

# Worthy Reads for July 15

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

<http://bradford-delong.com>  
[brad.delong@gmail.com](mailto:brad.delong@gmail.com)  
@delong

2018-07=15

<<https://www.icloud.com/pages/0IL8BiahKBpaBaTgOerFTMoUw>>  
<<https://github.com/braddelong/public-files/blob/master/%23worthy-reads-2020-07-15.pdf>>

## Worthy Reads on Equitable Growth:

1. The old Chicago-school argument was that market pressures would not allow employers to discriminate—not unless their customers strongly and immediately demanded it. This was always subject to a critique: to the extent that market discipline was not immediate and absolute, market power gave running room to bad actors. Now come Kate Bahn and Mark Stelzner to point out that even good actors with market power will reflect, transmit, and amplify discrimination elsewhere in the system:

**Kate Bahn & Mark Stelzner:** *How Racial & Gendered Pay Discrimination Persists Under Monopsony in the United States*  
<https://equitablegrowth.org/how-racial-and-gendered-pay-discrimination-persists-under-monopsony-in-the-united-states/>:

‘There are many obstacles in finding a job... [that] inhibit workers from moving freely... and thus give employers monopsony power.... Because these obstacles more commonly confront women and non-White workers, employers have more power over

such workers, which means employers can push their wages down more compared to White men.... These racialized and gendered wealth disparities reinforce discriminatory pay penalties.... Greater protections for collective action and a more pro-worker National Labor Relations Board... can limit the ability of employers to exploit workers based on their gender or race and ethnic backgrounds.... Wage disparities, and monopsony power more broadly, are moderated by workers' ability to act collectively as a countervailing force, and that kind of worker power is a function of institutional supports for collective action.... A variety of factors intersect to result in discriminatory wage outcomes for workers along the lines of race, ethnicity, and gender, and likewise shows that a suite of policies in tandem that address these broad constraints would lead to more efficient outcomes and higher levels of social welfare... lead to more efficient outcomes and higher levels of social welfare...

2. We have a Treasury. We have a Federal Reserve. We have an Internal Revenue Service. Those financial operations that can be done at scale and do not require the incentive of profit-seeking expertise—or that are hindered by the deployment of profit seeking expertise—should all be provided by the government. Why weren't they so provided in the case of the PPP? Amanda Fischer asks the question, and gives us an answer:

**Amanda Fischer:** *'I talked to @theintercept about banks making 18 billion* <https://twitter.com/amandalfischer/status/1283036845325144064> *off of the Paycheck Protection Program, and how that's a symptom of failed public infrastructure. Our government should be able to do things without relying on financial institutions to deliver rescue money...*

3. Back at the end of 2008 I lobbied the Obama people: put the unemployed at work going door-to-door treating the chronic diseases of the uninsured. Win-win. Now the same logic applies, both at the federal and at the state level: put the unemployed at

work in public health. Win-win. The states may say they have no money. But states that suppress the coronavirus will end up having much more money, even in the short run, than states that do not:

**Delaney Crampton:** *The United States Needs a New Works Progress Administration to Overcome the Coronavirus Recession*  
<https://equitablegrowth.org/the-united-states-needs-a-new-works-progress-administration-to-overcome-the-coronavirus-recession/>:

‘Our nation needs more tracking and tracing of cases so that people can be notified and help limit the contagion of others.

Unfortunately, the implementation of contact tracing programs has been uneven.... At the same time, more than 44 million Americans have filed for unemployment benefits in less than 4 months. These two dire and worrisome trends—one related to public health and the other economic—also create a singular opportunity.

Policymakers could place millions of people searching for work into contact tracing jobs through a modern-day Works Progress Administration.... South Korea has become a model country in implementing strong policies around contact tracing, and has been able to successfully lift stay-at-home orders as most business have reopened. The country has relied heavily on high-tech solutions that include contact tracers who monitor all new arrivals to the country and using CCTV footage and credit card transaction data to monitor location data of patients. Or consider a state-level track-and-trace program already underway here in the United States. In Massachusetts, the nonprofit global health organization Partners in Health has been tapped to spearhead the state’s new contact-tracing program. Already, it has hired and trained close to 1,000 contact tracers. They are paying workers \$27 an hour for their time and providing all contact tracers with health insurance. Massachusetts is taking a step in the right direction, but there are estimates that the United States will need to hire as many as 300,000 contact tracers to track and prevent the spread of COVID-19...

