

Worthy Reads for July 30, 2020

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<<https://github.com/braddelong/public-files/blob/master/%23worthy-reads-2020-07-30.pdf>>

Worthy Reads on Equitable Growth:

1. The epidemiologists, the public health specialists, and the data collectors produce lots of tables and graphs about coronavirus prevalent in the United States, but somehow nobody produces the graphs and tables that I really want to see: estimates not of confirmed cases but of true cases. The United States's massive failure of testing and surveillance makes all such estimates nearly impossible to produce and subject to enormous uncertainty.

Here, for what it is worth, are my personal estimates.

My guess is that we are now running at 1.5 million new case a week up from a mid-June low of 650000 cases a week, which is itself down from our late-March infection peak of 2.7 million cases per week. We seem to be stuck: when cases fall, social distancing

is relaxed; when cases rise, people get scared and hunker down. The prospect appears to be for depression—national income 10 to 15 percent below potential—and for 6 million infections and 40000 deaths a month until something changes, with any form of herd immunity years away at this pace of infections. But I may well be very wrong, and have missed something very important here:

Coronavirus in the U.S.: My Guesses as to Where We Are <<https://www.bradford-delong.com/2020/07/coronavirus-in-the-us-my-guesses-as-to-where-we-are.html>>: As of 2020-07-30: New weekly deaths: 7800.... New weekly inferred cases: 1478400.... Weekly R: 0.97.... Past three weeks' R: 1.08...

2. Where are the Republican economists? Yes, the coronavirus plague recession has a supply-shock component, but it has a larger demand-shock component as well, and a social insurance component. We should be fighting all three:

Heather Boushey: *Testimony Before the Joint Economic Committee on the Coronavirus Recession* <<https://equitablegrowth.org/testimony-by-heather-boushey-before-the-joint-economic-committee-on-the-coronavirus-recession/>>: 'Addressing the administration's failure to contain the coronavirus and COVID-19, the disease caused by the virus, is the only way to fully restore confidence and put us on the path to economic recovery. The United States is experiencing the most uncontrolled and deadly outbreak of any high-income country in the world. Compared to the European Union, we now record 10 times as many daily coronavirus cases and COVID-19 deaths. Until the virus is contained, however, there are key actions that can bolster economic confidence and rein in uncertainty. Specifically: Immediately renew the \$600 Pandemic Unemployment Compensation payments. Set economic assistance programs, such as Unemployment Insurance, to continue automatically until

objective economic conditions improve. Pass generous aid for states and localities, which have already shed 1.5 million jobs and are bearing the brunt of responding to the pandemic, on the order of the 900 billion in the HEROES Act. Resist enacting corporate liability immunity and instead release workplace health standards that protect workers' lives and give employers evidence-based guidance. Enact other policies to stabilize demand and help those most affected...

3. This is very good and very important. My grandfather always mourned that, when he got his Ph.D., he thought he was getting a Ph.D. in "public administration" but found, instead, during his career that his discipline had turned into "political science". Here Amanda Fischer and Alix Gould-Werth try to fill in this gap, and largely succeed:

Amanda Fischer & Alix Gould-Werth: *Broken Plumbing: How Systems for Delivering Economic Relief Failed* <<https://equitablegrowth.org/broken-plumbing-how-systems-for-delivering-economic-relief-in-response-to-the-coronavirus-recession-failed-the-u-s-economy/>>: 'Below, we detail four delivery systems tasked with providing relief during the coronavirus recession— relief targeted to small and large businesses, Unemployment Insurance, direct payments to consumers, and paid leave programs—each of them emblematic of a different plumbing problem. Looking at business rescue programs, we see pipes well-designed to flow easily to people with power, while the taps of the less powerful remain dry. Looking at Unemployment Insurance, we see the failure to invest in pipes, preventing these benefits from flowing smoothly to people who need them the most. Looking at direct payments, we see who profits when the plumbing is routed through costly private systems that twist and turn, enabling the powerful to siphon off of the plumbing. And looking at paid leave, we see what happens when policymakers build no pipes at all and suddenly need to turn on a spigot when the economy hits a drought...

4. If you want to know what happened at the tech antitrust hearing, your best source is Michael Kades's twitter account. I have still not thought this through, so go and read what he has to say:

Michael Kades <https://twitter.com/Michael_Kades/status/1288543592114462725>: 'So far, my biggest takeaway, the Republican Staff memo tried to paint this as a partisan issue. So far, between Gaetz and Buck, that framing has failed...

