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before the U.S. House Committee on Energy and Commerce

Subcommittee on Innovation, Data, and Commerce

Regarding "Mapping America's Supply Chains"

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Chairman Bilirakis, Ranking Member Schakowsky, Vice Chair Walberg, and Members of the Subcommittee, thank you for inviting me to participate in today's hearing.

My name is Chris Griswold. I am the policy director at American Compass, an economic policy think tank dedicated to restoring an economic consensus that emphasizes the importance of family, community, and industry to the nation's liberty and prosperity. My testimony today concerns the last of those points—the centrality of strong, vibrant industry to a free and prosperous America. In the context of today's hearing, that means talking about what is required for policymakers to ensure American supply chains are resilient and robust.[1]

To craft policy that strengthens American supply chains, policymakers need to begin with clarity on the fundamentals. All too often, the political rhetoric around supply chains lacks that fundamental clarity. Before policymakers can answer the question "what should we do," they must also answer the questions "where are we now?" and "how did we get here?" That is why the topic of this hearing is so vital, and why the supply chain mapping bill under consideration is important. As Congress seeks the path forward on supply chain resilience policy, clarity regarding what the current landscape of supply chain fragility actually looks like, clarity of diagnosis about why our supply chains became so fragile in the first place, and clarity about what strengthening them again actually means, are all essential. The supply chain mapping bill before the committee today represents an encouraging step in that direction.

After decades of witnessing factories shutter and production move overseas, the political class in Washington seems finally to have woken up to the consequences. A once-in-a-century pandemic laid bare the costs of industrial weakness, and a generation-defining geopolitical contest with China has further raised the stakes. The importance of supply chains and domestic production to the nation's economic well-being and national security can no longer be dismissed. The old Washington economic consensus that underlays the policies of deindustrialization and globalization has come under scrutiny. Policymakers in Washington, including many Congressional leaders and both President Biden and President Trump, have understood that the

[1] This testimony is adapted from the article "State Capacity in Short Supply: Assessing the Biden Administration's Industrial Strategy," by Wells King and Chris Griswold, which originally appeared in *American Affairs* Volume VI, Number 3 (Fall 2022): 23–37.

public wants something new. The mainstream of conservative economic thinking is now firmly in line with thinking past that old consensus.

Determining the public policy implications of that fracturing old consensus is a matter of ongoing work, and it is gratifying that the Subcommittee is taking that question seriously. The Subcommittee's work in this matter is essential. For all the posturing about changing economic course and reinvesting in America, the American government has yet to offer a coherent, unified economic strategy and corresponding policy program for rebuilding American industry and restoring American supply chains. In many respects, that is the domestic policy challenge—and opportunity—of our time: to chart a course out of the neoliberal quagmire and toward an economy that genuinely supports national power, economic resilience, dignified work, and shared prosperity.

But it is near impossible to navigate a new course without first getting one's bearings. Navigators must be clear about where they are, and how they got there. A long-term strategy can only be so helpful without the essential, preliminary exercise of diagnosis.

Learning from the Biden Administration's Supply Chain Review

The most recent serious federal effort to map the state of American supply chains began in February 2021, when the Biden administration directed seven cabinet-level departments to conduct a yearlong supply chain assessments across six sectors: defense, public health, information and communications technology (ICT), energy, transportation, and agriculture. At first blush, this was just the sort of exercise that the federal government should indeed undertake to inform a national economic strategy suited to the nation's challenges. This testimony concerns what we can learn from this exercise.

Much of the analysis and many of the recommendations in each assessment are accurate and useful, and the assessments rightly acknowledge that American industrial decline is indeed a problem. Taken together, however, they are instructive in revealing the challenges of offering a cohesive diagnosis of why industrial degradation occurred. However ambitious the effort's intent and scale, in its inability to fully diagnose American economic weakness—to answer the question of why we lost our way—it represents an insufficiently ambitious product.

