

# Supply Chains: Our Parachute Moment

by **George Friedman** - October 19, 2021

At the risk of beating a dead horse, I'm writing about supply chains again. **Ekaterina Zolotova** and **Phillip Orchard** can explain why Russian-Chinese maneuvers are insignificant. **Antonia Colibasanu** and **Francesco Casarotto** can try to explain Europe. **Hilal Khashan** can talk about why Lebanon will totally collapse for real this time. And **Allison Fedirka** can explain the latest weirdness in Venezuela. But I'm not ready to leave the global crisis just yet.

First, I'd like to respond to many of the letters I received on **my article published last Friday**. I do believe intellectually that we will survive the current situation. Think of parachuting out of an aircraft. Before you jump, you are certain that you will survive. After the chute opens, you are at peace. But between the jump and the chute opening you know in your heart, if not in your head, that you are destined to be a dirt dart. Your mind knows that that is improbable. Your heart knows that the idea of your life depending on a piece of cloth violates the rules of nature. In the same way, my mind knows this is a soluble problem.

Even so, my mind has moved to two things: food and medicine. So far, we have been talking about relatively trivial things, like the possibility that our Christmas presents won't arrive on time. The various spot shortages in U.S. markets and the various global disruptions have not threatened our well-being. But in looking at the crisis until now, two things appear true. The first is that experts underestimated the length of time that the crisis would impact how we live. The second is that they underestimated the pyramiding of consequences.

The normal explanation for why the pandemic has lasted as long as it has is the unwillingness of Americans to be vaccinated. If that's true, then it was entirely predictable. Distrust of vaccines is an old story in the United States. More, there is deep distrust of the honesty and competence of the federal government. This is an old sentiment too. The failure to take into account social values caused a failure of expectations. If Apple had offered the vaccine and not Dr. Anthony Fauci, things might have been different. Browbeating Americans on the left or the right does not often work. President Donald Trump was the one who ordered Operation Warp Speed, which expedited the vaccine's development. President Joe Biden is the one pressing compliance and facing substantial opposition.

The latest that I have read is that the supply chain problem should be over by early 2022. That may

be correct, but I doubt very much anyone can be certain. The supply chain crisis intersects with labor shortages, energy prices and transport disruptions. Transport might be straightened out in a few months, but energy and labor seem to be longer-lasting problems. As we have seen with many issues (including COVID-19), large problems create peripheral problems that in turn create more unexpected problems. Human activities are complex, and complexity makes it difficult to anticipate how far the ripples go.

The transportation issue opens the door to more severe shortages in food and medicine. So far, it has had a significant impact on individual businesses, particularly those that require manufactured goods as components of things they produce or end products they sell. But one of the most important products shipped internationally is medicine or ingredients needed to produce medicine. Many of these components are produced in China, India and other countries, a fact that was discovered in the first wave of COVID-19. And it goes both ways. China must import materials to fabricate medicine and must ship it globally for packaging and final shipping.

There are many steps in the process, including procuring raw materials and production equipment, and each step appears to be fragile. It is said that the massive number of ships waiting at Long Beach to be unloaded in the United States will be cleared up in due course. Perhaps – although I wonder how owners of ships that must be kept moving allowed their vessels to be trapped offshore. However this turns out, it is but one port and one country. Virtually every country in the world receives shipments of medicine.

I'm focusing on medicine because, in this case, a collapse of the supply chain can be a matter of life and death. There are heart patients and cancer patients and many others who will die without needed medication. And the argument that these should never have been produced abroad assumes that countries like the United States have the trained personnel and vast facilities that would be needed to replace the imports. The imports may be cheaper, which for many consumers is critical, but never at higher risk. The production of all elements of all medications needed globally cannot be achieved in single countries without disrupting the rest of the economy.

Medicine is a parachute moment. We were confident that our medicine would arrive at the port or at the airport if shipped by air. I believe in the end an emergency can be solved. But if the parachute does not open, the consequences could rival COVID-19 in terms of casualties.

There are already shortages of medicines. A good list of them can be found [here](#). I don't know whether such shortages are normal, and I'm not in a position to figure out which medicines are life-saving and which are not. But I do know that the longer a shortage goes on, the harder it is to

recover inventory, and the more the links of the supply chain deteriorate.

I am not trying to be alarmist, and clearly I am far from an expert on this subject. But a global shortage in shipping and the limits of air transport, along with some evidence of a shortage of medicine, indicates a potentially deadly problem.

Moreover, there have been occasional items missing from the supermarket at various times. But given the international production and shipping of some of these items, this poses another real concern for us. Like medicine, food isn't something that permits a delay. A medicine shortage can kill. So can food shortages. And both can cause riots.

Early in the COVID-19 crisis, I argued that protecting against the disease might have unexpected and dangerous consequences. This was not an argument for ignoring COVID-19 but an argument for remembering that there are things as deadly as the disease. I don't think we will get there because there are steps that can be taken to remedy the problem. But the global supply chain crisis is not about receiving Christmas gifts; it's about whether medicine and food will be stocked in time. This may just be a first step toward something worse. There have to be no further steps, which is easy for me to say but may be harder to do.

**Author: George Friedman**

[Read more from this author on geopoliticalfutures.com](https://geopoliticalfutures.com)