

April 24, 2020**Ray Padgett** | raypadgett@shorefire.com**Mark Satlof** | msatlof@shorefire.com

T: 718.522.7171

The Defense Production Act Is Being Underutilized

Guests:

For the Motion: Margaret O'Mara

Against the Motion: Thomas Spoehr

Moderator: John Donovan

AUDIENCE RESULTS

Before the debate:**64% FOR****16% AGAINST****20% UNDECIDED****After the debate:****57% FOR****35% AGAINST****7% UNDECIDED**

Start Time: (00:00:00)

John Donovan:

Hello to all fans of smart and reasoned argument. I'm John Donovan, host and moderator of Intelligence Squared U.S. debates, with our first ever at-home debate by which I mean I'm home, you're home, and the debaters you're going to be hearing from in a couple of minutes, they are home also, and all because of a virus known as COVID-19. And this virus, it is harming many of us, but it's also dividing most of us over how we view and grade the White House for its response to the threat so far. And one of the questions that has caused a division of opinion concerns a law that most of us probably never heard before this, the Defense Production Act. And that's a law that's been around since Harry Truman was in the White House.

00:01:00

And it gives the president extraordinary powers to force private companies to manufacture and sell to the government what the government says it needs in order to guarantee national security like the time during World War II under a predecessor law, when General Motors stopped making cars and began turning out Jeeps and tanks instead because the government told it that's what it was expected to do. Only now what's needed are ventilators and face masks, both in

short supply as I'm sure you've heard. So given that shortage and given the manufacturing potential of American firms to fill it, and given the power that he has to make that happen, has President Trump used the Defense Production Act well and wisely, or not? That question. We have two experts with clashing views, which gives us, we think, the makings of a debate. So let's have it. Yes or no to this statement, the Defense Production Act is being underutilized.

00:02:00

As always, our debate will go in three rounds, and then you, our at-home audience, will decide who wins. We're going to have you cast two votes, one before you hear the arguments, which will happen in just a second from now, and the other one after the debaters have made their cases. The side that sways the most minds is the side that wins. So to you -- so to those of you listening by podcast, let's get to your first vote. We'd like you to stop listening for just a moment. Let me explain. We'd like you to stop listening, and then wherever you are and whenever you're listening to this, we want you to go to our website, iq2us.org. That's IQ, number 2, US.org, and click on the debate that says, "The Defense Production Act is Being Underutilized," and cast your vote for that -- and cast your first vote for that debate. Again, if you're listening to us on podcast, you can find the link to vote right there in your show notes. So go ahead and vote.

00:03:01

We'll wait for you, and then come back. So let's meet -- so let's meet our debaters. Arguing for the resolution, "The Defense Production Act is being underutilized," I want to welcome to "The Defense Production Act is being underutilized," I want to welcome to Intelligence Squared Margaret O'Mara. Margaret, thanks for joining us.

Margaret O'Mara:
Thanks for having me, John.

John Donovan:
And, Margaret, you are a professor and scholar of history. You have a focus on the history of the American tech industry. You are also an opinion writer for the New York Times, and your new book is called, "The Code: Silicon Valley and the Remaking of America." Welcome to Intelligence Squared. It's great to have you here.

Margaret O'Mara:
Thanks so much.

John Donovan:
And now arguing against the resolution, which is, again, is the "The Defense Production Act is being underutilized," I want to welcome Thomas Spoehr. Thomas, welcome to Intelligence Squared.

Thomas Spoehr:
Thanks very much, John.

John Donovan:

So Thomas, you are director of the Heritage Foundation Center for National Defense. Before that, you served 36 years in the U.S. Army. You are a lieutenant general. You are also one of the foremost uniformed experts in weapons of mass destruction.

00:04:03

That included chemical and biological and radiological and nuclear weapons. A lot of expertise there. Thanks so much for joining us, Thomas.

Thomas Spoehr:
Happy to be here.

John Donovan:

So a reminder, if you are listening to this by podcast and you haven't yet cast your pre-debate vote, it's time to do so by going online to IQ2US.org or if you check the show notes, if you're listening on podcast, you'll find a link to do that there. So let's move on to our debate. Our debate goes in three rounds. Round one will be opening statements by each debater in turn. They will be four minutes each. And here to make her opening statement in support of the resolution, "The Defense Production Act is being underutilized," is historian Margaret O'Mara. Margaret, the floor is yours.

Margaret O'Mara:

Thank you, John. Yes, I'd like to make the argument for why I believe the DPA is being underutilized at this moment of national and global emergency.

00:05:01

The DPA itself was conceived in an emergency. It has been used since to address both national emergencies large, and also, it has been used routinely, if not -- not just hundreds, but thousands and hundreds of thousands of times. It has been an integral way for -- for the way presidents, presidential administrations of both parties since 1950 have done business and ensured the nation's security. It -- the DPA came out of the Korean War. The moment that this -- moment of high tension, global tension. In 19 -- summer of 1950, tanks rolled across the 38th parallel, and two months later, Harry Truman announces that -- gives a rationale for a Defense Production Act that essentially puts the U.S. on wartime footing. And let me just quote Harry Truman to kind of show what the stakes were that was -- conceived this act.

00:06:04

He says, as he announced that "The endangerment of free world bases is so great --" this is in September 1950 "-- is so great that we cannot be satisfied with less than an all-out effort by everyone. We have not given up our goal of a better life for every citizen in this -- [audio break 1:18-1:27] -- protect the world from the threat of communist domination." Now, the threat right now is quite different. But the stakes are also high in terms of American health, American

economic security, and -- and world security. This is not just an American crisis; it is a global one. And so the DPA is this very powerful tool that presidents have used ever since. And what it does is it is something that is -- it's a prime example of how the U.S. government has done business, really since 1789, which has been working with the private sector, encouraging, subsidized, regulating, but also providing incentives for this public sector to work with the government on issues of national importance.

