



Biden Admin Poses As Savior For Baby Formula Shortage CAUSED BY GOVERNMENT

P. Gardener Goldsmith

May 25, 2022

Even though Joe Biden last week pulled the unconstitutional stunt of invoking the 1950s era fraud of the “Defense Production Act” allowing him to sequester (i.e. steal) stuff, and push targeted businesses around, his Press Secretary, Karine Jean-Pierre, said Sunday that she has no idea when the much-lamented “baby formula shortage” will end.

’I don’t have a timeline for you yet,’ she continued. ‘We want to exp- — you know, make sure it goes very quickly, because it’s so critical. And we know what — what families are going through. I — but I don’t have an exact timeline. Clear- — clearly, we want this to happen as fast as possible, as quickly as possible.’

So goes the lament of every central-planner...

The return date for sufficient product is unclear, but what IS clear is that those who interfere with, or ordain themselves the overlords of, what are supposed to be peaceful market transactions do so at OUR peril, and the very act of imposing themselves in our affairs is perniciously immoral.

The reasons for the baby formula shortage are clear, and stem not only from the same poisonous garden as government-created fertilizer, gasoline, and steel shortages, but from additional government meddling and controls that have been targeted specifically at the baby formula market and to the benefit of both government growth and certain baby formula makers for decades.

First, we have the unconstitutional federal subsidy for “low-income” moms, the “Special Supplemental Nutrition Program for Women, Infant, and Children,” aka, WIC. As economists know, when political forces begin calling the shots in what should be private market choices, big players will attempt “Rent Seeking,” using political connections to gain at the expense of competitors and consumers.

And, as Abby Vesoulis notes for Time:

Through state agencies, WIC gives families earning at or below 185% the federal poverty line vouchers and electronic cards to purchase baby formula on the government’s dime. In 1989, Congress, hoping to keep WIC’s costs down, passed legislation requiring states to use competitive bidding to select one manufacturer of infant formula to be covered by WIC.

And, you got it... Rent-seeking... found.

Roughly half to two-thirds of formula purchased in the U.S. is bought through WIC, according to government estimates. With so many low-income parents relying on formula, the move by Congress led to the bid winners in each state dominating the formula market there. That spurred the kind of intense consolidation in the U.S. formula industry that has not been seen in many other parts of the world.

Since the single-contract rule was established more than 30 years ago, only three companies—Abbott, Gerber, and Mead Johnson—have received those WIC contracts. Their control over the market has disincentivized the creation of new brands, which is why the recent loss of Abbott’s products from store shelves has left many parents with few alternatives.

And the loss of Abbott? The single Sturgis, Michigan, plant where they recently had a problem highlights another immoral, constitution-insulting government imposition: “safety control powers,” claimed by the Food and Drug Administration.

As Colin Lodewick writes for Yahoo Finance:

On Feb. 17, Abbott voluntarily recalled its Sturgis-manufactured products and shut down the plant following reports that four infants fell ill from bacterial infection and two died after consuming formula produced in the plant.

Of course, avoiding conclusions about potential cause-and-effect, Lodewick also notes:

'The Cronobacter sakazakii that was found in environmental testing during the investigation was in non-product contact areas of the facility and has not been linked to any known infant illness,' the company said in a statement.

Lodewick reports that Abbott has held approximately 40 percent of the government-manipulated market for over ten years, so this problem in a single plant puts a big strain on the already screwed-up system. Candice Phelps, of the Sturgis Journal, reports that the FDA has magnanimously “allowed” the plant to reopen (because, of course, FDA stands for “Frequently Devine Agency”), but it will take nearly two months before the “okay” sees any real change in supply on the shelves.

That’s okay, because, in modern America, we’re supposed to look to all-powerful “Giver” Joe Biden to swoop in, take control, and treat us like babies, under the absurd “Defense Production Act.”

Okay.

Or, perhaps we could do more digging, and learn a few additional important points that offer lessons in government intervention, protectionism, and the way central planning always backfires.

As Gabrielle Beaumont-Smith writes for the Cato Institute:

The United States subjects infant formula to tariffs up to 17.5 percent and tariff-rate quotas (TRQs).

And...

Absurdly, provisions were added to the United States-Mexico-Canada Agreement (USMCA) to restrict imports of formula from Canada, supposedly because China was investing in a baby food plant in Ontario, and this new production might eventually enter the U.S. market (heaven forbid!). Thus, the provisions in the USMCA’s agriculture annex establish confusing and costly TRQs on Canadian exports of infant formula, and the United States imported no baby formula from Canada in 2021.

Remember, all of these import restrictions benefit US-based companies. They fall into the old canard of “we need to protect American jobs” – all at the expense of American consumers who could pay less, have money left over, and use that on other things to better their lives and employ more people. James Bovard covered the disastrous pain that US tariffs cause consumers in his book, “The Fair Trade Fraud,” and he exposed how US trade restrictions typically harm

consumers eight times more than the particular politically-favored industry they are imposed to “help.”

I really want to make these government impositions clear, so let’s return to Ms. Beaumont-Smith:

Making matters even worse, infant formula is subject to onerous U.S. regulatory (‘non-tariff’) barriers. For example, the FDA requires specific ingredients, labeling requirements, and mandates retailers wait at least 90 days before marketing a new infant formula. Therefore, if U.S. retailers wanted to source more formula from established trading partners like Mexico or Canada, the needs of parents cannot be quickly met because of these wait times. Businesses also have little incentive to go through the onerous regulatory process to sell to American retailers, given the aforementioned tariffs and the relatively short duration of the current crisis.

And she adds:

The European Union (EU) is especially noteworthy in this regard. Many parents demand formula from the EU not only because of the current scarcity but because European formula meets other preferences, including a perceived higher quality, and more varieties like goat’s-milk-based formula. Technically, it is illegal to import baby formula from the EU for commercial purposes, but parents can (and do) import it for personal use. Recently, the FDA recalled some European infant formula because it did not comply with FDA labeling requirements. It is agreed by many medical experts that the differences between American and European formula are minor and are not worth the expense imposed by these regulations.

Forget freedom of speech. The government will tell you what you can and cannot say on a label.

And, finally:

U.S. ‘marketing orders’ for milk throw in another regulatory wrench. These laws cover multiple classes of milk and establish a system for dairy farmers with price and income supports, and trade barriers.

The source of the problem is clear. While some critics might focus on the man in charge of the FDA – that being the bow-tie-sporting Commissioner Robert Califf – such a focus misses the mark and does a disservice to the US Constitution (which does not provide for anything remotely like an FDA), economic fundamentals, and moral principles.

At this time of rhetorical target-shooting, we can keep our eye on the real source of the problem.

In a nation that is one of the richest on Earth, parents are encountering a formula shortage because the government of that nation has adopted the central planning model of Soviet Russia.

Millions and millions already learned the tragic lessons of those mistakes.