

Senators Are Urging Trump to Nationalize the Medical Equipment Supply Chain. That Would Be Lethal

U.S. Senator Chris Murphy (D-CT) on Wednesday urged the president to nationalize the medical equipment supply chain “immediately” to improve distribution of equipment in the wake of the novel coronavirus pandemic.

The topic of nationalization came up in a conference call organized by U.S. Senator Amy Klobuchar that included healthcare industry leaders from around the country. Murphy said it was “inexplicable” the president had not already nationalized the supply chain.

On a conference call with health care leaders this morning, organized by [@amyklobuchar](#), sentiment was unanimous that the medical equipment supply chain needs to be nationalized immediately.

Just inexplicable Trump does not do this. The chaos of existing system is costing lives.

– Chris Murphy (@ChrisMurphyCT) [March 25, 2020](#)

Some industry trade leaders are also calling on the White House to centralize distribution. On Wednesday, the Advanced Medical Technology Association called on President Trump to take control of the distribution of life-saving ventilators, which are in short supply from the coronavirus outbreak.

“We believe the most effective way to address these allocation issues is for the Administration to designate a lead agency,

such as FEMA, to oversee these allocation decisions with the active input of clinical experts,” association CEO Scott Whitaker wrote in a letter [quoted in NPR](#).

There’s no question the U.S. economy is dealing with a national shortage of many essential medical products, including ventilators, respirator masks, gloves, gowns, and protective eye gear.

So far, Trump has resisted calls to nationalize distribution.

“The federal government’s not supposed to be out there buying vast amounts of items and then shipping,” Trump [said last week](#). “You know, we’re not a shipping clerk.”

Trump is right.

As the famed British economist Lionel Robbins [once observed](#), economics is about finding the best ways to allocate scarce resources that have alternative uses.

While it’s tempting to believe that experts could coordinate the use of resources through a centralized government better than individuals can, centuries of studying economies has taught us that that just isn’t true.

An economy is the result of millions of people’s constant interactions – cooperating and competing to produce goods and services, trading with each other, and coming up with entrepreneurial solutions to human problems.

They are complex and organic, not machines that can be directed by policy-makers.

No single producer and central authority can possibly know what is most needed in a given economy consisting of millions of people and products. We overcome this problem by relying on information that comes from [price signals](#).

Prices are knowledge wrapped in incentives, and they’re the

best tool an economy has to allocate resources.

The solution to shortages of items such as respirator masks, ventilators, and protective eye gear is to harness the massively productive power of what produced them in the first place: profit-seeking entrepreneurs.

This can be achieved by lowering regulatory barriers, which are inhibiting production and distribution of essential products, and by incentivizing more production through pricing.

Despite easing of regulations in some areas of the economy, the market remains hogtied when it comes to ramping up production of needed medical supplies. It can take [up to three months](#) to approve facilities for production of essential products we need now.

Elon Musk [just delivered](#) 1,255 life-saving ventilators that he purchased from China's surplus, but it would be far better if he was allowed to produce ventilators that are in short supply world-wide. He's [indicated](#) that this is something his team can do, but the Food and Drug Administration has to agree to waive their [lengthy approval process](#).

The FDA has been a major barrier to an effective coronavirus response from the outset, not only by restricting the production and distribution of life-saving medical devices like ventilators, but by imposing strict limits on who was allowed to develop and conduct tests. The outbreak in Washington State was only discovered once a Seattle lab [went around the FDA](#) and conducted tests in their own clinic. The lumbering regulatory structure of our healthcare system delayed the collection of essential information on the spread of the disease for weeks.

Nationalizing the distribution of ventilators – or any other critical resource urgently needed by coronavirus patients – would put the entire country at risk.

Central planners will never be able to match the efficiency of the marketplace, even with [the help of Big Data](#). They simply lack the knowledge, though few are inclined to admit this, as the famed economist F.A. Hayek once observed.

“The curious task of economics is to demonstrate to men how little they really know about what they imagine they can design,” the Nobel Laureate economist wrote in *The Fatal Conceit*. “To the naive mind that can conceive of order only as the product of deliberate arrangement, it may seem absurd that in complex conditions order, and adaptation to the unknown, can be achieved more effectively by decentralizing decisions and that a division of authority will actually extend the possibility of overall order. Yet that decentralization actually leads to more information being taken into account.”

Instead of calling on the president to nationalize the medical supply chain, which is certain to exacerbate the shortages, lawmakers should be urging the president and the FDA to allow entrepreneurs like Musk to produce the equipment we so desperately need.

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