Worthy Reads from Elsewhere:

5. The first estimate of the level of national income in the second quarter of 2020 arrived, and was as bad as economic forecasters had anticipated. Numerically, the third-quarter will look somewhat better: there will be an uptick, as the end-of-June base out of which the third quarter evolves includes substantial relaxation of lockdown against coronavirus in May and June. Unfortunately, that relaxation was premature: well other North Atlantic countries are fully re-opening their economies and mopping up coronavirus cases via trace and test and isolate, the United States still has major episodes of uncontrolled spread.

Forecasting future levels of national income in the United States requires forecasting the future spread of the virus and the reaction of Americans to uncontrolled spread. The Trump administration and the Republican party appears to want people to think: (for most people) the virus has a low mortality rate, and since you are probably going to catch it someday—either next month or next year—you should go about your normal economic activity and we should simply take the hit, for it is not worth incurring the economic pain of hunkering down and waiting for the vaccine and for better therapies.

But they will not quite say that, explicitly—and it does not appear that that message is resonating and controlling behavior. Thus the current forecast is that control over the plague is not coming to American anytime soon, and substantial recovery is not possible without control over the plague:

Alex Hickey: *U.S. GDP Contracts 9.5% in Q2* <<https://www.morningbrew.com/daily/stories/2020/07/30/us-gdp-contracts-95-q2>>: 'The situation is still, as IHS Markit Chief Economist Nariman Behraveshth delicately put it, "horrific." It's not just us. European economic powerhouse Germany reported a record 10.1% quarterly drop in GDP yesterday. U.S. economic activity began improving in May, and unemployment fell from nearly 15% in April to 11% in June. But recent surges in COVID-19 cases are threatening that momentum. Yesterday, the Labor Department reported more than 1.4 million first-time jobless claims—the second weekly rise. While the CARES Act offset some of the hardest impacts of the shutdown, the relief bill's 600/week in extra unemployment benefits formally expires today for around 20 million Americans.... Negotiations over a third COVID-19 relief bill stalled this week, with those 600 payments being the main point of disagreement. Democrats want benefits to continue as is, while Senate Republicans want to cut them to 200/week until states make plans to replace 70% of workers' lost wages. There are also disagreements about an eviction moratorium extension, aid for state/local governments, and liability protections for businesses, schools, and healthcare providers...

6. Standard thought about politics is that the party of the president and a president running for reelection himself benefits politically to an enormous extent from stronger economic growth in the months running up to the election. And few have ever seen the Trump administration and the Republican caucus in congress as people more willing than most politicians to sacrifice short term political advantage for good public policy.

Yet Republican politicians strongly resist the continuation of income support and stimulus to aggregate demand into the fall. And republican economists are extraordinarily silent on the importance of neutralizing the demand shock component of the reaction to the coronavirus plague. I confess it is beyond my understanding:

Paul Krugman: *As Trump Undercuts Aid Talks, White House Says Extra Jobless Benefits Will Lapse* <<https://www.nytimes.com/2020/07/29/business/economy/virus-aid-trump.html>>: ‘President Trump signaled that he was not interested in a broad economic recovery package that would have to be negotiated with Democrats, saying he preferred a narrower plan.... With negotiations barely started to find a middle ground between Republicans’ \$1 trillion plan and Democrats’ \$3 trillion package, Mr. Trump poured cold water on the entire enterprise, saying that he would prefer a bare-bones package that would send “payments to the people” and protect them from being evicted. “The rest of it, we’re so far apart, we don’t care,” Mr. Trump said before leaving the White House for an event in Texas. “We really don’t care.” The comments stoked questions about whether the president—whose re-election prospects, and his party’s hold on the Senate, could turn on the health of the economy—was willing or able to find a compromise to inject one last dose of stimulus before he faced voters in November...

7. Rest in Peace Herman Cain, 1945-2020. A prominent African-American Republican politician and former CEO of Godfather’s Pizza, the Trump administration asked him to demonstrate that it was safe to move about and interact socially with others as long as you were outside of New York. So he attended Donald Trump’s June presidential rally in Tulsa, Oklahoma maskless, and making no effort to socially distance.

Now he is dead, of coronavirus.

It is a tragedy of many dimensions and many layers.

Herman Cain first rose to prominence in 1994, when he asked then-President Bill Clinton what he should tell Godfather's Pizza employees he had to fire because of the cost imposed on him by the employer mandate to purchase health insurance included in the Clinton administration healthcare proposal. Clinton could have given two good answers: The first was that the plan gave Godfather's Pizza, as a low-wage firm, an 80% discount on health insurance, and so Cain wouldn't have to fire anyone—just tell them he was redirecting some of their wages to buy health insurance for them because the government was offering him an amazing deal. The second was that he wouldn't have to fire anyone but, rather, hire people to replace those secondary workers who had quit because they no longer needed cash income to pay for health insurance—that the plan reduced labor supply by more than labor demand. The plan was crafted to be a very good deal for those who had worked and were working for Godfather's Pizza, albeit not so much for the pizza chain's own bottom line.