While aiming to comprehensively survey American supply chain vulnerabilities, the assessments struggle to articulate a clear economic story into which their analyses and policy proposals coherently fit. In the absence of such a metanarrative, politics fills the void, and an exercise that should ideally lay the groundwork for a policy strategy instead merely "reinforce[s] the strategy [the Biden administration] laid out in June [2021]"—that is, eight months before the assessment reports' publication.

The reports reveal plenty about the state of the nation's critical supply chains. In this respect, they are a commendable achievement that should yield near-term policy reforms to address numerous discrete challenges. But the overall exercise reveals even more about the federal government's incapacity to convey a coherent national economic story—much less design and implement a corresponding national economic strategy. For however much the administration has rightly prioritized economic resilience and sought to address it comprehensively, it could not overcome the limitations of established policy approaches: an executive branch that is not yet fully equipped to govern strategically in economic policy, and a political environment that demands an all-or-nothing approach even where narrow bipartisanship is most needed.

On Definition and Direction

It is helpful to begin at the beginning: definitions. Without a sufficiently bright guiding north star, these supply chain assessments fall prey to definitional uncertainty throughout. Different reports define "supply chain resiliency" differently, and the overall exercise's problems stem, in part, from regularly invoking the term without consistently defining it. This lack of consistency understandably jeopardizes the coherence the assessments might have offered in their diagnoses. But more fundamentally, the overreliance on the term "supply chain resilience" betrays the myriad purposes of the policies these reports have in view, and therefore indicates the need for a coherent national economic strategy rather than a set of near-term policy fixes.

On the one hand, the term "supply chain resiliency" is often used in too broad a sense. The exercise frequently describes supply chains as a means to a wide variety of differing ends. As the February 2021 Executive Order ordering the reports promises:

> Resilient American supply chains will revitalize and rebuild domestic manufacturing capacity, maintain America's competitive edge in research and development, and create well-paying jobs. They will also support small businesses, promote prosperity, advance the fight against climate change, and encourage economic growth in communities of color and economically distressed areas. More resilient supply chains are secure and diverse—facilitating greater domestic production, a range of supply, built-in redundancies, adequate stockpiles, safe and secure digital networks, and a world-class American manufacturing base and workforce. Moreover, close cooperation on resilient supply chains with allies and partners who share our values will foster collective economic and national security and strengthen the capacity to respond to international disasters and emergencies.[2]

Deployed in this way, "supply chain resiliency" seems to mean "achieving all the economic goals we think are important." These goals may indeed be worthy—my own organization works intensively to promote many of these outcomes. But none of them reflects the reason why the federal government should prioritize supply chain resiliency as a matter of public policy. Rather, these are potential second-order effects of a policy that should be pursued for a simple reason: **<u>to ensure that the nation can provide for its own security and the prosperity of its people, despite shocks and challenges</u>**. Domestic manufacturing capacity, a strong workforce, broad-based growth, and many other aims are, indeed, essential and important goals of economic and

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[2] United States, Executive Office of the President [Joseph R. Biden]. Executive Order 14017: America's Supply Chains. February 24, 2021. *Federal Register*, Vol. 86, No. 38, pp. 11849-11854. https://www federalregister.gov/documents/2021/03/01/2021-04280/americas-supply-chains

industrial policy. But "strengthening supply chains" is neither the primary reason, nor primary means, for achieving those goals.

The pursuit of myriad, tangentially related ends under the banner of "supply chain resilience" in turn opens the door for a host of unrelated political priorities to skew the exercise. On the level of discrete analysis, these supply chain reports shoehorn existing coalitional priorities into the analysis that are extraneous to the task at hand. Subsidized childcare, for instance, is singled out as a lever to achieve supply chain resilience in the capstone report. Again, this is an important topic. But on the level of guiding principles around which to construct supply chain analysis, the absence of a coherent diagnostic story opens the door for other ideological commitments and narratives to commandeer the effort.