00:07:13

The DPA is not a nationalization of industry. Instead, it is -- it creates -- it gives the president and his administrations power to tell suppliers that they must -- if they're -- if they're manufacturing something of concern to national security, they must put some aside for national security, for the -- for national use and national purposes. For example, not sell all of their supplies of masks overseas. And also, it creates very robust incentives for businesses to get in the business of supplying emergency supplies for the U.S. government. It is very much in keeping with the way that the U.S. government has done defense production and other types of public-private cooperation since the 1940s.

00:08:01

And I want to give, as an example, another quote from Roosevelt aide Henry Stimson, cabinet member, a voice from World War II, who, in talking about the World War II mobilization, which was the model for the DPA, notes, "If you're going to try to go to war or prepare for war in a capitalist country, you have to got to let business make money out of the process or business won't work." And so this is another very important piece of the DPA. The DPA is not telling businesses they can't make money and they can't do business. It is creating incentives and creating opportunities for businesses to continue to do what they should do, but also to direct their -- to give them incentives to contribute to national security and to work to address a national emergency. I think that this moment is unlike 1950, but it is very similar in the stakes. This is not a time that we need to build armaments, but it is a time when it's a different sort of supply chain that needs to be mobilized.

00:09:03

And the president has the power. This is a tool in his arsenal. It is also one that is often used. This is not a departure from form. And I'll leave it there. Thank you.

John Donovan:

Thank you very much, Margaret. And I will now turn the floor over to your opponent in this debate. And again, to remind members of the audience that both of these debaters are trying to persuade you to vote for their side of the arguments. And you can do that by going to IQ2US.org. Margaret's opponent is Thomas Spoehr, a retired lieutenant general with 36 years' experience in the military. He will be arguing against the resolution, "The Defense Production Act is being underutilized." Thomas, the floor is yours.

Thomas Spoehr:

Thank you very much, John. And I appreciate the opportunity. Well, ladies and gentlemen, I argue the Defense Production Act is being appropriately and effectively used, and therefore I ask you to vote against the resolution that the DPA, or the Defense Production Act is being underutilized.

00:09:59

Thomas Spoehr:

The facts show that a broader and more vigorous use of the DPA would actually detract from the overall effort to respond to the COVID crisis by interfering in a complex system of free market enterprise, which is already mobilizing, has largely operated well needing just an occasional course correction.

00:10:17

My argument rests on three points. First, the federal government was not and still is not prepared to knowledgeably direct the breadth of American industry using the Defense Production Act. Indeed an immediate effort to jump in and use the DPA to direct American industrial efforts would actually hamper the ongoing effort. It took 18 months for this country to mobilize during World War II. We only have weeks for this crisis. Further, in a crisis it's best to capitalize on your strengths and while Washington, D.C. excels in arguments and policy and regulations, it's miserable at actually directing individual actions. For example, the federal government gives block grants to states because they don't feel qualified or able to actually individually award grants.

00:11:05

Even in World War II as Professor O'Mara mentioned, the United States relied on voluntary free markets to get the goods and the materials it needed. It did not compel. It did not direct. Rather, it encouraged and incentivized. Well, this doesn't mean that the federal government should sit on the sidelines in this crisis. It has a critical role to play in information sharing and adjudication and when they see a situation where maybe a state is bidding against another or somebody's hoarding something, they absolutely should step in, but it doesn't require the DPA to adjudicate those types of problems.

Second, I would argue American [unintelligible] industry is already mobilizing. They continue to respond to meet this challenge without being directed by the federal government using the DPA as a hammer. Nobody wants this crisis to end more than the American industry. They're losing billions. But rather than waiting, the American industry is conducting one of the largest voluntary mobilization efforts in our nation's history.

00:12:07

America is going big, only it's being driven by market need, innovation, and patriotism versus government order and edict. In the last month alone hundreds of companies, without being told, have looked inward and asked themselves how can they contribute. We see in the news every

day companies making face masks, hand sanitizer, ventilators, and other items that they weren't making even days ago. Hanes Underwear making face masks. [unintelligible] making hand sanitizer. There are over 8,000 companies in the United States who have shifted their production lines voluntarily to [unintelligible] COVID response. Why? Maybe they saw a profit. Maybe they saw a way to contribute. Or both. Either way, it's best for America.

Third and finally, the federal government has indeed used the DPA but sparingly and has leveraged to persuade and encourage American business and that's the right level.

00:13:01

Within a few days of invoking the DPA, they used it to direct 3M to make masks. They used to direct General Motors to start ventilators. It's clear they start -- they intend to use the Act by exception, but that's appropriate. There are 6,000 hospitals in this country, thousands of businesses. Free markets connect those customers and clients best. That's what I've seen today and that's what happened in World War II. To summarize, the DPA is an important tool and the administration is using it wisely but sparingly. And a broader use would in fact detract from the current efforts. Thank you very much.

John Donovan:

Thank you, Thomas Spoehr. And that concludes round one of this Intelligence Squared U.S. debate where our resolution is The Defense Production Act is being utilized.

Now we move on to round two and round two is where the debaters address one another directly and they also take questions from me and from you in our audience. Some of you have already submitted questions and we will be coming to those.

