

# How to Mobilize the Military to Produce the Supplies America Needs to Fight Coronavirus

## *A New Consensus Plan*

### **What this plan is for**

It was reported on March 20th that President Trump has finally been convinced to engage the military to ramp up production of medical supplies and other essentials that America needs to save lives in the Coronavirus crisis. Reportedly, the president yelled to someone, 'do it now!'<sup>\*</sup> Unfortunately, it's been a long time since the federal government and the military have been asked to do anything like this. Without proper guidance, this new effort will go the way of recent efforts, such as Coronavirus testing, and drag on for months without success. Our intention here is to lay out a specific plan for how this new effort can succeed, using time-tested methods from past military-economic mobilizations like World War II.

The following steps must be taken immediately:

- The president must give the Army Corps of Engineers (USACE) a mission to produce the emergency supplies our nation needs now, publicly placing a military leader in command at his next daily briefing, most likely the commanding general of the USACE. That way, the president, and the whole American people, know who to celebrate when the mission is succeeding and who to hold accountable and ultimately replace when the mission is lagging.
- Since the federal government has failed even to understand what supplies are needed the USACE must make an initial prioritized estimate of what supplies America needs, and in what quantities, by talking with a sample of state and federal officials. To be clear, this must happen very quickly – in other words, in hours, not days or weeks. Later, the estimates can be further developed.
- The USACE must then identify domestic civilian manufacturers of the needed supplies (who are presumably already operating at full capacity). The Corps' mission must then be to coordinate with civilian firms to replicate their

factories, whether by building new facilities or repurposing existing facilities, and get them up and running as fast as possible. Under the USACE's command, the military can construct new factories with their own personnel where necessary or by contracting with civilian firms.

- This will look nothing like a normal civilian construction process. The construction of new factories must take days, not months. The military must do things like locating required machinery at other production facilities in the country and transporting it to where it is needed immediately using military vehicles. (Think C130s flying-in required machinery scrounged from plants all over the nation!)
- In the World War II mobilization, new facilities constructed in this way, owned by the military or a government agency but operated by existing manufacturers were called Government-Owned Contractor-Operated Industrial Facilities or "GOCOs."
- In World War II, many manufacturers repurposed plants to build something new. Many manufacturers have already suggested this – such as GM volunteering to build ventilators. But the process of converting over without the assistance of the military will take many months. We only have weeks.
- Finally, if workers are not available to operate these new facilities, soldiers equipped with military protective gear will become the workers, as has already been done in several other nations.

## **Introduction**

The COVID-19 outbreak continues to impose both a massive and still mounting health toll and an ever-more devastating economic toll on the U.S. Not only are people dying or being hospitalized, they also are being deprived of capacities to produce the vital goods and services – not only life-saving medical and protective equipment, but also life-sustaining basics like food, water, clothing, and the like – that Americans need during the pandemic and after.

Continued contraction of U.S. production is not a tolerable option. It will deprive us of what we need to live, and before that might actually stoke inflationary pressures should goods and supplies dwindle while, in response to necessary demand-side measures being taken by Congress, the nation's currently contracted money supply finally resumes growing.

Against this backdrop, a well-designed plan to resume national production – and to resume it *immediately* – is of paramount importance. Few if any dangers could be more urgent than this emerging supply-side emergency, especially now that demand-side economic mitigation measures are at last underway. The following production plan is devised with this exigent circumstance in view. It first takes stock of the nation's supply needs and orders them by priority. It then lays out a sequenced production plan for addressing the needs in that same priority order. It

then closes with institutional recommendations designed with those priorities and their sequencing in view.

The Coronavirus crisis calls for an emergency supply-side economic mobilization to complement the demand-side measures fortunately now being discussed in Congress. The plan proposed here calls, in sequential order, for:

- Emergency ramp-up of production of all essential medical supplies and protective gear and equipment.
- Emergency conversion of all productive facilities through which these supplies can be produced and delivered.
- Emergency construction of any additional facilities needed beyond what can already be quickly used or converted.
- Use of 37,000 U.S. Army Corps of Engineers personnel, equipped with already available military biohazard masks and clothing, both to commence the necessary acceleration of production and construction and to train and equip private sector labor to resume productive activity.
- Provision of all necessary capital, building of any necessary facilities, and ensuring no losses for any private business that participates in the mobilization.
- Temporary suspension, with automatic 'sun-setting' after one year, of any regulatory, intellectual property, or other impediments to expeditious productive acceleration of the enumerated kinds.