Nowhere is this clearer than in the Department of Energy's report, the organizing principle of which is the need to transition to clean energy to address climate change. The long-term challenge posed by climate change indeed merits a policy response. But this deployment of preexisting policy goals as an *interpretive* filter results in skewed analysis. Vulnerabilities in the global fossil fuel supply chain, a topic of immense interest amid high gas prices, receive only a brief aside—a striking flaw with respect to American energy supply chains. It also results in definitional confusion. In some places, "supply chain resilience" simply indicates whatever practical means by which renewable energy transition is to be achieved; in other instances, the chance to strengthen supply chains is depicted as simply a happy by-product of the green transition.

The assessments' scattershot approach, in which supply chain resiliency can mean all things to all people and encompass all policy priorities, might be excused as a by-product of commissioning separate agencies to author separate reports. But as the executive order quoted above reveals, the sweeping usage also comes from the White House itself. Much as "infrastructure" became a byword for the whole menu of policy in public discourse during the Biden administration's first year, **"supply chain resilience" risks losing its meaning so long as it is invoked to justify extraneous policy goals.**

In another sense, however, the supply chain resiliency frame is not too broad, but too narrow. However politically salient the term may be in the wake of the Covid-19 pandemic, using "supply chain resilience" as a euphemism for "national industrial policy" unduly narrows the scope and purpose of *actual* industrial policy to security against exogenous shocks and geopolitical risks. The name given to the Biden administration's "Supply Chain Disruptions Task Force" reflects this shortsighted limit on an otherwise worthwhile initiative, focusing on "disruption" by external forces rather than atrophy from internal weaknesses.

Even the reports' purported ideological ambition on this score betrays a narrowness of thinking. The capstone report claims that "supply chain resilience is now an enduring national priority" with a corresponding change in the consensus understanding of the role of public policy. It notes that supply chains are no longer considered the exclusive domain of the private sector and that considerations beyond near-term efficiency must be included as well. The market's preferred "just-in-time" philosophy has begun to rightly give way to a public-private emphasis on "just-in-case." These are all true and valuable observations. Yet the government's role in this account is articulated as the public sector needing to clean up the market's mess—a mess caused by private sector mismanagement.

In this way, the singular focus on supply chain resilience reflects a misunderstanding of the federal government's role in economic policy—a mistaken view of government as merely redressing system failures rather than directing national economic development. National governments must—and historically have—assumed a more active role in economic development beyond merely redressing market failures. Designing and pursuing a national economic strategy that restores the foundations of American prosperity, including resilient supply chains, will require a different attitude from policymakers and from an administration with a clearer sense of its responsibilities. As economist Mariana Mazzucato has observed, "[a]ddressing today's societal challenges . . . require[s] a vision, a mission, and, most of all, confidence about what the State's role in the economy is."[3]

Supply Chain Review: A Review

Building on some of the work of the Trump administration, President Biden worked aggressively to address supply chain vulnerabilities upon entering office. He strengthened Buy America provisions, formed the interagency Supply Chain Disruptions Task Force, and shepherded a bipartisan infrastructure package through Congress. Alongside tactical policy measures, the president also began to lay the groundwork for a national economic strategy focused on supply chain resilience. That was the purpose of the February 2021 "Executive Order on America's Supply Chains" commissioning a series of sectoral supply chain assessments from cabinet-level agencies.

Published in February alongside a capstone report, these assessments purport to mark "a crucial milestone in [a] long-term institutionalization effort" to promote "supply chain resilience." The reports are the first of their kind—the first time that the federal government has sought to assess its major supply chain vulnerabilities in anything approximating comprehensiveness. In many respects, they signify the rubber of high-brow rhetoric about "industrial policy" meeting the actual road of economic analysis and policymaking. Their cumulative pages contain reams of industry analysis and policy recommendations.

What they lack is a common structure and unifying approach. That may have been an unavoidable feature of the exercise commissioning different reports from different cabinet-level agencies. Perhaps it is even something to be encouraged—different agencies should indeed have distinct cultures, priorities, and methodologies suited to their particular jurisdictions. But in this case, the result is needless incoherence.

