

Letter from America — Trying to keep cheerful

In his latest Letter from America, Angus looks to the history of nineteenth century Britain as an antidote to the despair caused by recent developments in the USA.

IN THE CURRENT SITUATION IN AMERICA, and the endless train wreck of Trump and his administration, it is easy to find historical parallels that did not turn out well. I have been trying to keep cheerful by looking for more positive parallels.

First, the bad stuff. Life expectancy at birth is falling in America, for three years in a row for white non-Hispanics, and for two years in a row for the population as a whole. If two becomes three, as recent indications suggest it will, it will be the first time in America in a century — the last time being during the first world war and the influenza epidemic that followed it. Unlike Europe, where recent declines in life expectancy are driven by higher mortality among the elderly, in the US, deaths are of people aged 25 to 64, mostly among non-Hispanic whites, though blacks' mortality has also recently started to climb. There is an epidemic of suicide, alcoholism, and opioid overdoses; the last is the largest of the three. Opioids include prescription painkillers, as well as heroin and the more recent and much stronger fentanyl. Preliminary data for 2017 show that 72,000 Americans died from opioid overdoses. This is higher than the annual number of deaths from HIV, from guns, or from automobile crashes at their peak. It is higher than the total number of Americans who died in Vietnam and the cumulative total since 2000 is higher than the total number of Americans who died in the two World Wars.

Education offers some protection

Most of those dying are less-educated Americans without a bachelor's degree which, in the US, takes four years of college. The lives of the less-educated have come apart in many dimensions. Their real wages have declined for half a century, as has their participation in the labor force. Marriage rates are declining, and a majority of white mothers without a BA have had at least one child out of wedlock. Men and women cohabit, without getting married, and have children in what are often unstable relationships. The freedom not to commit that was so attractive in youth looks like a disaster in middle age, when many men finish up living apart from their children. Pain levels are on the rise and so is obesity. The long-term decline in mortality from heart disease has stopped and seems to be reversing. Churchgoing is declining, private sector unions are vanishing together

with the social life and political representation that they provided. Most working people no longer believe that there is any point in voting, because elections are rigged in favor of the rich and big corporations; the empirical evidence on whose interests are represented in Congress shows that they are right.

Today, we have stagnant or falling wages, declining life expectancy, and a failing democracy. American capitalism and American democracy are no longer delivering for less-educated Americans.

A hopeful comparison?

Which sounds just like Britain in 1800, though Britain was worse. Wealth and income inequalities were vast compared with anything that we see today. The hereditary landowners not only were rich, but also controlled parliament through a severely limited franchise. After 1815, the notorious Corn Laws kept out imports of wheat until the local price was so high that people were at risk of starving; high prices of wheat, even if they hurt ordinary people,

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were very much in the interests of the land-owning aristocracy, who lived off the rents supported by the restriction on imports. Rent-seeking of the classic and here literal kind, and rent-seeking that did not stop at killing people. Adam Smith, who was deeply aware of the underside of capitalism, and of the favors that the powerful sought from the state, wrote that such rent-seeking laws should have been 'written in blood'.

The Industrial Revolution had begun, there was a ferment of innovation and invention, and national income was rising. Yet working people were not benefiting. Mortality rates rose as people moved from the relatively healthy countryside to stinking, unsanitary cities. Each generation of military recruits was shorter than the last, speaking to their ever-worsening undernutrition in childhood, from not getting enough to eat and from the nutritional insults of unsanitary conditions. Religious observance fell, if only because churches were in the countryside, not in the new industrial cities. Wages were stagnant and would remain so for half a century. Profits were rising, and the share of profits in national income rose at the expense of labor. It would have been hard to predict a positive outcome to this process.

Yet by century's end, the Corn Laws were gone, the rents and fortunes of the aristocrats had fallen along with the

world price of wheat, especially after 1870 when wheat from the American prairie flooded the market. A series of Reform Acts had extended the franchise, from one in ten males at the beginning of the century to more than a half by its end, though the enfranchisement of women would wait until 1918. Wages had begun to rise in 1850, and the more than century long decline in mortality had begun. All of this happened without a collapse of the state, without a war, or a pandemic, through gradual change in institutions that slowly gave way to the demands of those who had been left behind.

Maybe not

A nice story, but in Trump's America, the gradual change in institutions is currently going in the wrong direction. In particular, the liberal bias in the legal establishment has been replaced by a conservative bias, with judges who are more likely to rule in favor of corporate interests and against labor. Much of this came from the influence of free-market Chicago economics permeating law schools. That the law should promote efficient competition is one thing, that it should blindly support corporate interests on the grounds that all profit-seeking practices are efficient is another thing altogether. In Britain, institutions changed, not through violence, but because there was a constant threat of it. There is certainly a deal of anger in America today, and perhaps it too will fuel positive change.

Note:

This article is based on, and contains extracts from a book by Anne Case and Angus Deaton with the working title *Deaths of Despair and the Future of Capitalism* to be published by Princeton University Press in 2020.

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