

U.S. taxpayers shouldn't subsidize Chinese Communist Party

THOR HEARNE

China's espionage in the United States, including the now infamous spy balloon that the Biden administration allowed to indolently drift across our nation for a week gathering electronic intelligence for the Chinese Communist Party (the CCP), demonstrates the CCP's effort to gain a strategic advantage against the United States.

China is not just America's economic competitor. China is our global adversary — our enemy.

This battle against China is first and foremost a battle for economic dominance. See Peter Schweizer's book *Victory*, about the "economic warfare" that President Reagan engineered that led to the collapse of the Soviet Union, or A.J. Baine's New York Times bestseller *The Arsenal of Democracy*, about America's industry building the manufacturing infrastructure that crushed Nazi Germany.

A nation's economic might combined with political resolve is what leads to international stability. The modern world has enjoyed a Pax Americana since the 1800s. That peace and stability is now threatened by the Biden Administration's policies — especially those concerning China.

American taxpayers should not be funding or subsidizing our enemies. Yet in 2016, then-Pres-

ident Barack Obama literally organized an airlift in which U.S. military aircraft delivered wooden pallets loaded with \$400 million in Swiss francs to Tehran. This was the first installment of a \$1.7 billion payment the Obama administration made to Iran.

Today, America's automotive and energy industries confront a troubling threat — dependence on Chinese technology that places our nation in the highly vulnerable position of relying upon China for critical components necessary for our economic security.

Even worse than allowing our nation to fall into this position is the proposal that American taxpayers actually fund the CCP ownership and control of this critical infrastructure.

Cnano Technology is a Chinese battery manufacturer controlled by, and behold to, the CCP. Cnano seeks to build factories near critical U.S. military sites, just 35 miles from Fort Leavenworth and 70 miles from Whiteman Air Force Base. Ford Motor Company has plans to hire a Chinese military supplier to develop its new battery plant in Michigan.

Another CCP-related enterprise, Gotion, is establishing a presence in Michigan and Illinois. CCP affiliate entities are acquiring interests in American property and businesses with an

ultimate goal of tightening Beijing's influence over America's supply chain.

Recall the OPEC oil embargo in 1973 and its devastating impact on the American economy during the Carter administration. China is strategically working to gain even greater leverage over America's electric vehicle battery supply chain and critical infrastructure. As manufacturers shift to electric-only vehicle fleets, batteries, for better or for worse, will be tomorrow's "gasoline."

The expansion of Chinese battery factories also raises serious national security concerns. The CCP requires every Chinese company to cooperate with the CCP's Ministry of Public Security and State Security. China law requires Chinese businesses (such as TikTok) and companies with facilities in the United States to support and cooperate with Chinese intelligence operations.

Former Secretary of Defense Leon Panetta (who served in Democratic administrations) testified recently before Congress that these Communist China-affiliated facilities would operate as centers for Chinese espionage. These factories could facilitate espionage activities representing a more serious threat than external surveillance methods such as the Chinese spy balloon that flew over Missouri last year.

Even more alarming than the use of these facilities to support Chinese spying and espionage is the threat of sabotage. The FBI recently issued a warning about Chinese hackers preparing to target critical American infrastructure. See FBI director Christopher Wray's congressional testimony warning of this threat from China. The Homeland Security Administration reports that individuals illegally entering the United States across the southern border in the past year include Chinese men of military age.

President Joe Biden's so-called "Inflation Reduction Act" provides tax subsidiaries to Chinese-controlled entities to build facilities in the United States. The United States will — literally — pay Beijing to weaken American domestic businesses and threaten our national security. This is a lose-lose scenario.

Congress can still stop this from happening by passing legislation prohibiting the abuse of these tax credits aiding Chinese entities. Specifically, Congress should amend the Advanced Manufacturing Production Credit provision of the Inflation Reduction Act. This provision was intended to incentivize domestic green energy manufacturing and could dole out up to \$135 billion in tax subsidies. This benefit should go to domestic American

enterprises, not foreign entities controlled by the CCP.

Currently, there are no restrictions prohibiting Chinese companies from claiming these tax incentives. President Biden has ignored this matter, prioritizing the supposed "clean energy transition" over national security.

Fortunately, U.S. Rep. Jason Smith, a Republican who represents southeastern Missouri, serves as chairman of the House Ways and Means Committee, which writes the United States tax code and is the lead committee for all tax-related measures.

Chairman Smith's leadership of this committee has been broadly applauded and allows him to adopt changes in the law that will protect our national security and assure that American tax subsidies benefit American businesses, not entities controlled by the CCP. Legislation has already been introduced to establish these reforms.

Congress needs to pass these provisions. Smith, who convened a hearing on this issue, would serve his district, state and nation well by remedying the Biden administration's misguided China First/America Last policy.

Hearne is a constitutional attorney based in Clayton and formerly was President George W. Bush's national election counsel.