



Biden's Baby Formula Airlift Stunt Should Never Have Been Necessary

Markets work if you let them. The Biden administration and Congress should remove supply restraints on baby formula that never made any sense in the first place.

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May 19, 2022

America's current shortage of baby formula is a crisis created, in significant part, by the failures of government policy aimed at protecting domestic companies from foreign competition.

But rather than sweep aside the rules and regulations that have contributed to this mess, the Biden administration and Congress are gearing up to address a problem created by industrial policy with...more industrial policy. We're now weeks into the crisis, but the best response that our political leaders have been able to muster is an attempt to use public resources to duplicate the market response that would have solved (or at least eased) the mess if it had merely been allowed to operate. The entire saga is a sad and infuriating commentary about the entirely predictable failures of central planning.

Take the White House's latest idea for addressing the shortage as a perfect example. On Wednesday, President Joe Biden announced plans to send military aircraft to Europe—"Operation Fly Formula," as the White House is calling it—to bring back formula for American parents.

"I've directed the Department of Defense and the Department of Health and Human Services to send aircraft, planes, overseas to pick up infant formula that meets U.S. health and safety standards so we can get it on a store shelves faster," Biden said Wednesday.

This is ridiculous on its face. For starters, there's already a massive private industry dedicated to moving products from one part of the world to another. The baby formula shortage isn't the result of there not being enough planes to transport baby formula from Europe to the U.S.; it's the result of the federal government making it nearly impossible to transport baby formula from Europe to the U.S.

As *Reason's* Elizabeth Nolan Brown explained earlier this week, the Food and Drug Administration's (FDA) rules that prohibit many baby formulas made in Europe from being imported to the U.S. have nothing to do with health or nutritional safety issues. Often, those brands are banned because they fail to meet the FDA's labeling requirements.

In addition, the U.S. imposes huge tariffs—technically tariff-rate quotas, which are designed to make it completely unprofitable to import more than a small amount of a certain product—on imported formula. Those tariffs exist for no reason other than to protect domestic formula manufacturers and the American dairy industry that supplies them. As a result, about 98 percent of the formula sold in the United States is produced here as well.

Along with the FDA's labeling requirements, the tariffs make it pointless for foreign suppliers to try to get their products into American stores. Why spend all the time and money to get FDA approval for your labels if your FDA-approved product is going to be tariffed at such a high rate that it can't compete?

As Bryan Riley, director of the Free Trade Initiative at the National Taxpayers Union Foundation, points out, the European Union is the world's largest exporter of baby formula. Infants literally everywhere on the globe (except in the U.S.) consume formula made in Europe.

"The EU exports enough infant formula to potentially supply the entire U.S. market," Riley writes. "Had American families been free to import tariff-free formula from the start, the temporary shuttering of one U.S. factory would have been much less costly."

If those tariffs and regulations weren't on the books, private sector importers could have been stockpiling European-made formulas—the same formulas that Biden is now ordering the Pentagon and the Department of Health and Human Services to start airlifting into the U.S.—months ago. As the White House admits, those brands meet American health and safety standards. So why weren't American parents allowed to buy them weeks, months, or years ago?

Maybe European-made baby formula suddenly became less hazardous, or maybe putting it on a military cargo jet somehow magically ensures that it is safe for American babies to consume.

Or maybe the FDA's regulations (and the tariffs on formula) are a bunch of protectionist nonsense that should never have existed in the first place and should be permanently scrapped as soon as possible.

Sen. Mike Lee (R-Utah) has introduced a bill that moves things in the right direction. His proposal, the Fixing Our Regulatory Mayhem Upsetting Little Americans (FORMULA) Act, would temporarily waive the tariffs on baby formula, temporarily remove the FDA regulations for labeling, and expand the number of products covered by the Women, Infants, and Children (WIC) program, which subsidizes the purchase of baby formula but currently does so only for specific brands. (For more on how the regulations in the WIC program are adding to this government-created formula mess, read this excellent analysis from the Cato Institute's Scott Lincicome)

"American babies are going hungry and the federal government is standing in the way," Lee said in a statement.

Temporarily easing those rules is good. Permanently scrapping them would be better.

Rather than moving to ease those regulations, however, the House of Representatives approved a bill on Wednesday that throws \$28 million at the FDA to "boost the part of the workforce focused on formula, as well as FDA inspection staff," according to CBS News. As if the FDA deserves to be rewarded for its incompetence and over-regulation of baby formula. This crisis demands less from the FDA, not more.

Airlifts of baby formula from Europe and the oh-so-typical Washington response of throwing more money at regulators might make it look like Biden and Congress are *doing something* to respond to the formula crisis. The best response, however, would be to learn that protectionism is a recipe for failure and that markets work—if you let them.

While specific policies are of course important to debate, it's also worth zooming out a bit to consider how this entire crisis and the governmental response to it illustrates one of the biggest problems with industrial policy of any kind.

The Abbott plant in Michigan—the source of the domestic supply crunch—has been shut down since February. Supplies of baby formula started running low on store shelves by late April and it became a national problem by the first week of May. If government officials possess the perfect knowledge necessary to run the economy, why didn't they act three months ago? Why didn't they act three weeks ago? Even if the Biden administration's response to this crisis was an effective one, it took far too long for anything to happen.

Markets—ones that are actually free, not those calcified by decades of debilitating protectionism—can read and react to changing conditions with far greater speed. It's impossible to prove what would have happened in a world where imported baby formula can flow freely into the United States, but it's a good bet that the Abbott plant's temporary shutdown would have been much less disruptive if importers could have immediately responded to the impending shortage by placing orders for greater supplies of European-made baby formula during March and April.

If you let markets work, there would be no need for a performative baby formula airlift orchestrated by the White House. Doubling down on industrial policy, on the other hand, only ensures that there will be more avoidable crises and more calls for politicians to performatively fix the messes they've helped make.