For reasons I never understood, the Clinton healthcare messaging team headed by assistant to the president Ira Magaziner did not want Clinton to give either of those two answers, and so Cain came off rather well:

Sonam Sheth & Eliza Relman: *Former Republican Presidential Candidate Herman Cain Has Died* <<https://www.businessinsider.com/herman-cain-dies-after-being-hospitalized-for-covid-19-2020-7>>: 'Cain tested positive for the novel coronavirus earlier this month, 11 days after attending President Donald Trump's campaign rally in Tulsa, Oklahoma. He tweeted a photo of himself at the rally in which neither he nor those around him wore masks. The day before he was hospitalized, Cain expressed support for the Trump campaign's decision not to require masks at an Independence Day celebration at Mount

Rushmore.” Masks will not be mandatory for the event, which will be attended by President Trump. PEOPLE ARE FED UP!” Cain tweeted. The tweet was deleted after Cain's death. A tweet from Cain's account on Wednesday suggested that vaccine skepticism was justified because the US government and the media had “incinerated their credibility”... [and] there was “no way of knowing the truth” about whether a coronavirus vaccine would be safe....” Saddened that Herman Cain—a formidable champion of business, politics and policy—has lost his battle with Covid,” Sen. Mitt Romney, a Utah Republican, tweeted. “St. Peter will soon hear ‘999!’ Keep up the fight, my friend”...

8. And another Trump enabler looks around and says “what have I been doing?” It is, frankly, deplorable that it is not until now that Steve Calabresi has decided that Trump is a fascist:

Matt Shuham: *Federalist Society Co-Founder Calls Trump Bid To Change Election Day ‘Fascistic,’ Impeachable* <<https://talkingpointsmemo.com/news/federalist-society-co-founder-calls-trump-bid-to-change-election-day-fascistic-impeachable>>: “The co-founder of the conservative legal organization the Federalist Society said Thursday that Trump’s bid to move Election Day was “fascistic” and worthy of impeachment. Steven Calabresi wrote in a [New York Times op-ed that he’d voted for Trump, protested the Mueller investigation and opposed the President’s impeachment over the Ukraine pressure campaign. But, Calabresi wrote, “I am frankly appalled by the president’s recent tweet seeking to postpone the November election. Until recently, I had taken as political hyperbole the Democrats’ assertion that President Trump is a fascist,” he said. “But this latest tweet is fascistic and is itself grounds for the president’s immediate impeachment again by the House of Representatives and his removal from office by the Senate.” Calabresi, whose organization has been hugely influential in Trump’s massive record of judicial appointments, emphasized... [that] the decision isn’t his to make, and besides, the United States voted on the appointed date even during the Civil War and the

Great Depression. “President Trump needs to be told by every Republican in Congress that he cannot postpone the federal election,” Calabresi said. “Doing so would be illegal, unconstitutional and without precedent in American history. Anyone who says otherwise should never be elected to Congress again”...

9. That no conventional Republican plutocrat has moved to buy up Fox and Sinclair and get them out of the disinformation business has been and remains a great mystery to me. Do they simply not believe that they have an influence? Do they not believe people like David Frum when they speak of the disaster that is the fact that the Republican party now works for Fox News? Or do they all find Fox and Sinclair useful?:

Steve M.: *The Post-Trump GOP Is Likely to Be Even Worse*
<<https://nomoremister.blogspot.com/2020/07/the-post-trump-right-is-likely-to-be.html>>: ‘The Lincoln Project.... I believe the Project's founders and allies when they say they're disgusted with the Republican Party and want to reform it. I'm not saying I'd like the party they hope to create, which would undoubtedly favor huge military budgets and overseas adventurism while rejecting regulation, increased taxation on the wealthy, and government social programs. But in some areas, I think the party the Lincoln Project wants to create would be at least be a slight improvement over the current GOP. As Max Boot notes, Stuart Stevens, a former Republican consultant, now calls the GOP "a white grievance party" and acknowledges that “there is an ugly history of code words and dog whistles in the party.”... I think this ad is sincere: <https://www.youtube.com/watch?v=-vZp3FAQZvU>. But I also think it's too late. Trump might be on the way out, and Democrats might be on the verge of retaking the Senate, but the Republican Party that remains... appears to be getting crazier and crazier. At least 14 candidates affiliated with QAnon will be on ballots nationwide in November. This weekend, the right-leaning Sinclair group of television stations will air an interview with a prominent

COVID-19 conspiratorialist.... "America This Week" hosted by Eric Bolling.... Judy Mikovits, the medical researcher featured in the discredited "Plandemic" video... banned from platforms such as Facebook and YouTube. Throughout the segment, the on-screen graphic read, "DID DR. FAUCI CREATE COVID-19?".... During the interview Mikovitz told Bolling that Fauci had over the past decade "manufactured" and shipped coronaviruses to Wuhan, China, which became the original epicenter of the current outbreak. Bolling noted that this was a "hefty claim," but did not meaningfully challenge Mikovits and allowed her to continue making her case.... I enjoy the Lincoln Project's work, but I don't think the party the Project's members and allies want to save can be made respectable again. It's too far gone...