## **Needs**

Many of the supply needs occasioned by the COVID pandemic are by now familiar. Others, however, are not. That is because while there is much discussion of some goods and services, especially medical ones, there is virtually no discussion at all of other essentials – or, crucially, of the means and facilities by which we produce and distribute them. Nor is there much talk of the magnitudes of our current shortfalls, which are precisely what necessitate massive ramp-up, *right now*, of our productive and delivery capacities.

### **(1) *Medical and Protective Equipment:***

The most urgent need at the moment is of course for medical equipment, testing equipment, and protective gear, both for those already or soon to be afflicted, those testing and treating them and their support staff, and for those who must work in close physical proximity in order to produce such equipment and protective gear themselves. The current need for respiratory ventilators, masks, and personal protective clothing, for example, exceeds by many orders of magnitude the nation's stockpiles of these essentials. The same is now looking to be likely where hospital beds, hospital space, and even trained medical personnel are concerned. Some idea of the magnitude of the potential shortfall can be had by considering the

cases of China and Italy. Italy has one of the best, most efficient healthcare delivery systems in the world, but this system is now reaching the breaking point as all previously ready and backup capacity is now utilized. China, for its part, has had to multiply hospital space many-fold over the past two months, to the point that last month it was building brand new treatment facilities within matters of two to three weeks.

### ***(2) Production and Delivery Personnel & Facilities:***

As urgent as the need for medical equipment and protective gear is the need for production and delivery facilities for the fabrication and delivery of those products and services themselves, along with the personnel needed to operate these facilities. Just as China had to build treatment centers at record speed, and just as Italy appears poised to have to do now, so will we have to ramp up sheer hospital space and the production of equipment that's used in those spaces. These are in part building tasks, and in part repurposing tasks. That is to say we will have both to build new spaces, plants and facilities, and to convert existing such spaces, plants and facilities, for use in combating the death toll and spread of Coronavirus. In effect, we must do now precisely what the U.S. did as the Second World War approached and then touched U.S. shores – BUILD!

### ***(3) Foodstuffs and Other Essentials:***

Food, water, fuel, and other essentials are fully as important as medical equipment, protective gear, and the facilities through which those are produced and provided. Slightly less urgent but still important are the things that both people and firms need to adapt to our temporarily changed economy – things like bicycles and other vehicles for home delivery and movement in an environment – including a public transport environment – of 'social distancing.' Happily, these needs are not quite as urgent now as are the aforementioned, as the preexisting supplies of our foodstuffs, potable water, vehicles and other goods were already substantial before the outbreak. But these supplies likely will come under strain if the current pandemic continues to spread at its current rate - and even before that time, the demand-side measures now being taken by Congress could inflate prices if supplies do not quickly catch up. Our 'information' economy allows for remote work and productive collaboration through telecommunication, but our material economy right now does not allow for a world in which physical and social distance must be maintained while still continuing to produce. We must accordingly mass-produce masks, virus-impermeable clothing, and other protective gear not only for healthcare workers, but ultimately also for *all* production line workers.

## **Production**

The following phased plan of productive expansion is sequenced with the above priorities in view. The phases are priority-ordered, but not necessarily

temporally ordered. That is to say that, if and insofar as the following measures can be pursued simultaneously, they should be, while if and insofar as they can't be pursued simultaneously, they should be sequenced in the same order as the above-listed priorities.

***(1) Medical and Protective Equipment Production:***

The nation lacks at present the hospital space, factory space, and delivery mechanisms requisite to supply medical care and medical equipment on the scale necessitated by the current COVID outbreak. This is not a new problem in our nation's history. The onset of World Wars I and II, for example, confronted us with a similar challenge. So, on an only slightly smaller scale, did the Korean War. What we must do, then, is to learn from those past examples and adapt accordingly. What we did then was both immediately to ramp up existing production facilities, repurpose productive facilities to our new production needs, and to build new such facilities where existing facilities proved inadequate. This is going to require both collaboration between government officials and business firms as it did in those prior emergencies, and, possibly, use of public sector personnel until private sector personnel can be adequately furnished with protective gear. We have both these public sector personnel and the equipment that they themselves need. We also have legal capacity to override impediments, should these emerge, to our public sector personnel doing what we have to do.

