

Worthy Reads for August 5, 2020

J. Bradford DeLong
U.C. Berkeley Economics and Blum Center & WCEG

<http://bradford-delong.com>
brad.delong@gmail.com
@delong

2020-08-05

<https://www.icloud.com/pages/0dlhKIPRw3FgoKYHPjm7_cssw>
<<https://github.com/braddelong/public-files/blob/master/%23worthy-reads-2020-08-05.pdf>>

Worthy Reads on Equitable Growth:

1. The hard truth is that we need another month-long lockdown, but that a month-long lockdown is only worth doing if it is properly followed up. And—given the grifters, ghouls, and easily-grifted gulls on the Republican side of at the aisle—I see no prospect of a proper follow-up until January 21, 2021 at the earliest:

Heather Boushey: *'In another world* <https://twitter.com/HBoushey/status/1289222754236071941>, a sharp drop in activity would have been just a good, necessary blip while we addressed the virus. From where we sit in July, we know that this wasn't just a short-term blip. We did not get the virus under control <https://www.nytimes.com/2020/07/30/business/economy/q2-gdp-coronavirus-economy.html>...

2. The hope was that a small increase in the share of people with college degrees would, if demand curves had the right slopes, have a large effect on the only-high-school wage discount. It looks as though this hope was in vain:

Kathryn Zickuhr: *A College Degree Is Not the Solution to U.S. Wage Inequality* <https://equitablegrowth.org/a-college-degree-is-not-the-solution-to-u-s-wage-inequality/>: ‘the skills gap is only a small and relatively unimportant explanation for the college wage premium because it fails to account for declining worker power and the role of monopsony in the labor market. These more important explanations for the college wage premium—and its recent decline—underscore why policymakers need to improve the underlying labor market conditions for all workers, instead of shifting responsibility...

3. What is happening during the coronavirus plague to work-life balance among those with small children? Some preliminary answers:

Umair Ali, Chris M. Herbst, & Christos A. Makridis: *The Impact of COVID-19 on the U.S. Child Care Market: Evidence from Stay-at-Home Orders* <https://equitablegrowth.org/working-papers/the-impact-of-covid-19-on-the-u-s-child-care-market-evidence-from-stay-at-home-orders/>: ‘This paper quantifies the short-run impact of... containment policies on search behavior and labor demand for child care....

‘Using plausibly exogenous variation from the staggered adoption of SAHOs across states, we find that online job postings for early care and education teachers declined by 13% after enactment... driven exclusively by private-sector services. Indeed, hiring by public programs like Head Start and pre-kindergarten has not been influenced by SAHOs. In addition, we find little evidence that child care search behavior among households has been altered.

‘Because forced supply-side changes appear to be at play, our results suggest that households may not be well-equipped to insure against the rapid transition to the production of child care. We discuss the implications of these results for child development and parental employment decisions...

4. Perhaps the most interesting book to be published by someone in the Equitable Growth posse this summer:

Equitable Growth: '[Thursday August 6, 2020,] *Research Advisory Board member Jacob S. Hacker* <https://twitter.com/equitablegrowth/status/1291004223791026177> and co-author Paul Pierson talk about their new book "Let Them Eat Tweets." Register/watch and more details here: <https://epi.org/event/let-them-eat-tweets-how-the-right-rules-in-an-age-of-extreme-inequality/> Economic Policy Institute: "Thursday at 3:30pm ET..." "Let Them Eat Tweets" followed by a panel with Thea Lee, Larry Mishel, and Jaimie Worker on what can be done to derail rising inequality. Register here...