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[3] Mazzucato, Mariana. *Entrepreneurial State: Debunking Public Vs. Private Sector Myths*. 2015. Perseus Book LLC (Ingram).

The assessments' quality varies markedly. Each of the six department level reports sketches an introductory-level summary of the supply chain(s) in question and a gloss on the issues therein. Some of these summaries are insightful and do gesture to the larger issues at play; others, less so.

The Department of Defense's report offers the most commendably real diagnostic effort. The report highlights the larger economic trends that have hollowed out the American defense industrial base and made defense supply chains fragile. Regarding vulnerabilities in the kinetic capabilities supply chain, the report notes the decline in private sector capital investment and acknowledges the effects of international competition:

> Over time, many domestic suppliers have lost business and/or exited the market due to unstable DoD procurement practices and competitive pressure from foreign nations, particularly China. For example, China's lower production costs make importing materials more profitable than producing the same material domestically. It also reduces the likelihood of U.S. private capital investment, leading to erosion of the profitability and competitiveness of U.S. manufactured materials and resources.[4]

With respect to critical energy storage capabilities, the Department notes that the largest challenge "by far . . . is the power of China's industrial base. China dominates the global advanced battery supply chain. . . . Even materials and components manufactured domestically often have reliance on China-produced precursors."[5] With respect to castings and forgings, the Department understands that its productive capacity challenges "can be attributed in part to the impacts of offshoring and waves of industry consolidation since the mid 20th century. For example, the United States has only one foundry that can produce the large titanium castings required for some key systems."[6]

The Pentagon's worthy effort understands its own limits, however. Its report clearly acknowledges the insufficiency of its own industrial policies to address larger trends. With respect to semiconductors, for example:

> The migration of semiconductor manufacturing to the Asia-Pacific region, and the subsequent decline in domestic manufacturing, represents a substantive security and economic threat for the United States and many allied nations. Any strategy adopted to increase domestic microelectronics manufacturing capacity must be cognizant of the influence of commercial drivers. Unless the commercial microelectronics market is willing to support domestic manufacturing by steering demand to U.S. producers, any DoD investment in this area will be unsuccessful.[7]

The broad takeaway is that the Pentagon cannot address systemic economic malinvestment. To address *that*, action from the civilian government and private sector is required.

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[4] U.S. Department of Defense. "Securing Defense-Critical Supply Chains: An action plan developed in response to President Biden's Executive Order 14017." February 2022. https://media.defense.gov/2022/Feb/24/2002944158/-1/-1/1/DOD-EO-14017-REPORT-SECURING-DEFENSE-CRITICAL-SUPPLY-CHAINS.PDF

[5] Ibid.

[6] Ibid.

[7] Ibid.

Only Congress, for example, could make good on the DoD's recommendation to fund the Chips Act. Likewise, while it can highlight the larger trends responsible for our degraded defense base, the Department cannot speak to the policy choices that caused those trends. It is not, after all, the Pentagon's job to set national economic policy. Thus far can the report go, and no further.

Other reports make little effort to diagnose root causes. The public health supply chain assessment, authored by the Department of Health and Human Services, targets immediate vulnerabilities and current policy actions to the neglect of a long-term perspective or analysis of overarching trends. While it reflects an earnest approach and acknowledges that Covid-19 exposed preexisting supply chain vulnerabilities, its fixation on present challenges, rather than root causes and future policy solutions, undermines the reports' effectiveness as a diagnostic tool for renewed policy reform.

