

# Grasping Reality with Both Hands

The weblog of Brad DeLong. Since 1999. Comments (mostly) welcome. Or email me at [delong@hey.com](mailto:delong@hey.com) with "delong-weblog" as the subject. RSS feed. Also on twitter @delong.



## Briefly Noted for 2020-09-25

Well, a decade late and many dollars short, we seem to have become the conventional wisdom! Would only that the *Economist* had listened to our arguments, and been on our side a decade ago! It was always more than tenable. It was always very attractive:

**Economist:** *Governments Can Borrow More than Was Once Believed* <https://www.economist.com/schools-brief/2020/09/12/governments-can-borrow-more-than-was-once-believed>: ‘The global financial crisis pushed rates around the world to near zero.... In 2012 Larry Summers... and Brad DeLong... suggested a large Keynesian stimulus... the gains it would provide by boosting the growth rate of gdp might outstrip the cost of financing the debt.... As the years went by... the notion of borrowing for fiscal stimulus started to seem more tenable, even attractive.... Governments ideally ought to make sure that new borrowing is doing things that will provide a lasting good, greater than the final cost of the borrowing. If money is very cheap and likely to remain so, this will look like a fairly low bar...

**Walter Womacka:** *Socialist "Realist" Stained Glass* <https://www.bradford-delong.com/2019/12/walter-womackas-socialist-realist-stained-glass.html>: ‘East Germany as it wished it had been, was, and would become...

**Sagarmatha** [https://en.wikipedia.org/wiki/Mount\\_Everest...](https://en.wikipedia.org/wiki/Mount_Everest...)

**Bertolt Brecht:** *To Those Born Afterward* [https://holgerszesnat.wordpress.com/2005/04/25/bertolt-brecht-to-those-born-later/...](https://holgerszesnat.wordpress.com/2005/04/25/bertolt-brecht-to-those-born-later/)

**URL to Interact** [https://url-to-interact.herokuapp.com/...](https://url-to-interact.herokuapp.com/)

**Daron Acemoglu:** *Colonial Origins Data Archive* <https://economics.mit.edu/faculty/acemoglu/data/ajr2001>: ‘The zipped data and program files necessary for reproducing the tables and figures in *The Colonial Origins of Comparative Development: An Empirical Investigation*...

**Wikipedia:** *Dark Shadows* [https://en.wikipedia.org/wiki/Dark\\_Shadows\\_\(televised\\_storylines\)](https://en.wikipedia.org/wiki/Dark_Shadows_(televised_storylines)): ‘Storylines...

**Dan Seifert:** *Ring’s Latest Security Camera Is a Drone that Flies Around Inside Your House* <https://www.theverge.com/2020/9/24/21453709/ring-always-home-cam-indoor-drone-security-camera-price-specs-features-amazon...>

**Chrystia Freeland:** *The rise of the New Global Super-Rich* <https://www.youtube.com/watch?v=d6NKdnZvdoo...>

**Walter Greason & Kari Leigh Merritt:** *The 2020 Election & Beyond* <https://www.youtube.com/watch?v=p9XvCoYh6Tk>: ‘Greason explains how we should not become solely focused on the upcoming election, but instead see the broader picture and honor the successes of the MOVEMENT. He discusses his experiences as a multi-cultural organizer and lays out a brilliant plan to help save higher education.... The importance of art, comics, and Afrofuturism.... The importance of friendship, camaraderie, and community...

At a 1% mortality rate, this means COVID-19 had as of three weeks ago already burned through 1/10 of the African-American community—as opposed to 1/20 of the white American community. But there is large differential mortality comparing African-Americans and white Americans as well, which I cannot now put my hands on good estimates of: **Trevon Logan:** ‘*1 in 1020 Black Americans*’ <https://twitter.com/TrevonDLogan/status/1309475741231460352> have died of COVID-19.

This is a very useful near real-time take on what is going on right now, out there in the economy: **Raksha Kopparam & al.:** *Equitable Growth’s Household Pulse Graphs: September 2–14 Edition* <https://equitablegrowth.org/equitable-growths-household-pulse-graphs-september-2-14-edition/>: ‘Over 50 percent of respondents in households making less than \$50K reported having experienced loss of employment income since March 13...

I do not think we understand who the median effective investors in financial markets are, and why they think what they do: **John Author:** *It’s a Weird World Where FANGs Are a Haven Asset* <https://delong.typepad.com/files/column-authors-2020-09-21-fangs.pdf>: ‘FANG popularity... rests on the perception that they are defensive... entrenched competitive position[s]... thought to offer safety. Meanwhile, the banks are the polar opposite.... [Since] March... the 10-year Treasury yield... has oscillated... around... 0.666% level... strange because the Federal Reserve isn’t yet formally attempting to control 10-year yields, despite widespread speculation that it will start to do so before long. And views on inflation... have gone through huge changes during the .666 era...