00:14:02

But just to summarize some of the points that have been brought out in the opening statements on the resolution. We heard Margaret O'Mara who is arguing that the production act -- the Defense Production Act is being underutilized, that we are in a situation of extreme emergency comparable to the time period in the 1950s in the fight against communism, particularly with the looming Korean War when the Act first came into existence, that this is a national emergency, that big steps are needed. But she also points out that invocation of the Act is actually not that big a deal. It's being used constantly over the last 50 years hundreds of thousands of times to bring about a supply chain that the -- essentially the U.S. military has needed and that it's just -- it has not threatened the economy, it has not demonstrated an inefficiency on the part of the government, but this time the stakes are so high that in all ways, calls for invocation of the Act on a very big way -- on a very big scale, bigger than she feels than the Trump administration has been willing to go thus far.

00:15:10

Arguing against the resolution, Thomas Spoehr. His point of view is that the Act, having been invoked, is being used sparingly, and that that is about the right amount -- it is being used

appropriately. He has a concern that the government getting involved in more significant ways would lead to a situation where the government would introduce inefficiencies that I think he's saying the government is very good at -- or maybe it should be bad at -- that a government cannot direct industry successfully; that it's miserable at local decision-making; and that the situation should be voluntary. And in fact, on a voluntary basis, we are seeing firms stepping up and trying to find ways to contribute to filling the gaps that are in front of us in this emergency health situation.

00:15:58

So, I want to dig into some of what the two of you are saying. In a lot of ways, I think I see a lot of overlap and shared opinion between the two of you, but there are some differences. And I want to start by going back to you, Margaret, and taking to you, essentially, Thomas's point that the quite moderated use of the Defense Production Act so far is about right. And your argument, since it's being under-utilized, means there needs to be more use of it. So, more where? More how? What would you want to see happening?

Margaret O'Mara:

[affirmative] Yeah. Well, I would take, you know, this -- I think, in this case, the sparing use -- this is not the time for the sparing use of the DPA, and here's why. Look, there has been -- it has been extraordinary, what American citizens and businesses have done. It is -- it just gives you -- it's inspiring, what people have done, what -- the sacrifices that have been made thus far for the collective good of the country.

00:16:58

And that includes businesses that have been mobilizing voluntarily to switch their production chains -- and similarly to what happened during World War II. But during World War II and after, there had to be -- it couldn't just be voluntary. I think that when you have a sparing application of the DPA, and relying on the good will and the volunteerism, you don't get the level of coordination that you need. And this is clearly what has been missing in the response to this crisis. We need national level coordination, so you don't get instances where different states and localities are out -- trying to outbid each other for essential supplies, where you don't -- where you have coordinated systems. And I -- and the thing is is that the U.S. government -- and particularly the U.S. military -- is darn good at coordination and mobilization.

John Donovan:

Well --

Margaret O'Mara:

We have that capacity.

John Donovan:

Let me jump -- bring Tom into the conversation at that point, because Tom, in your opening statement, you said the U.S. government is not so good at it.

00:18:03

But Margaret is saying the part of the U.S. government that is the military -- which you came from -- is actually very good at it. What about it?

Thomas Spoehr:

So, the United States military has a lot of discipline, a lot of organization. And that's useful in a crisis. You know, and so, I guess what I would say is you've talked about the need for coordination, and I agree. There needs to be a coordinated effort. There doesn't need to be compellance [spelled phonetically], though, and there's a difference between compelling something to do -- to do something and coordinating. And I think there's a clear role for the federal government to coordinate efforts among businesses and clients, like states and hospitals. That does not mean that they have to be compelled. And that's what the Defense Production Act is. It's compellance and direction versus informal coordination and talking about where is the need greatest. And I think this country was set up and has run well using voluntary methods, connecting free market customers and producers. And I don't think, in this time of crisis, that we ought to depart from that tradition.

00:19:03

John Donovan:

So, Margaret, what I hear there from Thomas is some faith in private industry to figure this out, and also to do the right thing. Part one, figuring it out. Do you have confidence in that? I mean, I would assume not, because you're suggesting there's a need for external direction.

Margaret O'Mara:

Yeah. I think it's really difficult for private industry to figure it out. Look, I studied the tech industry, whose largest companies are very good at operating at scale. But we're even seeing, you know, a company like Amazon, for example, that has been, you know, legendary for its ability to deliver products quickly and have everything in their store at all times -- is now overwhelmed by the scale of this crisis. And I think there's a bit of the -- sort of the story of the blind man and the elephant, right? You -- the advantage that the federal government has, and -- is this ability to see all that -- you know, a capacity to see all the different moving parts and direct accordingly.

00:20:03

If you have -- for all of the, you know, efforts of -- and you have companies, you know, and just, again, singling out this -- the tech industry alone you have, you know, Microsoft doing massive efforts to source masks and other supplies and ventilators. You have Apple, you have Salesforce. They're, you know -- Marc Benioff, the CEO of Salesforce, is posting pictures on Twitter of these deliveries of these just, you know, big truckloads of things to hospitals. But it's happening at a -- it's still at a micro level, that as big as our tech giants are or our biggest companies are, GM, they are not at the -- you know, they're not at the scale of the federal government. And there's -- you know, we have volunteerism -- you know, one of the ways the federal government works -- and I think this is part of American -- this is part of the secret to the

American entrepreneurial magic -- is that it often operates as a government out of sight. It is doing work, it is incentivizing, working with the private sectors in ways that we don't really see, in ways that may -- might seem voluntary.

00:21:05

They kind of operate the place between voluntary and coercive. But I wouldn't say that it's been this light hand. I mean -- and this extends beyond -- you know, further back in time, going back to the construction of the Erie Canal and the construction of the transcontinental railroad and all sorts of other things from the nation's founding, forward, that really built this nation and created capacity, have been these public-private partnerships that have been more than just, "Hey, private industry, this would be a nice thing for you to do. Why don't you do it?"