The U.S. Army Corps of Engineers (USACE) employs over 37,000 civilian and military personnel. It is one of the world's largest public design, engineering, and construction agencies. Our military, for its part, possesses huge inventories of M40 and MCU-2/P biohazard masks and protective clothing. There is no reason that USACE-employed personnel cannot work to convert and then operate existing production and delivery facilities, and build up new such facilities in the event that the temporary conversion of current facilities proves to be insufficient. Indeed other military personnel – in particular medical personnel – can play a vital role too if our private sector medical personnel turn out to be overwhelmed by demand. Like our military's engineering personnel, so are its medical personnel trained in the wearing of biohazard masks and other protective clothing in hazardous environments. Moreover, these same people can train civilians in the use of such equipment should we have to ramp-up military capacity itself quickly beyond what we already have.

We should not hold-off production or supply of any of the foregoing essentials on the putative ground that we might 'overproduce' them. At present it is far better to overshoot than to undershoot the mark where mistaken estimation is concerned. Moreover, the present pandemic will not be our last – unless this one kills everyone, in which case expense is irrelevant. Hence we will need gear and equipment in excess of present domestic needs anyway, in order to stockpile for later emergencies - or provide to the rest of the world. Shortages like those we face now should not be permitted to form any time again.

## **(2) *Production and Delivery Personnel & Facilities Supply:***

As with medical supplies and delivery, so with productive capacity more generally, we are likely to have to expand very rapidly. This will mean collaboration with existing producers and distributors to begin with, in converting to effectively 'wartime' production and provision. It will probably also mean the quick construction of additional such capacity. As in the case of medical supplies and equipment, so in the conversion and building of productive capacity, USACE personnel can assist in this task. As already noted, they are already in possession of what they need safely to work together in physical locations. Using that equipment in the building out of capacity to produce and deliver more such equipment can accordingly be analogized to using 'seed corn' to grow yet more 'corn.' This form of 'snowballing' is common to the rapid ramp-ups and even jumpstarted 'national development' efforts of the past. Now is as urgent a time to repeat that dynamic as can be imagined. As the USACE expands capacity, then, it will also be producing the means of its own supplementation, and then replacement, by productive laborers in the private sector.

It should go without saying, but is well to say anyway, that any impediments that might stand in the way of rapid capacity expansion of the kind described here should be temporarily suspended. Regulatory provisions requiring various forms of 'pre-clearance' or approval by various interested parties, including especially parties with conflicting interests or aims, must be temporarily set aside. Likewise property use or acquisition restriction and the like. Exigent *requisition* might have to override garden slow and painstaking *acquisition* for a time. We must not permit such needs to serve as pretexts for long-term abuse of our constitutional rights, however. Thus Congress, in authorizing emergency production measures like those urged here, must also 'sunset' that authorization – prescribing, say, an automatic phase-out after six or twelve months, with an option to renew if need arises. At the same time, Congress must commit to all financing now necessary to ramp-up productive capacity as urged here. It must also commit to expeditiously compensating, once the immediate crisis is past, any private sector persons or entities that incur out-of-pocket expenses in collaborating with our government in arresting and reversing the crisis.

## **(3) *Foodstuffs and Other Essentials Supply:***

Once we are assured of sufficient medical supplies and equipment, we must act to ensure adequate supplies of foodstuffs and other essentials – both the things now made necessary by the pandemic, and the things that we need independent of pandemics whose supplies come under strain. As with the former classes of supplies and capacities, so here we must quickly supply line workers and all others who have to work in close physical proximity to one another with what they need to stay safe. Also as in the previous two cases, so here the USACE can do line work while wearing

equipment and gear that they already have, until such time as they are able to supply private sector labor with that gear and training. If it is possible to do these things concurrently with discharge of the tasks just described, we should do so. If that is not possible, we should of course handle (1) and (2) first, then handle (3).

## **Needs Assessment and Institutional Architecture**

The foregoing measures make critical use, in the immediate term, of the nation's preeminent disaster construction agency – the USACE. This is as it should and must be, as the most urgent immediate term needs are supply and productive capacity needs. In the medium and longer term, however, there will be consequences, including fiscal and monetary consequences, to handle which are beyond the Corps of Engineers' mandate or competence.

