

Biden administration says government has no role in producing baby formula amidst nationwide shortage

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On Wednesday, in response to a catastrophic baby formula shortage in the United States that has forced retailers to ration increasingly dwindling supplies while babies go hungry, President Joe Biden announced that he was invoking the 1950 Defense Production Act (DPA).

The DPA allows the US government to order private companies to produce certain materials and ingredients and direct those products to manufacturers in order to stimulate production. In the United States, baby formula production is dominated by four companies—Abbott Laboratories, Mead Johnson, Perrigo and Nestle—which account for nearly 90 percent of the market. Abbott, producer of Similac, accounts for the largest share at 42 percent.

In a pre-recorded video statement released Wednesday, Biden attempted to empathize with angry and anxiety-ridden families and tamp down immense social anger.

“All across the country,” Biden said, parents are “worried about finding enough infant formula to feed their babies.” He claimed that “as a parent and a grandparent I know just how stressful that is.”

Biden did not clarify as to the last time he allegedly purchased baby formula. In any case, his invocation of the DPA will do little to stimulate production or reduce prices for families that have been forced to drive sometimes hundreds of miles and pay exorbitant prices for the privilege of being able to feed their child.

Biden’s Transport Secretary Pete Buttigieg declared over the weekend on an appearance on CBS that there was no role for the government when it came to

producing safe baby formula for its citizens.

Responding to the interviewer who said the government had an obligation to ensure the “safety of the plant” Buttigieg responded: “As regulators, yes, but let’s be very clear: this is a capitalist country.”

Buttigieg added, “The government does not make baby formula, nor should it. Companies make formula. And one of those companies, a company which, by the way, seems to have 40% market share, messed up and is unable to confirm that a plant—a major plant—is safe and free of contamination.”

Buttigieg’s clumsy attempt to blame the company, while defending the system that gives rise to the conditions that allow said company to exist as a monopoly and sell disease-ridden formula, also ignores the fact that as an alleged “regulator” Biden’s FDA played an integral role in keeping the company open and profitable.

While there are several circumstances and factors that have contributed to the current shortage, at every step of the crisis the capitalist mode of production served not to enhance the affordability or availability of safe baby formula but instead contributed to shortages, deaths and what many mothers are describing as a “nightmare” situation.

More than two years into the pandemic, which has claimed over 1 million lives in the US and over 20 million globally, supply chains have yet to recover, resulting in shortages of essential items, including food, gas, fertilizer and baby formula.

While stocks of formula were already down about 20

percent nationwide at the beginning of the year, the closure of a disease-ridden Abbott manufacturing plant in February led to further shortages. This produced a 43 percent deficit in formula stock at the beginning of May, according to Datasembly. The 43 percent figure is 13 percent more than in April and 20 percent more than in January.

Prior to shuttering the plant in February, Abbott issued a recall of the several of its formulas that had been linked to the hospitalization of four children, two of whom died. The company has maintained that the children, infected with Cronobacter bacteria, did not get sick from their facility in Sturgis, Michigan. Prior to the “voluntary recall” issued by Abbott in February 2022, a January 31, 2022 inspection of the Sturgis facility by the FDA found standing pools of water, broken equipment, falsified records and five different bacterial strains of Cronobacter.

Before the first babies began dying from the tainted formula, an employee of Abbott turned whistleblower, who has since been fired by the company. He wrote a complaint to the FDA last October alleging a myriad of issues at the facility, including gross fraud, data manipulation and unsanitary equipment.

Despite receiving the whistleblower complaint in mid-October, the FDA did not sit down and interview the whistleblower until December 2021. After the interview, the FDA waited another month to begin its physical inspection of the Sturgis facility on January 31.

While the FDA slow-rolled its investigation of the production facility, in the months *after* the FDA received the initial complaint from the whistleblower, three more complaints were filed to the FDA. Between November and January, the FDA received multiple complaints that babies were becoming sick from tainted formula linked to the Sturgis facility. Two of those babies died from their Cronobacter infections.

While the Biden’s FDA ignored whistleblower complaints and notifications of sick babies, Abbott’s bacteria-ridden formula continued to flood store shelves, leading to sizable profits for the company.

As late as March 2022, a month after the Sturgis facility shut down for safety reasons, the company used its ill-gotten profits not to fix deficiencies in its production process but to instead purchase its own stock.

In the October complaint, the whistleblower pointed to the dilapidated equipment that was associated with the “drying process” at the Sturgis site. The whistleblower said the equipment was “failing and in need of repair” for “several years.” Instead of fixing this equipment, from March 31, 2019 through March 31, 2022, Abbott spent, according to former *Wall Street Journal* reporter Moe Tkacik, “\$5.73 billion” on “stock buybacks.”

That the Abbott corporation was able to spend so much on parasitic stock buybacks was due in part to the company’s use of overseas tax havens in places such as Puerto Rico, Switzerland, Ireland and the Netherlands. Additionally, following the passage of the 2017 corporate tax cut, Abbott paid a minuscule tax rate of 14 percent in 2021, down from 25 percent in 2016.

As millions of families struggle to afford basic necessities, including formula, Abbott has seen steady growth, with net earnings increasing by “about 90% during the pandemic,” a recent CNBC article noted. Abbott’s earnings increased from “\$3.69 billion in 2019 to \$7 billion in 2021,” wrote CNBC.



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