4. Relative material progress of the African-American population of the United States has been stalled since the 1970s. The shadow of

slavery and Jim Crow and its impact on the wealth distribution has meant that any “declining significance of race” has been offset by a rising significance of class. And then we need to add in the rising ossification of America’s class structure. Those of us who are African-American do not forget this. Those of us who are not African-American need to recall this many times each day: when we rise, and when we lie down; when we eat, and when we drink; when we work, and when we rest:

**Liz Hipple, Shanteal Lake, & Maria Monroe:** *Reconsidering Progress This Juneteenth: Eight Graphics* <https://equitablegrowth.org/reconsidering-progress-this-juneteenth-eight-graphics-that-underscore-the-economic-racial-inequality-black-americans-face-in-the-united-states/>: ‘In observance of Juneteenth, the Washington Center for Equitable Growth is reflecting on the perceived progress made in the lives of Black Americans and highlighting evidenced-backed policy solutions needed to reduce economic racial inequality. Eight graphics on wages, wealth, and health: Black workers, especially Black female workers, have lower salaries than White workers with similar levels of education. While the median White male worker with a college degree earns \$31.25 an hour, the median Black male worker with a college degree only earns only \$23.08. This is only \$5 more than a White male worker with a high school degree. Some of this wage gap is due to occupational segregation, but the majority of it is “unexplained” and is attributed to discrimination...

#### **Worthy Reads Elsewhere:**

1. This may be really, really bad news. If this now-endemic virus, as dangerous and debilitating as it is, is also such that some—many?—of our immune system’s have a hard time retaining a durable memory of it, then we are in trouble. We either require permanent

social distancing, or we accept a cut in human life expectancy of perhaps a decade, plus morbidity effects on our quality of life. But our vaccine researchers and pharmacists are ingenious: every-six-month vaccination boosts are certainly possible:

**Ian Sample:** *Immunity to Covid-19 Could Be Lost in Months, Uk Study Suggests* <https://www.theguardian.com/world/2020/jul/12/immunity-to-covid-19-could-be-lost-in-months-uk-study-suggests>: ‘The virus could reinfect people year after year, like common colds. In the first longitudinal study of its kind, scientists analysed the immune response of more than 90 patients and healthcare workers at Guy’s and St Thomas’ NHS foundation trust and found levels of antibodies that can destroy the virus peaked about three weeks after the onset of symptoms then swiftly declined. Blood tests revealed that while 60% of people marshalled a “potent” antibody response at the height of their battle with the virus, only 17% retained the same potency three months later. Antibody levels fell as much as 23-fold over the period. In some cases, they became undetectable. “People are producing a reasonable antibody response to the virus, but it’s waning over a short period of time and depending on how high your peak is, that determines how long the antibodies are staying around,” said Dr Katie Doores, lead author on the study at King’s College London. The study has implications for the development of a vaccine, and for the pursuit of “herd immunity” in the community over time. The immune system has multiple ways to fight the coronavirus but if antibodies are the main line of defence, the findings suggested people could become reinfected in seasonal waves and that vaccines may not protect them for long. “Infection tends to give you the best-case scenario for an antibody response, so if your infection is giving you antibody levels that wane in two to three months, the vaccine will potentially do the same thing,” said Doores. “People may need boosting and one shot might not be sufficient”...

2. Life comes at you surprisingly fast. There comes a point when evading responsibility for the consequences of the confidence

games you run hits the wall. Unfortunately, Governor DeSantis did not hit his personal wall soon enough to keep it from now being Florida's turn in the barrel. Perhaps one of the interesting things social scientists will investigate after this is all over is that it was impossible for the social learning conducted in New Jersey, New York, and New England to diffuse around the country in time. I can understand Europe and Iran not learning from China. I can understand New York not learning fast enough from Italy. But the arrival of this second wave is truly bizarre:

**Aaron Rupar:** 'Ron DeSantis on May 20 <https://twitter.com/atrupar/status/1282420745671520257>: "We've succeeded, and I think people just don't want to recognize it because it challenges their narrative, it challenges their assumptions, so they gotta try and find a boogeyman." Florida reported 15,299 new cases of coronavirus today...

3. There is every reason to hope for a rapid economic bounceback toward full employment in Japan and Europe. But as best as I can see, Dan Albert is right here: The right economic forecast for the short run here in the United States is one of fear and terror of a snowballing depression:

**Daniel Alpert:** *Congress Needs to Support US Economy or Job Losses Will Increase, Recession Will Get Worse* <https://www.businessinsider.com/ppp-plop-payroll-lay-off-phase-new-great-depression-2020-7>: 'We have now entered the post-PPP Payroll Lay Off Phase (PLOP) of the COVID-19 Pandemic Recession of 2020 in the United States. Efforts by the federal government to soften the blow to businesses and households were bold—but we can see clearly now, not sufficient. America is still hemorrhaging jobs.... [In] the "surprise" jobs report for May... workers were not being "re-employed"... but were rather being "re-payrolled" by the tens of millions in order to meet the requirements of the Payroll Protection Program (PPP) funds.... Many of the businesses kept alive by the eight weeks of payroll

