



The Daily Dish

Buy American – Coronavirus Edition

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Eakinomics: Buy American - Coronavirus Edition

The idea of “Buy American” is hardly new; it has the same perpetual, misguided appeal as minimum wage laws and price controls on drugs. But [research has shown](#) that Buy American laws increase the cost of goods purchased by the government, and these costs are often passed down to consumers via higher prices. Despite this problem, there is a long track record of appealing to some non-economic imperative – e.g., national security – to justify Buy American mandates.

So, here we go again.

As nicely [summarized](#) by AAF’s Jacqueline Varas, the president’s protectionist wingman and economic flat-earther Peter Navarro [announced](#) that he was preparing an executive order to reduce U.S. reliance on foreign-made medical supplies. The executive order will have three components: Buy American requirements, regulatory reform, and government investment in advanced manufacturing facilities in the United States.

[According to reports](#), the order will include:

- A mandate that all purchases of medicines or medical equipment by federal agencies – the Department of Defense, the Department of Health and Human Services, and the Department of Veterans Affairs – be American-made;
- A requirement that federal contractors equipped to manufacture medical supplies do so, along with a withdrawal of the United States from World Trade Organization (WTO) commitments not to discriminate in government procurement; and
- Regulatory reforms to speed products to market and lower the cost of locating plants in the United States.

The plain objective of the executive order is to force domestic production of medical supplies and pharmaceutical products.

Nobody will object to rolling back overly burdensome regulations. But violating WTO commitments will invite retaliation. Anybody here remember that successful trade war with China? Finally, if the economics were best for exclusive production and sale in the United States, this would already be true. But it is not, and this policy will be both costly and counterproductive.

There are doubtless some isolated supplies and products that would best be produced in the United States. But using a pandemic crisis to foist costly, medical protectionism on a panicked electorate is disappointing at best.