

The Post's View

Opinion:

America needs to shore up its supply chains. That shouldn't become an excuse for protectionism.

PRESIDENT BIDEN signed an executive order Wednesday directing federal agencies to make an intensive study of potential vulnerabilities in the industrial supply chain for such important inputs as rare-earth metals and certain pharmaceuticals. Mr. Biden has in mind a two-phase program: the first phase, lasting 100 days, would produce a report on four key categories of products; the second phase, lasting a year, would examine whole industrial sectors, from defense to energy to transportation. The integration of the U.S. economy into an ever-widening system of globally traded raw materials, intermediate goods and finished products has been going on for decades, but the coronavirus crisis has triggered sudden shortages of medical equipment and, most recently, semiconductors, making supply-chain security a new priority for business and government.

The federal government should spearhead fact-finding, as Mr. Biden has just ordered. It's never a good idea to solve a problem before you know exactly what it is, yet a September 2020 Congressional Research Service report on medical supply chains noted that "a lack of critical official data and information has impeded U.S. policy makers' ability to assess the size and composition of the U.S. market for specific products, and the overall production capacity of U.S.-based producers to satisfy various essential national needs."

The lack of clarity may extend more widely than that. The U.S. auto industry has had to slow production recently due to a shortage of semiconductors, triggering bipartisan concern on Capitol Hill, which in turn prompted Mr. Biden's order. **However, the shortage of chips is not a uniquely American problem.** It is global, affecting all automakers in all countries, and seems to be the unintended consequence of their decision last year — reasonable at the time — to cut chip orders in anticipation of declining sales due to the coronavirus-related economic slump. Chip producers diverted supply to consumer electronics, and then car demand exceeded forecasts.

Fortunately, a top General Motors official has announced that the worst issues should be over soon at his company. When this accidental shortage ends, and the time comes for policymaking, the United States must avoid the temptation to turn "national security" into an excuse for protectionism. Various U.S. companies and their lobbyists already are encouraging this tendency in pursuit of federal subsidies and other support. No doubt government must help secure U.S. supply chains, especially in critical materials such as rare earths or lithium, both crucial to battery production, among other uses. Dependency on

supplies from adversarial countries such as China presents more challenges, strategically, than buying from friends and allies such as Taiwan, South Korea, Mexico, Canada or Europe, however.

This crucial distinction is precisely the one that President Donald Trump denied in pursuit of his “America First” doctrine, which lumped all U.S. trade partners together as alleged exploiters of our purportedly weak politicians. We expect Mr. Biden’s review to reaffirm the more nuanced reality: Mutually beneficial exchange among countries, conducted freely within a legal framework, is the path to maximum security, economic and strategic. Autarky, by contrast, is a dead end.