10. One of the best attempts I have ever seen to think through the mobilization of consent for right-wing anti-democracy in the modern age:

Sergei Guriev & Daniel Treisman: *Informational Autocracy: Theory and Empirics of Modern Authoritarianism* <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2571905>: 'In recent decades, dictatorships based on mass repression have largely given way to a new model based on the manipulation of information. Instead of terrorizing citizens into submission, "informational autocrats" artificially boost their popularity by convincing the public they are competent. To do so, they use propaganda and silence informed members of the elite by co-optation or censorship. We develop a formal theory that shows how such regimes work and under what conditions they prevail over democracies or old-style dictatorships. Using several sources, including a newly created dataset of authoritarian control techniques, we document a range of trends in recent autocracies that fit the theory: a decline in violence, efforts to conceal state repression, rejection of official ideologies, imitation of democracy, a perceptions gap between masses and elite, and the adoption by

leaders of a rhetoric of performance rather than one aimed at inspiring fear...

11. Yes, the coronavirus can be beaten. Schools are reopening and the economy is back to normal in Taiwan. We could beat it too with a nationwide, no more than one month lockdown. But it would have to be nationwide, and it would have to be enforced. Whether a country is able to figure out how to do this is, as Paul Krugman has said, an example for the marshmallow test:

Christina Farr & Michelle Gao: *How Taiwan Beat the Coronavirus* <<https://www.cnbc.com/2020/07/15/how-taiwan-beat-the-coronavirus.html>>: 'Taiwan has been praised for its highly effective Covid-19 response. Taiwan, which has nearly 24 million citizens, has had only 451 cases and seven deaths. Taiwan had a plan in place for years, which involved quarantines, contact tracing and wide availability of masks, among other things.... When Catherine Chou arrived in Taipei after flying from Los Angeles, authorities told her she would need to quarantine for two weeks. For Chou, a citizen, that meant booking herself into a hotel at her own expense, although subsidies are available and the government has paid stipends for some stays. When she first arrived, she got a welcome package including dish soap, nail clippers and laundry detergent. Food was delivered to her doorstep. Several times a day, a representative of the local district's office phoned her to check in and thank her for doing her part. She's now almost wrapped up her hotel room stay. Once she's officially cleared of Covid-19, she'll be free to go. After living in the U.S., which is still partially closed in various states, she's looking forward to simple pleasures like visiting her family at home or sitting in a coffee shop with a good book. Taiwan allowed many of its restaurants and bars to reopen in May. "We have this phrase in Taiwan that roughly translates to, 'This is your country, and it's up to you to save it,'" she said. "I'm really glad that they're taking this quarantine seriously"...

12. I think the very sharp Angus Deaton is wrong here. America's federalism has not been an insuperable obstacle to united national action in the past. Of course, that required presidential leadership and an opposition party willing to buy in and except a share of credit for national action, rather than regarding its primary mission as making the president of the other party appear to be a failure. Perhaps that America that could have reacted properly to coronavirus even with its federalism is long gone:

Angus Deaton: *America's Compromised State* <<https://www.project-syndicate.org/commentary/us-connecticut-compromise-1987-and-failed-covid-response-by-angus-deaton-2020-07>>: 'The lack of a coordinated national response to the COVID-19 pandemic in the United States has predictably resulted in an unmitigated economic and public-health disaster. The problem is and always has been that those in a position to do something about such crises do not speak for most Americans. A malevolent, incompetent Trump administration bears much of the blame for America's failure to control COVID-19. But there is an additional, less noticed cause: the Connecticut Compromise of 1787, which handicapped American democracy at its inception, and has since undercut Congress's response to the pandemic.... The four largest states today—California, Texas, Florida, and New York—hold only eight of 100 seats in the Senate, even though they account for one-third of the US population.... Lacking a national plan, let alone a constitution that would allow for central control, each state follows its own instincts and perceived interests, usually myopically. With free travel between states, the virus now will bounce back and forth across the country until a vaccine becomes available or herd immunity has been attained (assuming that lasting immunity is even possible)...