

The profit system is sabotaging the struggle against the coronavirus

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The profit drive of big American corporations is a major factor in impeding the efforts of doctors, nurses and other health care workers in the struggle against the coronavirus. This is the reality of American capitalism, as opposed to Trump's hosannas about how "great companies" are playing an "incredible" role in this crisis.

The *New York Times* detailed Sunday how financial operations in the medical equipment market blocked an initiative by the Centers for Disease Control and Prevention to build a stockpile of ventilators, which are now in short supply throughout the United States.

The CDC initiative, which began in 2007 in response to the SARS epidemic and continued for seven years, was aimed at addressing a shortage of the ventilators that would be needed in the event of a runaway influenza-type virus, similar to this year's coronavirus. "The plan was to build a large fleet of inexpensive portable devices to deploy in a flu pandemic or another crisis," the *Times* reported.

The devices would not only be cheaper, but simpler to operate, thus requiring less training for the workers, usually respiratory therapists, responsible for their use. In the current COVID-19 crisis, the lack of staff is at least as important as the scarcity of ventilators.

The CDC selected a small California company to design the new machines, which would cost only \$3,000 apiece, much below the price of \$10,000 for the bulky machines then in use in hospitals throughout the country. Newport Medical Instruments, a subsidiary of a Japanese firm, won the bid for the federal contract and delivered three prototypes of the new device in 2011. CDC officials were enthusiastic, and told Congress that the device would be on the market by September 2013.

But then a much larger US medical device

manufacturer, Covidien, acquired Newport Medical Instruments, as part of an effort to buy up smaller competitors and prevent them from cutting into Covidien's profits. In particular, Covidien already manufactured and marketed a much more expensive ventilator that would be undercut by the Newport effort. According to the *Times*, "Government officials and executives at rival ventilator companies said they suspected that Covidien had acquired Newport to prevent it from building a cheaper product that would undermine Covidien's profits from its existing ventilator business."

After Covidien, valued at \$12 billion, swallowed up Newport Medical for \$100 million, its executives asked the CDC in 2014 to allow it to withdraw from the contract for the proposed low-cost ventilator on the grounds that it was not sufficiently profitable. The Obama administration agreed to the request. CDC started over, with a new contract to a new company, the giant Dutch multinational Philips. Covidien was itself acquired a year later by Medtronic for \$50 billion. Executives of the giant merged firm told the *Times* they knew nothing about the low-cost ventilator project.

The *Times* report concluded: "That failure delayed the development of an affordable ventilator by at least half a decade, depriving hospitals, states and the federal government of the ability to stock up. The federal government started over with another company in 2014, whose ventilator was approved only last year and whose products have not yet been delivered."

There are similar factors behind the shortage of N95 masks, now felt by medical workers at hospitals throughout the country. One of the largest US manufacturers of N95 masks is 3M Corporation, the giant Minneapolis-based conglomerate perhaps best known as the maker of Post-Its and Scotch tape. There

has been mounting criticism of 3M and other providers of N95 masks for withholding supplies of materials and finished masks from the market, and for permitting price-gouging by their distributors.

3M in particular has been attacked for its policy of delivering all its supplies through commercial distributors, rather than sending them directly to health care facilities or state agencies seeking to purchase large quantities of the masks, which are used by the millions each day of the coronavirus pandemic.

Last week the company announced stepped-up production of N95 masks, and it was featured in a flattering cover story in *Bloomberg Businessweek*, headlined, “How 3M Plans to Make More Than a Billion Masks By End of Year,” which hailed the company for “a remarkably large contribution” to the fight against coronavirus.

Sports and media billionaire Mark Cuban, an occasional critic of the Trump administration, denounced 3M by name. “I’m excited that 3M has increased capacity. But supply hasn’t been matched with demand,” he told Bloomberg News. “Why is 3M not telling distributors, pick up the phone, sell your inventory to the hospitals, or we’ll never let you buy more product?”

Citing reports of price-gouging, Cuban continued, “these distributors are making as much money as they possibly can ... It’s wrong, it’s criminal.”

President Trump was asked Saturday about Cuban’s remarks, and he defended 3M, claiming one of his own billionaire cronies, Ken Langone, CEO of Home Depot, had vouched for the company.

“I think 3M has done an incredible job,” Trump told reporters as he left the White House for a photo op in Norfolk, Virginia, as a US Navy hospital ship set sail for New York City. “I just spoke to Ken Langone. I think he’s on the board of 3M. He called up and he said what a great job they’ve done. I think 3M, from what everybody said, they’ve done an incredible job.”

Another attack on profiteering at the expense of N95 production came from an unlikely source, a fervent right-winger, former Army Special Forces helicopter pilot Tyler Merritt, whose apparel company based in Savannah, Georgia, specializes in marketing t-shirts to Trump supporters with provocative slogans—attacking NFL quarterback Colin Kaepernick, upholding gun rights and other flagwaving motifs.

Merritt has taken to the airwaves, first on Fox News and then Sunday on MSNBC, declaring that several major corporations are blocking efforts to convert factories like his to producing surgical masks, N95 masks and other needed supplies. Holding up a piece of the fabric that is cut and molded to make N95 respirators, Merritt told MSNBC the fabric “is being hoarded by certain companies. This material is being traded as a commodity. This used to cost \$6,000 a ton, now it’s costing upwards of \$600,000 a ton... It’s despicable what some companies are doing.”

Merritt did not name any names, and his MSNBC interviewer—working for a network owned by Comcast Corporation—did not seek to identify exactly which corporate criminals he was referring to. But there is no doubt of the truth of what Merritt was charging: giant corporations and various middlemen are raking in profits while endangering the lives of millions in the face of the coronavirus threat.

Two other critical components needed to combat the COVID-19 pandemic—mass testing and the development of a vaccine—have also been constrained by the profit motive and the division of the world into competing nation-states. As the WSWS has previously reported, plans to develop a coronavirus vaccine following the 2002 SARS epidemic floundered when no companies invested in the research. Had such a vaccine been developed, it could have been tested during the initial outbreak in Wuhan to see whether it could prevent COVID-19. The incredibly long delays in mass testing in the US and many countries has been a combined product of governmental mismanagement and the subordination of this vital social need to the profit interests of the pharmaceutical giants.



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