Worthy Reads Elsewhere:

5. The House Republicans caucus could not govern when they were in the majority. The House was then run by a caucus composed of non-Tea Party Republicans negotiating with Nancy Pelosi, so that she would give permission for enough Democrats to vote for a bill to make up a majority. Now it looks like Mitch McConnell has decided that his Senate caucus has the same degree of dysfunction: it looks as though he will sign on to whatever economy-rescue bill Pelosi agrees on with Mnuchin. Here Karl Smith explains how that happened:

Karl W. Smith: *Coronavirus Relief Bill Has Republicans in Disarray* <https://www.bloomberg.com/opinion/articles/2020-07-22/coronavirus-relief-bill-has-republicans-in-disarray>: 'The pandemic has left GOP lawmakers deeply splintered, not just over tactics or strategy but on basic principles. There are roughly four factions.... If they don't find a way to heal their fractures, U.S. workers and the overall economy will suffer even more.... Republicans... have traditionally supported government-led action and unrestrained spending only to battle foreign foes; with some notable exceptions, they have preferred to leave domestic issues to the private sector or the states....

'The pandemic has pushed [one] group over the edge. Congress has spent almost half as much fighting Covid-19 over the last four months as it spent in nearly 20 years fighting the war on terror.... They are not prepared to spend another dime....

'There is another group... that sees the main issue as the reckless promiscuity of the original Cares Act... that... gave potentially hundreds of billions of dollars to people who didn't need it and created an unemployment insurance system that paid people not to work....

'A third faction continues to believe that Covid-19 should be treated as external threat and that the full force of the U.S. government should be enlisted against it. That means more money for public health, schools and biomedical research, as well as continuing aid for struggling workers and businesses....

'Lastly, there are a few senators who are not enthusiastic about more spending, but could tolerate it if it were accompanied by longer-term measures to help the economy....

'Bringing them all together will require what the party is most lacking right now: a clear vision of how get out of this crisis with

as little death and devastation as possible.... What that vision might consist of is anyone's guess...

6. Once again: suppress the virus so that nobody who comes into close contact with an elderly or comorbid relative has great reason for fear, and the economy will then recover. Fail to suppress the virus to that extent, and the economy will remain in depression:

Anne O. Krueger: *The Open Secret to Reopening the Economy*
<https://www.project-syndicate.org/commentary/covid19-virus-will-decide-when-economy-can-reopen-by-anne-krueger-2020-07>:

‘Areas that eased their initial COVID-19 lockdowns and now have surging infection rates are a testament to all that has gone wrong in the pandemic. The lesson from day one still holds: until the virus is defeated, there can be no return to normal....

‘As soon as... reopenings began, many people returned immediately to their old habits, ignoring recommendations for social distancing, avoiding crowds (especially indoors), wearing a mask, hand washing, and other preventive measures. Factories reopened, and many retail establishments and other services resumed operations, albeit at reduced capacity. For a short time, output and consumer spending rose significantly, and the unemployment rate started falling (though it remained high).

‘But in most cases, these reopenings started with an R number close to or above one, which guaranteed that as soon as people started relaxing precautionary measures, the number of infections would begin to rise again. The result is a lose-lose scenario. Current conditions are conducive to neither a sustained improvement in economic activity nor a sustained reduction in COVID-19 cases.

7. The last time I went into my children's pediatricians' office, they had two doctors, three nurses, and four paper shufflers there—and the paper shufflers were mirrored by four more paper shufflers at

the insurance companies, all trying to keep whatever the pediatricians were deciding to do from being covered by insurance. But, as Kevin Drum rightly points out, that is not the only overhead of our insane healthcare financing system. We patients spend a lot of time working for the insurance companies for free as well:

Kevin Drum: *How Big Is the Underground Cost of Health Care?*

<https://www.motherjones.com/kevin-drum/2020/07/how-big-is-the-underground-cost-of-health-care/>: ‘the health care system... massively inefficient and prone to errors, most of which end up falling on patients to fix... on hold making appointments... medication errors... arguing with insurance companies... back-and-forth... telling doctors what some other doctor said... miscommunications caused by the fact that doctors typically know nothing about the actual operation of their own industry. Etc.... elements of the health care system that are outsourced to patients themselves. It never gets accounted for, but for all practical purposes the health care system relies on the unpaid labor of patients... I have never seen a study that tries to compare this underground cost among countries...