John Donovan:

Okay. Okay. I'm just taking a break. I received a note asking each of you to make sure that your phones are within a foot or so of your face, which would mean on the desk just in front of you. You don't need to hold it up, but just -- oh, you're good. Okay. Tom, we had the -- we had the episode where already the White House objected when 3M was going to ship some of its face masks -- manufactured face masks to a foreign customer, Canada, and they were told not to.

00:22:07

Does that seem to you, in terms of sparing use, does that seem to you an appropriate or inappropriate intervention by the government in the way 3M does business in this situation?

Thomas Spoehr:

Yeah, and so, you know, I don't want to get into whether that was the right call because this is a big issue. But I think, you know, so in that case, they used the Defense Production Act. They said, "Don't do that." And they're telling companies that are overseas, ship your products to the United States. And so it's a "America first" kind of idea. It -- that at least is a sparing use of the Defense Production Act. And it serves as an example. And that's the part I liked about it the most. The administration also singled out General Motors very early on and told them, "Hey, start making ventilators as fast as you can." And they, in fact, did ramp up their production. They didn't need to tell the entire industry to ramp up. Once every in the industry saw what was happening to General Motors, they all got onboard quickly. And that's what I -- that's what I liked about it. I call it the Ned Stark effect.

00:23:07

When you cut off somebody's head and put it on a pike, people get that message. And that's kind of what happened here. People weren't sure which way to go. Then they figured out the administration was serious. And from that point on, I think everybody has been much more responsive.

John Donovan:

That's --

Thomas Spoehr:

So they haven't had to call --

John Donovan:

Yeah, I mean --

Thomas Spoehr:

They haven't had to use the DPA because people know what can happen if they -- if they don't play ball.

John Donovan:

So, that's very interesting. And to those who are not Game of Throne fans, Ned Stark was a much beloved character whose head -- who was beheaded and, as pointed out, his head was put on a pike to -- as a warning to all. But I want to take that back to Margaret. So, Margaret, this goes to Thomas' opening that a sparing and incisive use of the DPA is the best way because you can send messages to sort of encourage voluntary efforts instead, rather than having to go company by company and telling them what to do. It supports his argument that just a little bit is okay. What about that?

00:24:05

Margaret O'Mara:

Well, I think this goes to, you know, the substance of the DPA itself and what it does and doesn't do. And like many other laws in -- programs like it in American history, it's kind of this combination of carrot and stick. Again, it was modeled on the War Powers Act of the -- that the Roosevelt -- Roosevelt and Truman used during World War II, which were a combination of, "You got to do this. Okay, Henry Ford, stop making passenger cars. You're making Jeeps now, or you're making airplanes." But also, it also -- also a lot of incentives, you know, "We're going to build the factory for you, and we're going to be your customer, and we're going to guarantee we're going to buy these from you." And so I think that's -- you know, the concerns about overuse of the DPA are kind of drawn from a -- not quite realizing that it's -- it's a very powerful tool, but it also is one that isn't about nationalization of industry.

00:25:05

It's about the -- and again, I think scale has been part of our problem here and coordination at a national level for a national problem. And this is -- you know, look, COVID-19 is touching every state and region. It's not something where you have a -- you know, a terrorist attack that just affects two or three cities, for example, as was experienced in 2001. We have something where the pain -- the danger is everywhere that's -- and it's comparable to, you know, where we do need to have a national level approach that is, you know, yes -- and I like -- I am a Game of Thrones fan, too. And I think the Ned Stark example was a good one. And that is one of the things the president and his administration can do. But it is part of a larger array of powers and ways in which the president and his administration can work with industry to address this crisis.

John Donovan:

Tom, do you have a response to that, or do you --

Thomas Spoehr:

Yeah.

John Donovan:

Yeah, go ahead.

00:26:06

Thomas Spoehr:

Yeah. Well, I just -- you know, the scale and scope of this issue is so big that -- unfortunately, you know, I worked in the federal government, the Army, for 36 years. And the federal government has got great civil servants in it. At the start of this crisis, they had no idea who makes ventilators, who makes masks, who makes hand sanitizer. And so these are people that on their normal daily lives make laws and regulations and advise Congress and the president. They don't have a handle on American industry. And so for them to go from a standing stop, essentially, to -- you know, the cause for the president to start using the DPA started almost the day he announced he was invoking it. And I just think it's extraordinarily unrealistic to think that people whose day jobs are -- have nothing to do with masks and ventilators, the next day will start picking up the phone and barking out orders to American industry.

00:27:00

And when they find a problem, like General Motors, who they did not think was responding, you know, they shot them in the head. But I just don't think a wider and broader use for these supply chains, these hospitals, they never really had well-developed ways of getting their masks and their gowns and their face masks. To interfere with that before you fully understand the ecosystem, I just think would have been the wrong course of action.

John Donovan:

Margaret, could you give an example of a potential use that you think should have been made by this point, maybe target it to a specific sector, a specific company for a specific need that -- where you think that the Act should have been, you know, used fully but hasn't yet.

Margaret O'Mara:

I think one place where it would really be useful and it, you know, would have been useful before now, but particular useful now, is in the components of what makes a COVID-19 test. What the U.S. really needs is we need universal testing.