Where it does attempt to identify root causes of supply chain vulnerability, the report focuses everywhere but past policy choices. Its readout of the "Economic Pressures" that have contributed to the offshoring of production includes an accurate but incomplete list of actors: foreign governments with their more attractive regulatory environments and anticompetitive practices; consumers and their desire for cheap goods; industry obsessed with cost-cutting and thus tempted by just-in-time inventory management; and unpredictable demand fluctuations attributed to no one in particular—everyone, in other words, but policymakers. As to who permitted and incentivized such industry behavior in the first place, or failed to appreciate the risks posed by international competition, or decided that cheap goods serve the national interest no matter the cost to the industrial base, little is said. On the whole, the public health report can sometimes read like an exercise in pandemic-related self-justification, seeking to save face and address immediate political concerns when a deeper reckoning—and self-reflection—is needed.

At times, the reports read as if a fuller, more cohesive story is straining just beneath the surface of the text, desperate to say *why* the trends that caused American industrial decline occurred. The information and communications technology (ICT) supply chain assessment, issued jointly by the Departments of Commerce and Homeland Security, contains such moments. For example:

> One of the primary economic risks posed by the current structure of the global ICT supply chain is that it incentivizes companies to allocate capital outside of the United States, particularly for manufacturing. When the majority of manufacturing capacity for a particular industry is moved to another country, domestic innovation is affected.[8]

A reader could be forgiven for speculating that the report authors have a fuller diagnosis in mind, but are unable or unwilling to say it fully. The original hundred-day supply chain review, which preceded the departmental reports, shares similar moments of narrative clarity when it connects industrial decline and supply chain fragility to the malinvestment of financial capital:

> A focus on maximizing short-term capital returns has led to the private sector's underinvestment in long-term resilience. For example, firms in the S&P 500 Index

[8] U.S. Department of Commerce and U.S. Department of Homeland Security. "Assessment of the Critical Supply Chains Supporting the U.S. Information and Communications Technology Industry." February 23, 2023. https://www.dhs.gov/sites/default/files/2022-02/ICT%20Supply%20Chain%20Report_0.pdf

> distributed 91 percent of net income to shareholders in either stock buybacks or dividends between 2009 and 2018. This has meant a declining share of corporate income going into R&D, new facilities or resilient production processes.[9]

But even here, the implication that policy decisions may have shaped such market behavior are overlooked. On the whole, while clearly understanding the dangers of industrial decline, the Biden administration's sketches describe trends and outcomes (mostly accurately), but fail to explain or identify their causes.

A Better Way Requires Accountability and Confidence

A more compelling, and ultimately more constructive, diagnosis would have not only identified underlying causes of industrial decline, but highlighted the policy measures that enabled them. It would note that the weakness of America's supply chains has been long in the making and is symptomatic of decades-long economic trends shaped by policy. Here, for example, is what a stronger product might have said:

> "Over the last forty years, the United States has suffered from declining domestic investment and a pattern of offshoring production. Without domestic productive capacity or capital investment, the United States came to depend on foreign nations—even adversaries, namely China—for critical goods and inputs.
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> While driven by the private sector, such market trends were permitted and encouraged by policy programs of economic liberalization across two spheres—foreign trade and domestic regulation. On the one hand, the United States embraced an active program of trade liberalization that eased the movement of goods and capital across borders—culminating with China's entry to the WTO. This pattern of asymmetric trade liberalization was a continuation of Cold War–era policy when U.S. foreign policy interests in developing a non-Soviet bloc trumped consideration of domestic economic strength. But it enabled the mercantilist policies of developing and competitor nations—including state subsidization, forced technology transfer, and more—to distort market signals and incentives at home and jeopardize the attractiveness of the nation's economy as a site of production and investment. Believing falsely that all sectors equally served the national interest—"Potato chips, computer chips, what's the difference?" as George H. W. Bush's economic adviser, Michael Boskin, famously quipped—policymakers looked on, or even cheered, as production was offshored and the nation evolved into a services-oriented economy.
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> Within the domestic sphere, the federal government adopted a series of tax and regulatory reforms meant to spur market forces by clawing back state "interference." While such reforms arguably promoted economic dynamism for a time, they ultimately discouraged