Shapiro and Varian have long had great success by saying that the information-age economy raises little in the way of questions about antitrust that the First Gilded Age did not. But that is not quite true: **Michael Kades & Fiona Scott Morton:** *Interoperability as a Competition Remedy for Digital Networks* <https://equitablegrowth.org/working-papers/interoperability-as-a-competition-remedy-for-digital-networks/>: ‘Addressing entry barriers created by network effects is critical to remedying... monopolization... (e.g. Facebook).... Interoperability... a necessary, but not necessarily a sufficient, condition.... How to make an interoperability requirement effective... how rulemaking could ameliorate these challenges...

Not even Johnson in Britain or Bolsonaro in Brazil has as limited and faulty a grasp of what’s what as American president. And nobody in the administration appears to be doing anything constructive: **Jonathan Bernstein:** ‘*Some 200,000 people in the U.S. have died....*’ <https://delong.typepad.com/files/column-bernstein-2020-09-22-trump-denial.pdf> The fight against the pandemic... has... severely disrupted the lives of almost everyone. For a dissenting view, however, we have the president... “Below the age of 18, like—nobody... **It affects virtually nobody....**” Emphasis added. Look: I don’t like to dwell on this stuff. But... this is monstrous behavior from any elected official...

Reporting from an Ohio county that went for Trump over HRC by 3-to-1 in 2016, John Scalzi finds the Trumpists will be dead and damned before they will mask up themselves: **John Scalzi:** *The State of Masking in Trump Country: An Anecdotal Report* <https://whatever.scalzi.com/2020/09/22/the-state-of-masking-in-trump-country-an-anecdotal-report/>: ‘Trump... has made wearing them both political and a referendum on masculinity, so it’s not entirely surprising if his supporters have followed suit. Does this mean that I am getting terrible looks from dudes because I’m wearing a mask? Not at all; mostly everyone in Kroger and elsewhere is working on minding their own business.... My anecdotal experience is anecdotal.... I’m not thrilled.... What I’m going to do is a) stay home most of the time, b) mask myself up when I do go out, and c) keep out of the way of the maskless when I can, and I mostly can...

## Plus:

This is by far the worst news I have seen in six months, because Aaron Carroll is a very credible observer and guide, and he is now profoundly depressed. Given American political dysfunction and given the current prevalence of the virus, we need to get testing up to 10 million a day—and then act on what those tests tell us—to have a chance of pushing our current well below one so that anything like normal life can resume. Yet there are no signs we are on a path to anything like that outcome:

**Aaron Carroll:** *Stop Expecting Life to Go Back to Normal Next Year* <https://www.nytimes.com/2020/09/15/opinion/coronavirus-precautions.html?smid=tw-share>: ‘We still need to figure out how to live in this new world, now, and that means embracing, finally, all the strategies for fighting the virus that many of us have resisted. It’s not too late to invest in testing both symptomatic and asymptomatic people. Back in the spring, I estimated that we might need a million tests a week to manage the virus. That estimate assumed that America would drive the prevalence rate of the disease into the ground, much as other countries did. We failed.... We need much more than a million tests a week... ubiquitous, cheap, fast tests... distributed widely... isolate... quarantine.... We need to normalize mask-wearing.... Finally, we need a functioning scientific infrastructure to provide detailed and specific plans.... This is a marathon, not a sprint. Both, though, require running...

Start with the propositions the role of the university system is to maximize societal value-added well also enabling upward social mobility. With those goals in mind, we could then have discussions about (a) how much to invest in higher-education institutions (b) of which types, and (c) how to allocate places in those institutions, plus (d) what is the best way to finance that societal investment. Very, very, very few discussions of admissions policies have this framing. One result is that we know astonishingly little about the effects of different setups. Here the very wise Zach Bleemer closes some of our knowledge gap:

**Zachary Bleemer:** *Top Percent Policies & the Return to Postsecondary Selectivity* [http://zacharybleemer.com/wp-content/uploads/2020/03/ELC\\_Paper.pdf](http://zacharybleemer.com/wp-content/uploads/2020/03/ELC_Paper.pdf): ‘University policies that boost the chances of admission for targeted groups with relatively low standardized test scores are highly controversial. I provide new evidence on the impact of a “top percent” admissions policy implemented by the University of California (UC) system between 2001 and 2011. Eligibility in the Local Context (ELC) guaranteed admission to participating UC campuses for the top 4 percent of graduates from most California high schools. Using a novel longitudinal database covering the ELC era’s 1.7 million UC applicants—including each student’s enrollments, degree attainment, and early-career earnings—and a regression discontinuity research design, I begin by showing that ELC eligibility increased the likelihood that barely-eligible applicants from bottom-SAT-quartile high schools enrolled at four selective UC campuses by 16 percentage points, all of whom would have otherwise enrolled at a less-selective public college or university in California. Those barely-eligible ELC participants had higher five-year graduation rates than barely-ineligible students by 31 percentage points and higher annual mid-20s California earnings by \$15,000. ELC participants who would have other- wise enrolled at community colleges or California’s least-selective public universities benefited the most from UC enrollment under ELC; indeed, universities’ graduation rates are shown to effectively proxy ELC participants’ causal effect of enrollment. These results suggest that ELC participants substantially gained from increased overall university quality despite having lower average SAT scores than their UC peers by almost 300 points, dispelling concerns about mismatched university ‘fit’ for the targeted high-GPA low-SAT applicants...

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