00:28:07

We need much more testing than we have. And that the DPA could be invoked not just for -- to get the nasal swabs and the reagents, which, again -- and I should point out one of the challenges -- and this is something that the defense department and FEMA and other agencies that use the

DPA routinely already encounter. But one of the challenges that, say, Harry Truman and Dwight Eisenhower didn't have to a degree is that the supply chains were globalized. So we do -- you know, part of the problem here is we have essential material that is, you know, coming from northern Italy or China. But --

John Donovan:

Where the DPA does not reach, yeah.

Margaret O'Mara:

Well, the DPAs don't. But nonetheless, there still are plenty of manufacturers here who, yes, would have to switch gears in some cases or have aligned products. You know, the DPA does a couple of things. One, it tells people who are already making something, say, N95 masks, to make them for a national purpose or to sell them within the U.S. and not to Canada, or et cetera, et cetera.

00:29:05

It also is part of -- you know, this is -- the DPA really kind of created the military industrial complex of the 1950s and beyond. It is the sort of -- it becomes this vehicle for new lines of procurement to contract with industry to build things that they aren't already building, but again, not telling them, "Stop doing what you're doing." It's creating an opportunity to say, "Hey, we need all these things, are you -- are you willing and able to do it?" And we are seeing industries do that. But I think testing would be a great example where you not would have the -- not only the components of a test itself, but also could you -- could the DPA be used to work with a company that is very good at logistics and, you know, say Amazon, for example, to have testing centers everywhere or -- you know, I'm just -- I'm just pulling this out of the hat. But I think there's a lot of -- there are a lot of creative ways it can be used.

00:30:02

John Donovan:

I want to go to a question from our audience [unintelligible], but before we do we were having a conversation inside Intelligence Squared about this war and it was founded with war in mind and now it's being applied to a non-war emergency situation. And Tom, what I want to ask you about that is do you consider this an emergency situation equivalent to war in terms of its severity and its urgency? And if you would -- do you support the use of the DPA in times of actual war or not? Do you have the same concerns that you have in this situation? And if you would apply it to war, if the answer to that is yes, I'd be curious to know why it's different in this situation.

Thomas Spoehr:

Yeah. So, I want to be clear. I support the use of the DPA. I think it's appropriate the president invoked it for this emergency, and they are using it.

00:31:03

I just argue against a broader use. But I think it's a wonderful tool. It has been used fairly recently in a war. They used the Defense Production Act around 2003 or '04 when they figured out they needed some of these mine-protected ambush vehicles in Iraq. And so the soldiers were being killed. This required a major re-tool of U.S. industry. They [unintelligible] seven essentially truck manufacturers and said start making M-wraps [spelled phonetically] today.

John Donovan:

Can I jump in? Because I may have --

Thomas Spoehr:

Yeah, please.

John Donovan:

--- confused with the question and what I'm really asking is given the example that you just used, a situation of armed conflict, are you comfortable with more leeway in the use of the DPA in a time of armed conflict as opposed to its use now? But, you know, protective gowns and face masks.

Thomas Spoehr:

Yeah. I really don't make a -- I don't really distinguish between a national emergency and war.

00:32:04

I think the Act is for utility in both. There have been some broadening of the Defense Production Act in the energy security, some other areas that I don't think is useful, but we're not in that situation today. And so they have used -- the federal government has used [unintelligible] Defense Production Act for hurricanes. For Hurricane Katrina they got mobile homes to be built like crazy and other items of supplies. So, I think it's perfectly useful and acceptable and I don't make any distinguish between war and --

John Donovan:

Okay. Back to [unintelligible] questions now and there's one that came in from Daniel who is in Tallahassee, Florida, and by the way, again, [unintelligible] we're going to play [unintelligible] actual [unintelligible] and I'm going to read what they said and the language is on the screen so you can see it. Question. Our first question comes from Daniel from Tallahassee, Florida.

00:33:03

Daniel asks, "If Trump does fully utilize the Defense Production Act, is he strengthening the case for socialism and is that a bad thing for the U.S. health care system's failures?" Margaret, you already said the DPA is not nationalization, but I think Daniel's asking a question that's on a lot of people's minds. Is it a step towards nationalization? Does it so violate the [unintelligible] of free enterprise that it's a step towards socialism?

Margaret O'Mara:

Yeah. Well, I guess I would turn back to Dwight Eisenhower who was a devout capitalist and deathly not a socialist, conservative Republican who was -- really saw the -- had a very pragmatic sense of, you know, this is a tool -- the DPA and the use -- the U.S. government's working with industry for defense purposes and at the time of Eisenhower's era it was for, you know, strictly for national security purposes that -- military purposes, was something that was necessary, that was -- needed to be structured in a way that did not interfere so much in the workings of the private market and private industry so that it squashed that and effectively nationalized or socialized industry.

00:34:27

And so the DPA actually started off with some pretty bold -- some pretty expansive provisions in it that had to do with wage and price controls and -- which were instilled in 1950 in the Truman area in part because of anxiety about the return of the Great Depression after the end of World War II that there were -- you know, they wanted to make sure that the U.S. economy was being well-served and that wages were not going to be depressed and inflation would not run rampant. And Eisenhower rolled those back. He saw that was -- and so the DPA as it stands, has kind of had this -- again, it's expansive, but it also has guard-rails.

00:35:05

John Donovan:

It's a lot less socialist-sounding than it used to be, I think you're saying --

Margaret O'Mara:

It's a lot, and it -- yeah -- and it's -- yeah. It's --

John Donovan:

Yeah. It's --

Margaret O'Mara:

-- I think, to call it a step towards socialism --

John Donovan:

Well, Tom, what do you think on that question?

Margaret O'Mara:

-- is a mis-read of it.

