

U.S. House of Representatives
Select Committee on Economic Disparity and Fairness in Growth
October 18, 2021 Hearing
Renewing Prosperity in the Industrial Heartland:
An Economic Agenda for Forgotten Communities
Written Testimony of C. Lourenco Goncalves

Chairman Himes, Ranking Member Steil, Congresswoman Kaptur and Members of the Committee,

I thank you for the opportunity to testify this afternoon on the topic of renewing prosperity in America's industrial Midwest. Cleveland-Cliffs is the largest producer of flat-rolled steel in North America, employing more than 25,000 workers in good paying, middle class, union jobs. The Company has a concentration of operations and workers in the Great Lakes region, including Ohio, Indiana, Michigan, Pennsylvania and Minnesota, among other states. Cleveland-Cliffs has approximately 20,000 workers represented by unions, including the United Steelworkers, the United Autoworkers and the International Association of Machinists. We regard our workers and our unions as partners. As Chairman and CEO, I work first and foremost for the wellbeing of my people - our employees, their families and their communities.

I have only a few minutes today to address a very important and wide-ranging topic, so I will start with a well-recognized conclusion - the experiment of unrestrained globalization has failed. The need for this hearing today is hard evidence of that fact. The false gospel of free trade has contributed greatly to the narrowing of the American middle class. Working class communities have lost countless manufacturing jobs following **the creation of NAFTA, China's admission to the World Trade Organization** and a **number of other misguided and devastating trade policies**. Lorain sacrificed most of its steel industry. For other communities it was automobiles, textiles or appliances.

Nearly thirty years down the path of this globalist experiment, we now recognize the equation: we export our jobs and economic might and, in return, America gets **some cheap goods, global pollution, hollowed out communities, drug addiction** and **the politics of division**.

China and other nations seek to advance their place in the global order by building infrastructure, growing cities and expanding manufacturing. That is not an original idea. It is the American playbook to economic and political dominance. We can - and we must - take that playbook back.

As policymakers consider ways to reverse the fortunes of communities like Lorain, I offer the following perspective. Please do not believe that the future of the American economy lies exclusively in the technology and service sectors. The last year and half has demonstrated the importance of making strategically important products in the United States, and controlling our own destiny. I believe Americans are now coming to the realization that we must continue to be a nation of innovators, entrepreneurs and producers. Amazon warehouse jobs are fine; but they will never provide support for families and communities in the way that steelworker jobs did here in Lorain...with middle-class wages, pensions, profit sharing and healthcare.

Please do not resign yourself to the false narrative that those jobs are gone and are never coming back. As Congresswoman Kaptur knows, Cleveland-Cliffs has made massive investments here in Ohio, including \$1 billion in a state-of-the-art Direct Reduction Plant at the Port of Toledo, producing low-CO2 metallic feedstock for steelmaking. We built the plant employing thousands of unionized building trades, and we currently employ 160 workers in Toledo, with our workforce represented by the USW. At Cleveland-Cliffs, we are proud that our median employee earns approximately \$102,000 per year. Cleveland-Cliffs is on pace to have its most profitable year in its 174-year history, having grown revenues from \$2 billion in 2019 to a projected \$21 billion in 2021. That success is not in spite of our belief in inclusive capitalism; **it is because** we practice that belief.

At Cleveland-Cliffs, we are on a mission to strengthen our steel industry and the American manufacturing base, and to demonstrate that places like Toledo, Lorain, Middletown and Mansfield have real value to offer our economy and society. Please stand strong against empty promises and ploys by our traditional "allies" like the EU, South Korea and others that wish to exploit our friendship to take advantage of the American market, which remains the envy of the world. As America confronts a host of political, economic and climate-related challenges, please remember that the solutions will not be imported, they are in our control and ours for the taking.

I thank you for your time and I look forward to taking your questions.