Additional federal instrumentalities' mandates, then, will in time come to be implicated too. Among these, of course, will be DHS, HHS, FEMA, the Department of Commerce, and of course Fed and Treasury. Some coordinating authority will be necessary to ensure that *all* these agencies, along with the nation's Governors and private sector, are proceeding coherently together in mutually reinforcing ways. A small and *ad hoc* White House 'task force' would seem ill-equipped to this task. We handled mobilization for the First World War through a new War Industries Board (WIB) and a complementary financing authority, the War Finance Corporation (WFC). These instrumentalities worked to ensure both that production along multiple complex supply chains proceeded coherently, and to ensure that inflationary and other fiscal-cum-monetary impacts were minimal.

We handled mobilization for and prosecution of the Second World War effort by similar means – indeed with two counterpart agencies to those used in World War I. Those were the Reconstruction Finance Corporation (RFC), explicitly patterned after the earlier WFC, and the War Production Board (WPB), explicitly patterned after the WIB. We should probably do something similar now. This author has long advocated establishment of a permanent RFC-style national development authority – a National Investment Council (NIC) well equipped to coordinate *both* responses to exigent production crises like the present one *and* perpetual national development and renewal (in essence, infrastructural and industrial policy) in circumstances less immediately urgent than the present one. Two other authors, friends of this author, have recently proposed a more *ad hoc* and temporary entity – a Health Finance Corporation (HFC) – also patterned after the RFC. That would be helpful too.

While forthrightly public instrumentalities of this kind seem well advised in light of past precedent, it will also be critical that they work collaboratively, as those earlier agencies themselves did, with other entities in our 'mixed' economy. That might include not only well established private sector firms, but also new entities that are themselves mixed - e.g., 'government owned, contractor operated' entities,

a.k.a. ‘GOCOs.’ Whatever institutions we establish or enable for these purposes, what is essential is that we act on these purposes coherently - *and* that we act on them *immediately*, ‘with all deliberate speed.’ And part of that task, as noted above, is to ensure that any private sector entities with which we collaborate are adequately compensated for their contributions to this comprehensive national effort.

It might take more time than we have to institute a new RFC-style federal coordinator quickly enough to handle the first needs in the needs sequence elaborated above. In such case the following procedure for quantifying needs, supplies, and shortfalls would seem to make sense: First, CDC and HHS, in coordination with the Governors of the States, will estimate likely *supply* shortfalls where needed hospital space, beds, respiratory ventilators, masks and protective clothing, and the like are concerned. Next, private sector industries, in coordination both with CDC and HHS and with the USACE, will estimate the shortfall of current *industrial* capacity to meet the shortfalls in essential supplies and equipment determined first. Then finally, the USACE will itself estimate the time that will be needed to *fill* the capacity shortfall, and prioritize construction in collaboration with CDC and HHS if the conversion of existing or construction of new capacity must itself be ‘prioritized’ and temporally sequenced.

## **Conclusion**

There is literally no time to waste here. Congress has turned to addressing demand-side economic mitigation measures with laudable alacrity – especially in comparison with the demand-side foot-dragging that marred the 2008-2009 crisis response. But there is a very real danger this time that in focusing on necessary demand-side measures we might lose sight of symmetrically essential supply-side measures. The plan just laid out is laid out for that purpose. It is time now to act.

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## **New Consensus**

New Consensus was formed as a non-partisan policy and planning workshop to develop in-depth policy proposals and plans (like the Green New Deal) to support economic development and transformation, to organize a broad coalition of climate experts, economists, business leaders, union and labor leaders, policy leaders, and other experts around an emerging new consensus in support of economic development and transformation, and to produce educational material to popularize and build broad public and political support for this new consensus. New Consensus aims to play a role in the 21st century that was filled in the 20th century by groups such as the Mont Pelerin Society and the Foundation for Economic Education. These groups successfully transformed the world's understanding of how economies operate. But the economic models they advanced can't deal with today's unprecedented environmental and economic challenges: climate change and rising economic inequality. A new consensus is emerging around the idea that these crises are interrelated, and that the challenges they pose need to be met with a single, yet comprehensive strategy that, among other things, leads the transition to a green economy, closes wealth and income gaps between communities, spearheads innovation and research, kick-starts new high wage industries, and more. The Green New Deal is precisely that strategy.