Thomas Spoehr:

I don't know about socialism, but I would say that wider and broader use of the Defense Production Act kind of goes against the tradition, what has made our country so successful. And so, our country has really been founded on entrepreneurship and innovation, and people figuring out how they can make a better mousetrap, and that type of thing. And so, I think we are seeing that happen across the country. So, I would say -- not socialism, but a wider -- broader use of the DPA is not really our -- you know -- our hallmark of this country, where we -- where customers

and producers self-connect themselves in our system of free enterprise. And that's what's -- that's what helped us win World War II, and that's what made this country great.

John Donovan:

Let's bring another questioner in: Tina from New Jersey.

00:36:03

Tina addresses her question to you, Thomas, but I want to ask Margaret to answer it as well. The question, "If Mr. Spoehr" -- General Spoehr -- "does not want the president to fully implement the powers of the Defense Production Act [unintelligible], would he be okay with each state doing so on their own, through their police powers or eminent domain?"

Thomas Spoehr:

That's an interesting question.

John Donovan:

Sort of, philosophically, the same thing. Yeah.

Thomas Spoehr:

Yeah, really. Well, I'm not saying I don't want the president to implement the Defense Production Act, just not more broadly than is required --

John Donovan:

Yeah, and can I --

Thomas Spoehr:

-- in the situation.

John Donovan:

-- can I jump in to --

Thomas Spoehr:

Yeah, please.

John Donovan:

I want to be clear that you are not -- to all of our listeners -- you have, at no point, said, "Don't use the DPA." You are clearly not saying that, and sometimes the language and some shortcuts may suggest you are. So, I want to -- I want to emphasize that you are not saying, "Don't use the DPA." But the question still has relevance if I can rephrase it. If you do not want the president to over-utilize the DPA, would you be okay with each state doing its own version of it through police powers or eminent domain?

00:37:06

Thomas Spoehr:

Yeah. I'm not a lawyer, so I don't know whether even a government would have the ability to commandeer an element of their industries. It's a specific power of the president. Maybe that would be found in some state law, but I think that'd be very counter-productive, if -- for example, I know that 3M is headquartered in Minnesota. If, all of a sudden, the governor of Minnesota said, "No, we're keeping all of our masks in Minnesota," I think that would be an extraordinary bad call for his state and for the country.

John Donovan:

I'm guessing, Margaret, you agree with that, since you're arguing for a national solution here.

Margaret O'Mara:

Yeah. And I think that raises, you know, really important constitutional -- this -- constitutional questions. And this goes to the heart of federalism. I think we're really seeing, you know, one of the consequences of the current situation, where we don't have strong national coordination of the supply chain -- is this test of federalism, and -- where governors are exercising powers that -- you know, they're sort of pushing the limits of -- they're trying to step up, and align with one another: you know, the West Coast governors, who have formed a coalition to kind of collectively reopen the West Coast at the same time.

00:38:17

Same on the East Coast. And I think this is a real challenge. You know, the presidential -- the power of the presidency has enlarged over time. But if we go back to 1789 and George Washington, you know, the DPA is -- although it's a lot more than George Washington had in his arsenal -- is very in line with the, you know, the core -- you know, why the presidency exists and why we have an American presidency: for things that states cannot do; that if the states did it alone, it would be counter-productive.

John Donovan:

All right. Thanks, Tina, for your question. Our next question comes from Washington State. "Hello, my name is Matthew. I am from Washington State. I read in a New York Times article that the Defense Production Act has already been used for -- to place hundreds of thousands of orders for military equipment during the Trump administration.

00:39:05

If it is already being used so liberally, why, then, was there a need for special consideration to be used to help the virus?" You know, I'm going to actually skip that question, because I think we're -- I don't think it's going to take us to an interesting place. So, I'm going to switch to another one from Ali in Portland, Oregon. Our next question comes from Portland, Oregon, from Ali. She asks, "Given that states have been left to bid against each other for medical supplies, are there any statutory guarantees regarding equitable or fair distribution of supplies produced under the Act?" Margaret, do you have any knowledge on that one?

Margaret O'Mara:

Oh, that is a great question. I don't know. Tom, do you know? [laughs] I --

Thomas Spoehr:
Well, no.

Margaret O'Mara:
I don't know.

Thomas Spoehr:
It really defers to the executive, the president --

Margaret O'Mara:
Yeah.

Thomas Spoehr:
-- to kind of decide to do what he does best. And I would just add that I don't think the distribution of supplies should be fair or equitable.

00:40:01

They should be -- you know, so right now we should be sending an extraordinary amount of supplies to New York City and the other hotspots and other places like Montana where there's just a few -- they should be just getting by. And so I think we're not -- we're not seeking a fair and equitable distribution of supplies.

John Donovan:
We have a question --

Margaret O'Mara:
I would agree on that.

John Donovan:
I'm sorry. I interrupted you. Can you say that again?

Margaret O'Mara:
I would agree on that.

John Donovan:
Harrisburg -- I'm sorry. Our next question comes from Harrisonburg, Virginia. And the questioner is named Joe. Joe asks, "How do shortages caused by government-enforced restrictions on production justify more government-enforced restrictions on production to relieve the shortages? Among other restrictions, I am referring to restrictions on who can produce medical equipment. Feedback realities ensure that such restrictions ensure monopoly, not quality. Only caveat emptor and freedom of speech ensure quality."

00:41:00

So, Tom, you want to take that one from -- I'm -- it's one of our libertarian listeners?

Thomas Spoehr:

I mean, I do agree that sometimes government can be the problem. So, you know, my argument is the government jumping in and trying to solve a problem for which they are not well-suited, trained, or prepared, you know, would have led to earlier and bigger problems than we have today. I think by and large you can look across the country, and our existing supply systems are largely working well. There have been some moments where I think New York City and that area was pushed to the limits. We got close, but I think the system in the end responded well and kind of brought it back in a self-corrected kind of manner.