8. The Bloomberg editorial board says, with respect to the Judy Shelton Federal Reserve nomination, that water is wet:

Bloomberg Editorial Board: *Judy Shelton Nomination: The Fed*

Doesn't Need This Disruption <https://www.bloomberg.com/opinion/articles/2020-07-21/judy-shelton-nomination-the-fed-doesn-t-need-this-disruption>: ‘Amid the chaos of the Trump administration, the U.S. Federal Reserve has stood out as an island of professionalism. Its policies aren’t always beyond reproach, but it responded quickly and competently to the shock delivered by the coronavirus pandemic and has remained focused on its mandate of promoting employment and stable prices. If the Senate Banking Committee wants to keep it that way, it should think twice before confirming Judy Shelton’s nomination to the Fed’s Board of

Governors....

‘Shelton... was long an ardent supporter of a return to the gold standard, a defunct system that entailed making the dollar convertible into a stable.... More recently, before the pandemic hit and as her nomination was in train, she did an about-face, aligning herself with Trump’s demands for the Fed to stimulate growth by lowering interest rates. Either way, Shelton is unlikely to be a reliably stabilizing force at a time when stability is needed most....

9. I hope I should believe this. I hope I should believe this. If this is true, global warming moves from possibly and potentially civilization-destroying to merely catastrophic:

Scott K. Johnson: *Major Study Rules Out Super-High & Low Climate Sensitivity to CO₂* <https://arstechnica.com/science/2020/07/huge-climate-sensitivity-study-shrinks-uncertainty-on-critical-number/>: ‘One of the most important numbers in climate science is 3°C... how much warming you get if you double the amount of greenhouse gases in the atmosphere... “climate sensitivity”.... Calculations of this value go back to the turn of the 20th century, when the Swedish scientist Svante Arrhenius came up with numbers in the 4-6°C range.

‘But a major milestone was reached in 1979, when a group of scientists released a climate report that included this value. The scientists wrote, “We estimate the most probable global warming for a doubling of CO₂ to be near 3°C with a probable error of ±1.5°C.”... The 2007 Intergovernmental Panel on Climate Change report tightened it up a bit to 2.0-4.5°C, but then a handful of studies released just before their 2013 report caused confusion that led to a return to the old 1.5-4.5°C range....

‘A group of 25 climate scientists published a study this week that presents a new synthesis of the evidence. And they conclude that a

narrower range is warranted.... The likely range for equilibrium climate sensitivity ends up at 2.6-4.1°C, with the most likely answer just a hair above 3°C...

10. Since the mid-1800s, the primary way conservatives have won elections has been to mobilize fear of strangers and of the strange to trump the majority economic interest in a less unequal society. But while fear can trump interest, can fear Trump fear? Perhaps not:

Steve M.: *But Giving People the Opposite of What They Want Has Worked so Well for Republicans Until Now!* <https://nomoremister.blogspot.com/2020/07/but-giving-people-opposite-of-what-they.html>: 'Shockingly, it appears that trying to kill constituents is bad for your poll numbers if you're an elected official.... Since the Reagan era, corporatist Republicanism has weakened the middle class, increased inequality, gutted regulations on corporations, and, in this century, crashed the economy twice. But because Republicans distract their base with culture-war talk and other forms of lib-owning, none of the harm GOP politicians do to their voters has ever seemed to cause them trouble at the polls.

I'm reminded of something I read a few years ago in a review of Arlie Russell Hochschild's book *Strangers in Their Own Land: Anger and Mourning on the American Right*. "The paradox that most baffles Hochschild is the question of environmental pollution.... A Cajun oil rig engineer named Mike Schaff.... Texas Brine drilled too closely to an oil deposit and the structure ruptured, sucking down forest and causing seismic damage to the homes of 350 nearby residents.... Texas Brine refused to take responsibility for the accident.... Four years later the sinkhole is 750 feet deep at its center and has grown to thirty-five acres. Methane and other gases bubble up periodically. Residents who defied evacuation orders avoided lighting matches.... [Schaff] marched on the statehouse, wrote fifty letters to state and federal

officials, granted dozens of interviews to local, national, and foreign press. When state officials claimed they had detected no oil in the bayou, he demanded that the EPA check their work. But Schaff continued to vote Tea Party down the line. He voted for the very politicians who had abetted Texas Brine at every turn, who opposed environmental regulation of any kind. He voted to 'abolish' the EPA, believing that it 'was grabbing authority and tax money to take on a fictive mission... lessening the impact of global warming'. The violent destruction of everything he held dear was not enough to change his mind."