[9] The White House. "Building Resilient Supply Chains, Revitalizing American Manufacturing, And Fostering Broad-Based Growth: 100-Day Reviews under Executive Order 14017." June 2021. https://www.whitehouse.gov/wp-content/uploads/2021/06/100-day-supply-chain-review-report.pdf

> long-term investment and growth. Guided by a philosophy of shareholder primacy and enabled by these regulatory changes, firms optimized around short-term financial returns rather than long-term planning and strategy. Businesses strove to cut costs and adopt marginally more efficient "just-in-time" inventory practices; meanwhile, firms pursued short-term synergies through mergers, enabled by lax antitrust enforcement. The results were consolidated markets with reduced competition, weak industry with low productivity growth, and vulnerable supply chains dependent on foreign suppliers.
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> Congress and past presidents of both parties embraced policies that enabled these trends. It is time for policymakers, including those who were there and are still in positions of power, to correct their mistakes and adopt a different economic consensus with a different explanation of, and response to, America's economic challenges."

Lacking a complete diagnosis, the Biden administration's supply chain assessments do not live up to their potential. The Biden administration has worked hard to convey confidence in the state's economic role in any number of discrete action areas; in some areas it has succeeded, in other areas, less so. The administration has rightly pointed out private sector behaviors that have proven not to be in the national interest. But it has not confidently surveyed the policy environment so as to explain how, or offer a shared narrative as to why, the state's own choices have contributed to industrial decline in the first place.

The reports' underdeveloped diagnosis leads to a mixed bag of policy proposals. Some are relevant, necessary, and gesture at the need for systemic reform. Many are mere continuations of existing policy, toothless suggestions or platitudes, or else technocratic measures that may improve outcomes at the margin but will not change fundamentals. For instance, the Department of Transportation's suggestion that we "encourage greater standardization and foster interoperability of data among States and between the multimodal transportation networks and the private sector" is probably a good idea.[10] But it will not reverse decades of deindustrialization.

The assessments' focus on exogenous shocks to supply chains is revealing. Blaming outside or exogenous factors conveniently obscures established policymakers' complicity in the nation's economic challenges. As noted above, conspicuously lacking in the exercise's analysis and recommendations are robust examinations of long-term economic trends that jeopardize the nation's economic health and resilience. There is no serious exploration of the manner in which financialized capitalism has spurred mal- and dis-investment in the nation—much less how trade, tax, and other policy decisions have driven those trends. The elision proves consequential for the assessment's analysis and the exercise's ultimate effectiveness. Financialization and deindustrialization were not naturally occurring phenomena; they reflected policy choices, many of which the current political and business elite have been (and are) party to. Without addressing those choices, neither Congress nor the administration can fully diagnose our national industrial weakness—much less offer a policy reform agenda that addresses root causes. No amount of

[10] U.S. Department of Transportation. "Supply Chain Assessment of the Transportation Industrial Base: Freight and Logistics." February 2022.

federal spending or policy action will restore resiliency to the nation's supply chains so long as domestic investment remains in decline and private industry has the incentive and ability to move offshore; that cannot change without reckoning with past policy choices.

Developing and implementing an effective path forward is certainly not beyond the power of the federal government to execute. The federal government has marshalled and coordinated the private sector to build domestic industry in the past, from the War Production Board during the Second World War to Operation Warp Speed during the Covid-19 pandemic. As it confronts an ascendant China, the worthy effort to rebuild American supply chains and restore domestic industrial capacity will require a similar level of ambition.

New Consensus, New Tools

National policy must rest on foundations that are more than technocratic. This testimony has attempted to sketch what some of those deeper foundations must entail, using the administration's supply chain review exercise as an occasion for examining basic questions about American economics. We learn that national supply chain policy requires a clear and comprehensive account of the facts, a theory of the case—a story about what went wrong, and why, and how we can make it right. The nation needs an updated economic consensus, grounded in a common diagnosis about the nature of capitalism and its relationship to policy, and the choices that have delivered us financialization, deindustrialization, and our current supply chain fragility.

