORTS TO MARKET

In order to end the supply chain crisis, we must ensure all elements of a product’s journey are functioning as efficiently as possible. One of the most important links in that chain is shipping. Yet for months, foreign ships carrying goods to U.S. ports have been turning around and leaving empty-handed — rather than picking up American goods to carry for sale to markets abroad — due to imbalances in global shipping prices. As demand for goods has increased in the United States and slackened abroad during the pandemic, it has become more profitable for shipping lines — which are a highly consolidated industry in which 85 percent of global shipping is controlled by 10 conglomerates — to turn around empty-handed upon arrival and speed back to Asian ports to pick up more imports.²⁴

That’s making it harder for American goods to flow to foreign markets. Through October of this year, 59 percent of shipping containers left American ports without carrying any cargo — amounting to 12.1 million shipping container equivalents, an increase of 46.2

percent from the same period in the year prior.²⁵ That contrasts with 20.6 million shipping container equivalents that have arrived at American ports in that span.²⁶

We must put a stop to these anti-competitive practices which are harming American producers. On December 8, the House of Representatives passed the bipartisan Ocean Shipping Reform Act to crack down on the refusal to ship American products and prevent ships from leaving empty-handed.²⁷ The Senate must do the same so we can protect U.S. exports and ensure Iowa crops and goods are reaching the markets they need.



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