So you can understand why Republicans thought they could refuse to build public-health infrastructure, ridicule and block mask mandates, and demand the premature reopening of businesses and schools—sure, some folks would die, but GOP politicians won't be blamed, will they? They never are....

But in this case, it's simple: Get the virus and you might die—and the Republican governor doesn't think it's a terrible thing if that happens. GOP politicians have gotten away with so much. Is it surprising that they thought they'd get away with this, too?...

11. I remember that after 2003 I waited for years for the *New York Times* deep dive: "how Judy Miller fooled herself and us on Saddam Hussein's nuclear weapons". It never came. Instead, they went all in on the access journalism of which Judy Miller had been a master. And the problem with access journalism is that, in order to preserve your access, you have to work hard to mislead and misinform your readers. Duncan Black looks at yet another piece of the resulting flaming wreckage:

Duncan Black: *Scoop of a Lifetime* <https://www.eschatonblog.com/2020/08/scoop-of-lifetime.html>: 'Maggie Haberman.... "Treating the coronavirus as a blue state problem was a fairly widespread approach in the West Wing...". Wow! If only you'd been a reporter at a prominent American news outlet so you

could have informed the public!...

‘And Maggie isn't even saying she missed it, just that it wasn't worth being in the paper of record. Sure they reported on the diversion of scare resources to favored states and governors. Also bad! But that's a bit different than the Trump administration wanting people in blue states to die so that they could blame Democratic governors for the deaths!

‘Not infrequently reporters, because it's extremely important that they be seen as Knowing Things, basically say, "oh, yes, we knew all that." Cool. Why didn't you tell us? I've been through enough important major events to know that I shouldn't expect them to get off their bullshit even when [looks around at all this] but I keep being surprised...

12. How to talk about Black Lives Matter to old rural white men with guns: a MasterClass from a master writer:

David Drake: *Newsletter #115* <http://david-drake.com/2020/newsletter-115/>: ‘The Chapel Hill police force doesn’t have a bad reputation for brutality (the way the Minneapolis police have since I lived in the Midwest decades ago).

‘Some years ago a fellow ran a red light and just about killed me. Instead of letting it go, I called the police from the mall where I was going to pick up a rose for my wife on our anniversary. (This was before I had a cell phone. It was a stupid over reaction on my part, but I thought of the police as my friends—and I was hot about the driver’s behavior.)

‘Officer Steve Riddle wasn’t one of the policemen I knew personally but when he pulled up to the curb I walked over to greet him. His response was to shout, “Back up Cowboy!” and arrest and handcuff me. In the magistrate’s office Officer Riddle lied that I was carrying a concealed weapon. (Most bike riders carry a folding

knife on their belt. I instead had an AG Russell Sting with a 3" fixed blade clipped to the side pocket of my trousers.)

'I went a lawyer whom I knew and liked. The case was dismissed in court. I don't mean all Chapel Hill police would have behaved that way (in fact a couple of them looked me up to apologize for Steve Riddle's behavior).

'I was wearing a motorcycle jacket rather than a business suit. But a black can't change his skin color because he expects to come into contact with the police, and Steve Riddle isn't unique among the police you're going to meet. There are some who are willing to choke to death someone who committed no crime.

'(George Floyd attempted to pass a counterfeit \$20 bill. There was no evidence of intent. Do you have a dud twenty in your wallet? I'm damned if I know whether all of mine are good.)

'So that's my story.

'It doesn't involve any brutality: just a policeman who jumped to conclusions and arrested a man who'd called for police help. That's not a mistake I've made since.

'Incidentally I was very polite throughout the business. Officer Riddle had already demonstrated his willingness to lie; if he shot me in the back I was sure he could find an exculpatory lie for that also.

'I am neither liberal nor PC, but I have quite a lot of sympathy for black people who live in Minneapolis. Or for that matter, in Chapel Hill, NC...