We have the makings of such consensus already. Despite disagreement about such measures as the *CHIPS and Science Act* or the Biden administration's supply chain efforts, the fact that such measures are widely debated at all is a positive sign that the U.S. government is focused on the right questions. The mainstream of conservative economic policy now recognizes that market efficiency, maximized shareholder value, and smooth quarterly earnings are not the best or only measure of economic and societal health. Numerous Republican members of Congress,[11] numerous officials from the Trump administration, and a growing number of conservative thought leaders now understand that national economic security and resilience in the face of supply chain shocks is a legitimate concern of economy policymaking.

But national policy must also rest on sound technical foundations, and make use of the best technical tools available to policymakers. Policymakers must have accurate and up-to-date data about the current state of critical American supply chains, and should not have to rely only on one-off assessments ordered by the president. A standing capacity to monitor and map American supply chain resilience, like the program the supply chain mapping bill currently before the committee would establish, is long overdue.

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[11] For a good example of this, see "Rebuilding American Capitalism: An American Compass Forum," in which Senators Tom Cotton, Marco Rubio, J.D. Vance, and Todd Young discuss what has happened to capitalism in America, and why American industry has lost its technological edge. Viewable on YouTube here: https://youtu.be/VGUNM52gRTk?si=lh9MStzrkJxvv-ko

This bill passes several critical threshold tests. This testimony has criticized the administration supply chain assessments for insufficient definitional focus, and for confusing desirable secondary effects with primary purposes. It is therefore encouraging that this bill rightly offers a sharp definition of the term: the ability to of the United States to "sustain critical industry and emerging technology production, supply chains, services, and access to critical goods and services during supply chain shocks." This clarity will enable the Department of Commerce to focus its analytical efforts in a more coherent way. (The assumptions underlying such a clear definition are also encouraging. By recognizing that some industries are more critical than others for American prosperity and security, the text expresses the emerging conservative consensus that policymakers making active judgments about what kind of economic activity promotes the national interest does not violate free market principles. In fact, defending the free market requires policymakers to make such judgements.)

At the same time, the bill recognizes the legitimate interest of Congress in the positive secondary effects that robust supply chains produce. It directs the Department of Commerce to consider how the constituent elements of resilient supply chains (diverse supplier networks, for example) will affect not just American ability to absorb supply chain shocks, but broader big-picture concerns like the health of the American industrial base writ-large, the resilience of American capacity to foster critical emerging technological development, the durability of American jobs, and so forth. The bill is right to direct the proposed program to consider them.

The bill also recognizes the breadth of perspective that sound "supply chain resilience" analysis requires. By requiring the proposed program to report to Congress an assessment of state and federal "policies, rules, and regulations" that "impact domestic manufacturing operating costs and inhibit the ability for domestic manufacturing to compete with global competitors," the bill expresses an understanding that Congress must not miss the forest for the trees, and that crafting good supply chain resilience policy requires Congress to consider the broad policy environment and history in which private sector investment decisions already occur.

Finally, and perhaps most importantly, the bill understands the essential importance of a healthy, rightly organized relationship between the private and public sectors. For the proposed program to succeed, coordination between business and government is required. For the program's analysis to succeed, the private sector must share with the Commerce Department information about its supply chains not typically in the public domain, for example. For any policy that results from that analysis to succeed, the private sector must in turn receive appropriate clarity, enhanced perspective, adequate support, and reasonable constraints from policymakers. Perhaps more than anything else, it is this view of the appropriate relationship between the public and private sectors that defines the emerging mainstream of conservative economic thinking. This mainstream increasingly understands that American economic prosperity, resilience, and security in the 21st century requires neither policymakers getting out of the private sector's way in every instance, nor taking over the functions that only the private sector can and should exercise in a free society, but instead requires policymakers to intentionally craft a policy environment that results in private sector behavior consistent with the national interest.