

Letter from America — In a time of plague

In this Letter from America Angus reports that the coronavirus pandemic has sharpened the already urgent debate between candidates in the Democratic primaries about the US healthcare system but doubts that much improvement will be forthcoming until there is a fundamental change in the attitude toward public goods.

I FIND IT UNUSUALLY HARD TO DECIDE what to write about; I cannot imagine not writing about the coronavirus, but a Letter from America is hardly the place to describe a quickly evolving pandemic that is likely to be quite different by the time you read this. My apologies.

Choosing a Democratic candidate

In spite of the plague, we are in the midst of the primary season for the Presidential Election. The Democrats managed to accomplish, even without rank order voting, what the Republicans could not do in 2016, which is to coalesce moderate voters around a single candidate. There was otherwise a real expectation that, once again, a candidate opposed by a large majority would win against a group of rivals who, in aggregate, were supported by many more.

Biden has promised to select a woman as his running mate, an important choice for a 77-year old in the midst of an epidemic whose case fatality rate rises rapidly with age. My personal bet (and favorite) is Kamala Harris, a feisty and skillful debater who has the unusual qualification of being the daughter of a well-known economist. (Her father is the Harris and Todaro analysis of migration and development.) The primary contest appears to be over, and receives remarkably little press attention in the face of almost anything about the virus (or its effects on the stock market.) Several states have postponed their primaries, and there is surely danger to a smooth election in November. Voter suppression is now a standard tool on the right, and the virus might justify great mischief. The coronavirus, or the Chinese virus as it is being called by President Trump and his allies, might influence this election even more effectively than did the Russians in the last.

Biden and Sanders have clashed on whether the pandemic demonstrates the need for the single-payer healthcare system that Sanders advocates. Biden noted that Italy is not doing well, in spite of single payer, and Sanders had the good sense not to cite China as a successful single payer.

Healthcare systems under stress

It is not clear what we should learn from the pandemic about healthcare systems. American healthcare is a disgrace at any time. It costs more than twice what it ought to, it leaves 27 million people without coverage, it permits and even encourages pharmaceutical companies to profit by addicting and killing hundreds of thousands of people, and it delivers one of the lowest life expectancies among wealthy countries. Physicians are allowed to boost their wages and restrict their numbers, so that the US has fewer doctors per head than most European countries, though about the same as Britain. Hospitals are both monopolies and monopsonies, and are rarely challenged by the legal system or anti-trust authorities. We have fewer beds and fewer nurses than most European countries, though slightly more than Britain. All of this leaves us ill-prepared to deal with the pandemic. People will be fearful of the costs of testing, and even if that is covered, of the costs of treatment. And even if they were not, there will not be enough intensive-care beds to treat them.

Britain is also ill-prepared, but for a different reason, government underfunding through a long period of austerity. As in the US, this was wrong before and remains wrong now. But the truth is that no health system, however well designed and funded, could deal with the plague that threatens to overwhelm us. No planner would make preparations for something that we have not seen in a century, would construct intensive care units that are almost always empty, nor construct tens of thousands of ventilators that are almost never needed and would rust in place.

China has had a remarkably effective response, and could do what was needed, including building new hospitals in days and ordering people not to move. Even so, the epidemic may possibly reignite when controls are lifted. But do we really want to live in an authoritarian regime with unprecedented control over individual behavior, because, once in a hundred years, it is good for us to be ordered around and told what to do?

Whether democracy is good for health is an old debate. Before the germ theory was understood, liberals argued against contagion, because it justified the control of people, which they did not like, and, as is the case for so many people today, facts and science were subservient to politics. Authoritarian regimes, then as now, welcome any opportunity to restrict movement and order people around. Expulsion of minorities, especially foreigners and Jews, was common in medieval Italian city states facing the plague. Mussolini, with help from German engineers, banished malaria by a long-needed draining of the Maremma. Yet when Mussolini was gone, and Germany and Italy were at war, the Germans used the same engineers' plans to bomb and destroy the waterworks. Autocrats are good for your health only when they feel like it.

Rehabilitating public goods?

None of this means that the pandemic will not change our healthcare systems. What should happen is a greater recognition and respect for public goods, both public goods in the economic sense, and publicly provided private goods, often referred to as public goods. Some health needs — epidemics, water supply, vaccinations — require community, not individual action. Public institutions — the Centers for Disease Control or the Internal Revenue Service — which prioritize the public good over individual needs, have been increasingly underfunded. An institution like Britain's NICE that controls prices is unthinkable in the US, at least for now. The American aversion to public goods owes much to its history of race. Why should I pay for a train the other people ride on, especially if those others are black?

And before you go, may I elicit some sympathy for authors whose books were published at the height of the panic. John Kay and Mervyn King's *Radical uncertainty* and Anne Case and Angus Deaton's *Deaths of despair and the future of capitalism* were published on March 17, to a public whose only thoughts were for the onslaught of the virus. Two epidemics at once is more than anyone can be expected to handle; even our friends say they can't read it *now*.

Two competitions

Young Economist of the Year 2020 competition

in association with the *Financial Times*

The Royal Economic Society announced the launch of its Essay Competition on the 23rd March 2020.

The *Financial Times* is partnering with RES for our essay competition. Year 12 and 13 A-Level students are invited to submit a 1500-word essay on one of five titles to be in with a chance of winning £1,000 and have their essay published in the *FT*. The deadline for submissions is **27 July 2020**.

Prizes:

- Best overall essay - £1000 and the opportunity to be published in the *Financial Times*
- Best essay on each topic - £200 each (x5 prizes)

Further details (including rules and submission procedure) can be read at:

<https://www.res.org.uk/education/young-economist-of-the-year.html>

Critical book inspires essay competition

The Mario Fabbri Economic Prize competition

The Mario Fabbri Economic Prize (hashtag: #MarioEconPrize) competition — with prizes of €25,000, €5,000 & 5 awards of €500 — is open to anyone keen to rebut this Italian author's contentions — from his recent book *The Imaginary Economy* — that economics works elegantly in theory but struggles in practice.

The competition Terms and Conditions state:

Submissions must be a comment on *The Imaginary Economy: a new conception* by Mario Fabbri — highlighting weaknesses and/or strengths, and formulating a critical appraisal of the theories set out and how they compare with the economic conceptions widespread today.

The closing date is **25 September 2020**. The competition rules and more details on the book in question can be found at:

<http://www.factoryofdelusions.com/competition.php>