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The Trump Administration's \$765 Million Kodak Deal Is More Proof That 'Economic Nationalism' Is a Scam

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The Trump administration's latest "economic nationalism" scheme involves having taxpayers underwrite a \$765 million loan to Eastman Kodak, the long-struggling camera company, in the hopes of transforming it into a pharmaceutical manufacturer.

If that sounds like a far-fetched idea, well, give some credit to the lobbyists who apparently made it happen.

The Daily Beast's Lachlan Markay reports that Kodak restarted its shuttered D.C. lobbying team in April of this year and proceeded to spend \$870,000 on influence-peddling in the months leading up to last week's announcement by the White House. That's twice as much as the company had ever spent in a single quarter, according to lobbying disclosures, and it appears to have paid off.

When the White House announced the massive loan to Kodak last week, Trump lauded it as a "breakthrough in bringing pharmaceutical manufacturing back to the United States." Eastman Kodak will produce active pharmaceutical ingredients, or APIs, which are the chemical compounds used as the building blocks for many drugs. The loan to Eastman Kodak is supposed to be repaid within 25 years.

The White House is throwing all that taxpayer-backed cash at a company with no experience making pharmaceuticals as part of an overall effort to shift the global supply chains for pharmaceuticals. Some Republicans—including Peter Navarro, Trump's top trade advisor, and lawmakers like Sen. Josh Hawley (R–Mo.)—fear that America is too dependant on imported drugs and APIs manufactured in China.

In reality, however, there is little cause for concern. The global supply chains for pharmaceuticals are diverse and resilient. And even though China's share of the market has been growing in recent years, the United States imports far more pharmaceuticals from Ireland and other countries than it does from China. Only 13 percent of the facilities used to make APIs that go into America's drug supply are in China, according to the Food and Drug Administration.

But corporate lobbyists aren't letting the opportunity go to waste. The deal with Eastman Kodak follows on the heels of the Trump administration's announcement in May that it was handing a \$350 million contract to a relatively unknown Virginia-based pharmaceutical company, Phlow Corp., to compete with drugmakers in China.

That deal happened despite the fact that Phlow Corp. doesn't have any history of mass-producing pharmaceutical drugs, and appears to have been founded earlier this year for the purpose of

cashing in on Trump's protectionist politics. A Phlow spokesman told *BioPharma Dive*, a trade publication, that the company's leaders had been "communicating with government officials about the U.S. pharmaceutical supply for more than a year" and that Phlow's "stated mission" is "reducing the U.S.' dependence on foreign supply chains." And one of the company's board members has been making the rounds in media and congressional committee hearings to talk-up America's supposedly dangerous over-reliance on Chinese drugs.

The Phlow Corp. deal might have some red flags, but the Eastman Kodak loan stinks to high heaven. Shares of Kodak stock soared last week—before and after Trump announced the massive infusion of taxpayer money into the long-struggling New York-based company. Sen. Elizabeth Warren (D–Mass.) has called for the Securities and Exchange Commission to investigate whether some people might have been tipped off about the deal before it was publicly announced.

But insider trading is a petty charge compared to the most obviously odious parts of Trump's Kodak moment. The press release announcing the deal says the massive loan to Kodak will create 360 new jobs—that's more than \$2.1 million *per job*.

That's a ton of money to do....what exactly? Scott Lincicome, a senior fellow and trade policy expert with the libertarian Cato Institute, notes that private companies are already reconfiguring their supply chains to account for lessons learned during the COVID-19 pandemic. "The supply chain issue that Kodak and the Trump administration claim to have identified yesterday might not even exist by the time Kodak Pharmaceutical is operational," he writes.

And there are plenty of other questions. Even if you give the White House the benefit of the doubt on the question of whether America needs to invest in API production, why does it make sense for a bankrupt *camera company* to be the government's champion? Will spending \$765 million to boost Kodak stock and create 300 jobs materially shift the global supply chains for pharmaceutical drugs—a market that's worth well over \$1 trillion annually?

The answers, of course, lead right back to Markay's reporting. Lobbyists have seized on the Trump administration's "economic nationalist" agenda because it is little more than a cronyist attempt at propping up domestic companies with taxpayer cash under the guise of geopolitics.

Spending \$870,000 to make \$765 million? Just call it the art of the deal.