

Do More Than Baby Steps

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Major disruptions such as pandemic policy in China and the Russian invasion of Ukraine obviously crimp trade and supply chains. But given such impacts, should governments here in the United States be making things better or making things worse?

Oil is one example of a good that would be more abundant and cheaper had the government left it alone — stopped blocking domestic production and the flow of oil from Canada.

You would think, then, that the first thing to do could be to remove governmental barriers to production and imports.

Now parents are having trouble getting baby food.

A proximate cause of the shortage is the closure of a single major factory producing baby formula. But Kevin Ketels, a professor who studies the global supply chain, argues that restrictions on production had set things up so that a blow like this would be crippling.

For one thing, only a few companies, Abbott, Reckitt, and Nestlé, are allowed to participate in a government program to provide baby formula to low-income families. This is not a minor program. The



federal government provides substantial grants to the states to fund it.

More importantly, only a few manufacturing facilities are allowed to produce baby formula, and “startups don’t have the volume required to produce in these facilities.”

High tariffs on baby-food imports have also reduced supply.

You would think, then, that the first thing to do would be to remove governmental barriers to production and imports.

And all, not just some.

So why isn’t that what we are hearing about now?

Well, politicians do not gain their power, prestige, and insider trading advantages by leaving well enough alone. Admitting that their stock in trade — regulation and tariffs and the like — is the cause of this problem might suggest to distracted minds that it is the cause of most, if not all, our problems.

This is Common Sense. I’m Paul Jacob.