



Trump's Tariffs Weakened America's Hospitals. Then Coronavirus Hit.

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It hasn't been talked about at any of the White House's almost-daily coronavirus press conferences, but the Trump administration acted twice this month to reduce tariffs on imported medical equipment.

It won't be talked about, of course, because those quiet maneuvers amount to an admission of guilt. President Donald Trump's trade policies made it more difficult and expensive for American hospitals to buy the equipment they needed to confront a pandemic like the one now facing the world.

"In the last two years, Trump's policy has forced China to divert the sales of these products—including protective gear for doctors and nurses and high-tech equipment to monitor patients—from the United States to other markets," says Chad Brown, a senior fellow at the Peterson Institute for International Economics (PIIE), "and now the U.S. medical establishment faces looming trouble importing these necessities from other countries, which may be hoarding them to meet their own health crises."

Before the trade war, tariffs on medical equipment imported from China were low or non-existent. More than a quarter of all medical equipment imported to the U.S. came from China, according to PIIE's data.

Trump's tariffs certainly put a dent in those imports. The first round of tariffs on Chinese imported goods, imposed in July 2018, put a 25 percent import tax on hand sanitizer, patient monitors, thermometers, oxygen concentrators, and more. The subsequent rounds of tariffs, imposed in September 2019, added 15 percent to the cost of imported surgical gloves and other types of medical protective gear.

According to PIIE data, American imports of those Chinese-made medical products fell by 16 percent between 2017 (the last full year before Trump's tariffs) and 2019.

The Trump administration had ample warning that tariffs on imported medical gear and equipment would leave America less prepared for a major public health crisis. At the August 2018 hearings that evaluated the necessity of Trump's proposed China tariffs—hearings that, as I reported at the time, consisted of hundreds of American business owners pleading with the government to spare them from this supposed "protection"—multiple members of the American medical community warned about *exactly* what is now happening.

"Any disruption to this critical supply chain erodes the healthcare industry's ability to deliver the quality and cost management outcomes that are key policy objectives of the country," Matt Rowan, president of the Health Industry Distributors Association, told the Office of the U.S. Trade Representative at the time.

"These products are essential to protecting healthcare providers and their patients every single day," he continued. "The healthcare products on the proposed list are used widely, throughout healthcare settings and are a critical component of our nation's response to public health emergencies."

At a hearing on additional proposed tariffs in June 2019, more warnings were issued. Lara Simmons, president of Medline Industries, told the tariff committee that it was not possible to quickly find alternative suppliers of many health care items imported from China. That meant hospitals and healthcare providers would have little choice but to pay the higher prices created by tariffs—and, therefore, would likely buy less.

"Starting production in the U.S. or any third country would be a time consuming and expensive process due to the FDA [Food and Drug Administration] regulatory procedure that is required for these products," she said.

Trump's so-called "phase one" trade deal with China resulted in the lifting of a few tariffs, but the tariffs on medical equipment and gear remained in place. That Trump has lifted those tariffs now is good, but not imposing them at all would have been far better.

"It reveals the foolishness of the administration's shoot-first-and-ask-questions-later approach," Scott Lincicome, a trade lawyer and scholar with the Cato Institute, tells *Reason*. The practical (and obvious) consequences of the tariff policy should have been addressed from the start, he says, like the fact that tariffs created an incentive for hospitals and other importers to rely on their existing inventories and put off making additional purchases in the hopes that the tariffs would be reduced before supplies ran out.

"There was clearly no thought given to how this would actually work in practice," Lincicome says, "and now you're seeing the consequences."

Some on the neo-nationalist right are using the coronavirus outbreak and the stressed supply chains it has caused as evidence that a national industrial policy is necessary to ensure America has adequate supplies to counter a pandemic. But autarky would result in less efficient markets and more expensive products. It would leave America with the same results—higher prices and lower supply—that the tariffs did. That's not a good solution.

We need more free trade, not less, to be better prepared for future pandemics.