John Donovan:

Margaret, your take on that?

Margaret O'Mara:

Well, I think the questioner -- yes, one thing raised by the question and by Tom's answer is the question of what the -- the before, before the crisis. And I think this is where -- where the government didn't work well, that part of the problem has been created by a lack of strong federal coordination and stockpiling and preparation for an emergency.

00:42:06

Look, the -- you know, we talked a lot about governments -- you know, government running like a business. And preparing for pandemics and other emergencies is a great example of why the government actually shouldn't run like a business in terms of, there should be redundancy, like massive stockpiling of ventilators that, when they expire, they get replaced. And yes, it's -- costs money. And it's something that, to the -- you know, from a bottom-line perspective doesn't seem to make much sense. But that's exactly why it's -- the public sector needs to do it. We shouldn't expect the private sector to do it. So, you know, part of what we're grappling with here is a kind of sparing use of the DPA that comes after a sparing approach to pandemic preparation that is -- that, you know -- that the two together have created a larger problem than we otherwise would have had.

00:43:01

John Donovan:

We had a question that came in not verbally, but -- sorry, it's going to take me a minute to find it. I've gotten my pages mixed up. Oh, thank you. This one was sent in to us by -- this one was sent in to us through the internet, not verbally. But it comes from Savannah in Seattle, Washington. And Savannah asks, "What are other countries doing to ensure that medical supplies are available? And is there a model that we should be looking at?" So again, I'm not sure if this is the area of expertise for either of you, about if you -- have either of you looked at how this particular problem, the fact that private industry -- let me rephrase that has -- because I want to bring China into it. Has either of you looked at what's happened in other countries where industries had the capability to produce these things and the government does or does not have the ability to command those firms to produce what's needed?

00:44:00

You know, if we look at China, for example, the Chinese government owns most of the actual manufacturing so they can give orders right away. I'm guessing that that situation is not going to be re-produced in a lot of other places. But looking overseas, are we seeing something that works better than what we're doing right now with the DPA invoked and used to the degree that it is or is not? Margaret, you want to go first on that?

Margaret O'Mara:

Yeah. Well, with the caveat that I am a specialist in American history and American politics. But, you know, I think, you know, the great irony is that the U.S. used to be the best in the world at this sort of thing. And still, I think, has the capacity to do that, and for so long was the world leader and kind of leading the rest of the world and responding to emergencies overseas very effectively. One -- I think one place to look at it is not China, as you observed, but Taiwan. Taiwan has done a remarkable job and really a very preemptive job. I have friends who've been living in Taiwan during this pandemic and they describe what the testing regime and the taking your temperature every time you pass a doorway of anything, how that's been in place for so long and a real -- a system set up in a, again, an economy that is different than ours, but also not China.

00:45:18

You know, that-- I don't know if we have a perfect comp elsewhere in the world. I think countries everywhere are struggling. And part of the challenge, too, is the globalization of supply chain. And I think the -- but I think the question also points to a bigger -- this bigger question that all of us must grapple with whenever we stand on the DPA, which is -- or the use of the DPA, is that this is a global pandemic with a global supply chain, with global impacts. The U.S. is suffering, you know -- has experienced what it is because it's a globally connected society. You know, I hear -- I'm here in Seattle, which was an original hot spot in part because we have SeaTac airport, with all of these long-haul --

John Donvan:

Yeah.

Margaret O'Mara:

-- flights coming in from all over the world.

00:46:00

So we need to recognize that that is -- and, you know, and internationalism is something that came out of the crisis of World War II and the Cold War. And I think we need to recognize that there is -- there are these interconnections and that we are operating at a global scale, not just a national one.

John Donvan:

Well, it certainly complicates it. And I want to bring the question back to Tom, where Margaret said she doesn't think there's a perfect comp for -- or a perfect example of some -- how we could be doing it differently. But do you agree? Do you see anything out there that serves as a model or a place where we can take lessons from?

Thomas Spoehr:

The model on how this should be done can be found in the United States. I mean, when you saw the reports of the crisis of Bergamo in Italy, you didn't see anything about a national Italian stockpile being sent to Bergamo or Lombardy to help with it. And that's because Italy doesn't have a national stockpile of ventilators. We, in fact, when this crisis kicked off, had at least 18,000 ventilators sitting in our national stockpile, and tens of millions of masks. Now, we're going to look back, and we're probably going to say that wasn't enough.

00:47:04

And that's probably correct. I wasn't really sure how medical equipment worked, so I looked it up. And the requirement is that employers are supposed to provide their employees the necessary protective equipment for whatever the job is, which means that United States hospitals are supposed to have a sufficient stock of protective equipment to provide their employees. And so is it easy to keep that number of supplies on hand in an average U.S. hospital? I'm sure not -- I think most U.S. hospitals are operating right on the cusp of insolvency or profitability. But nevertheless, I think if you're looking for an example, I think the United States is about the best you can find in terms of a country that responded well to this crisis.

John Donovan:

All right. I want to thank our audience members for their questions. And that concludes round two of this Intelligence Squared U.S. debate where our resolution is "The Defense Production Act is being underutilized." Now we move on to round three.

00:48:02

And round three is where each debater briefly makes a closing statement once again to persuade you to vote for their position on this resolution. Margaret O'Mara will go first, arguing for the resolution. Margaret, the floor is yours. Oh, I'll let that noise go by.

Margaret O'Mara:

Let that -- sorry. That's our --

John Donovan:

That's okay.

Margaret O'Mara:

-- dog.

John Donovan:

I'll do that --

Margaret O'Mara:
Clearly --

John Donovan:
I'll do that introduction again.

Margaret O'Mara:
Sorry.

John Donovan:
Here to make her closing statement in support of the resolution, once again, Margaret O'Mara.

Margaret O'Mara:
Thank you, John. So I'd like to close by again asking you to vote in support of the resolution that the president is underutilizing the Defense Production Act. And here is why: Over the course of the last hour, we have talked about how it has been used in the past, not just in times of dire national emergency, but as an almost routine process of government that the defense department chiefly, but other agencies too, have statutory authority to work with industry to address supply shortages and demands at times of -- for national security needs.

00:49:15

Those national security needs originally were just for military purposes. They have been expanded to include natural disasters and public health crises just like this one. This is the -- this is a crisis that the DPA was designed for. And, yes, the president has invoked it. Yes, he is using it. But as my opponent observed, he is using it sparingly. I would argue that this is not the time for sparing use of the DPA. The DPA is something that does not present a danger of nationalization of industry. It is not a step towards socialism. It is a tool in keeping with the way that the -- this country has been made great. The entrepreneurial spirit of this country has been the product of not just the workings of the free market, that also the workings of government, the federal government, national, local working with industry to encourage, to incent, to subsidize, to encourage the private sector to work with the public for the common good.

00:50:17

I hope that you will agree that it is very important. This is a moment when the DPA must be used to its fullest extent. This is a time of crisis on par with other crises we have faced, and we will get through this by all working together. Thank you very much.

John Donovan:
Thank you, Margaret O'Mara. And our next and final speaker, Thomas Spoehr, will be arguing against the resolution, the Defense Production Act has been underutilized here. One more time, Thomas Spoehr, expert in national defense policy at the Heritage Foundation.

Thomas Spoehr:

Well, thank you very much for your consideration. This has been a great opportunity to hear both sides of this issue. I do think a clear-eyed assessment of the situation reveals that the administration's use of the DPA, which I think all of us agree, has been sparing, is indeed appropriate.

00:51:05

The federal government provides many roles in our system, some of them very well. One of them it does not do well is substituting edicts from markets. Had the government intervened with the DPA, especially before they understood the dynamics, it's likely the overall response would've been harmed. Second, American industry, to its credit, is responding in a way that no one could've imagined. It is doing so voluntarily. Over the course of the last month we've seen companies like Ford and Toyota volunteer to partner with medical companies to make ventilators, Honeywell, 3M, My Pillow, Hanes, and others making millions of masks. Anheuser-Busch and Bacardi have been making hand sanitizer. The list goes on and on. No central office dictating orders from Washington, D.C., could do a better job of mobilizing U.S. industry. As the book, "Freedom's Forge," the story of America's industrial mobilization in World War II points out, it was no coincidence that no other wartime economy depended more on free enterprise than America's and that none produced more of everything in quality and quantity.

00:52:15

So again, ladies and gentlemen, I suggest to you that the correct vote is to vote against the resolution that the Defense Production Act is being underutilized. Thank you very much.

John Donvan:

Thank you, Thomas Spoehr, and thank you, Margaret O'Mara. And I want to point out to both of you that in our normal typical debates when we're in front of a live audience this is the point where the audience votes a second time and we declare a winner. But given that we are living through an era of delayed gratification, the result will be a kind of rolling online result as people listen to this debate over the next days and weeks. I'll explain one more time how to do that. But first I want to release the two of you with our great gratitude from Intelligence Squared, both for your time -- finding the time and the fact that both of you lived up to the aspirations of Intelligence Squared, which is to present on some tough topics a civil, informative conversation.

00:53:11

You both came here in that spirit and you certainly delivered. So, Thomas and Margaret, one last time, thank you so much for joining us.

Thomas Spoehr:
Thank you, John.

Margaret O'Mara:
Thank you for having us.

John Donovan:

And we are now asking you, our listeners, one more time to tell us who best persuaded you to their point of view. Again, go to iq2us.org for your second post-debate vote. That's IQ, the number two, US dot org. Again, we're not going to be able to crown our victor as I speak here now, but check in to the website and you'll see how the public's opinion has been swayed one way or the other over time. Before you go, I want to give you a head's up of what to expect in the weeks and months ahead. Intelligence Squared is committed to bringing thoughtful debates to you all through everything we're going through right now and we're going to continue doing so. We do have some exciting programming coming your way, including virtual debates on globalization, voting in democracy, gene editing, and much more.

00:54:07

Also, we just launched a weekly newsletter that brings really interesting and insightful in-depth analysis of the debates that are shaping our world. This week we got an exclusive look at how match.com users are adapting to dating in the digital world and we did that by going back to an alumna of Intelligence Squared, Helen Fisher [spelled phonetically]. We debated the impact of online dating on romance a while back. Helen was one of our debaters, but we caught up with her and also her debate opponent Eric Kleinenberg [spelled phonetically] about that debate and they talked with us now about how love is changing in the time of social distancing. So, you can subscribe to that newsletter and check it out -- that article and that conversation by going again to iq2us.org. I want to thank you for joining us. I want to thank everybody who took part. I want to thank our staff for making this happen.

00:55:00

It's been complicated. And it sure sounded simple, and that's the way it should work. So, from me, John Donovan, goodbye. Stay safe -- from Intelligence Squared U.S. I'm just going to record a couple more things, and then we can chat. So, it'll take about two more minutes.

00:55:15

[end of transcript]

This is a rough transcript. Please excuse any errors.