and other operating expenses furnished... have now pretty much exhausted those funds—and many of the 4.9 million borrowers under the program may not be viable as ongoing enterprises. Even more will be non-viable unless they now cut costs and jettison a good number of the workers they added back to payrolls with the PPP dollars. The evidence of this re-furloughing and resumed layoffs is rolling in now like thunder.... The extended duration of the lockdown is resulting in a new round of furloughs and layoffs from large and small employers alike—especially in the airline and the leisure and hospitality sectors.... We are 16 weeks into the crisis and the level of initial unemployment insurance claims is still higher than at any time in the recorded history of the data.... In addition to the 50 million claims above, there have been 8,792,890 in aggregate initial claims for unemployment insurance benefits made by self-employed persons under the Pandemic Unemployment Assistance Claims (PUAC) program, over one million in just this past week alone.... It would be a mistake... to conflate these persistently high initial claims numbers with the new peaks in COVID-19 cases in the Southern and Western states. The data could not more clearly illustrate the opposite to be true.... The layoffs and furloughs that are behind the continuing (and soon to be growing) volume of unemployment claims are evidence of the deep recession that began in March. A recession that will... be deeper than that of the Great Recession. The only questions are whether this Greater Recession will last longer than its predecessor and whether it will turn into an outright economic depression...

4. In the Clinton and Obama administrations legislative proposals tended to be crafted with an eye toward gaining the approval of at least 60 Senators. The combination of senate procedural blockages and the belief that bills that many Republican senators thought were good policy would be durable victories led to that strategy. It was a catastrophic failure. Joe Biden's staff appears to have learned from Clinton's and Obama's mistakes, and is drafting proposals focusing on what would genuinely be the best policy. It is very nice to see:

**Matthew Yglesias:** *Joe Biden's Housing Plan Calls for Universal Vouchers* <https://www.vox.com/2020/7/9/21316912/joe-biden-housing-plan-section-8>: 'Joe Biden has a housing policy agenda that is ambitious, technically sound, and politically feasible, and that would—if implemented—be life-changing for millions of low-income and housing-insecure households. According to original modeling by Columbia University scholars, it could cut child poverty by a third, narrow racial opportunity gaps, and potentially drive progress on the broader middle-class affordability crisis in the largest coastal cities as well. The plan hasn't stirred an intraparty debate or really much attention at all, which could make it politically feasible to enact. "Biden's plan is bold, comprehensive, and will go a long way in making sure every American has a home," Mary Cunningham, the vice president for metropolitan housing and communities policy at the Urban Institute, tells me. "It's plainly obvious, in the middle of this pandemic, that home is more important than ever." The centerpiece is simple. Take America's biggest rental assistance program — Section 8 housing vouchers — and make it available to every family who qualifies. The current funding structure leaves out around 11 million people, simply because the pot allocated by Congress is too small. Then pair it with regulatory changes to help the housing market work better for more people. It's the general consensus approach among top Democratic Party politicians and left-of-center policy wonks...

5. Is it the staying at home with lots of time to think, the economic distress and uncertainty, or the heightened fear and consciousness of mortality, or just chance that turn the coronavirus spring into Black Lives Matter spring? Barry Eichengreen believes that it is the second:

**Barry Eichengreen:** *Rage Against the Pandemic* <https://www.project-syndicate.org/commentary/covid19-racial-disparities-fuel-usa-protests-by-barry-eichengreen-2020-06>: 'The connection



running in the other direction—from the pandemic to the demonstrations—has received far less attention. Without diminishing for a moment the horror of Floyd’s death, the question is: why now? After all, before Floyd, there was the police killing of Michael Brown... Eric Garner... nearly 100 African-Americans who died in police custody over the past six years. One explanation for why Floyd’s killing triggered a national uprising is that an especially horrific recording quickly dominated social media and traditional news outlets alike. But this answer will satisfy only those who have forgotten the equally horrific recording of Garner’s killing. A more convincing explanation must include the pandemic.... The COVID-19 mortality rate is 2.4 times as high among black Americans as white Americans. Even without more images of police brutality, the situation facing many African-Americans, disproportionately affected by the pandemic, was already approaching the unbearable. That is because of America’s threadbare social safety net. Unemployment insurance benefits are typically limited to 26 weeks in the US. Certain states in the South provide fewer. Indeed, some, such as Florida, have intentionally designed their bureaucracies to make applying for unemployment benefits as difficult as possible...

6. That neofascists propose to win elections not by doing any heavy policy lifting to expand the pie or redirect pieces of it—heavy lifting that would require the slow boring of holes through hard materials—was originally a source of political strength. But when there are clear things that a government needs to do for the safety and well-being of the public, the fact that neofascism has no policy competence turns into a weakness:

**Gideon Rachman:** *Coronavirus Could Kill Off Populism* <https://www.ft.com/content/3bcf2b5e-e5f1-48e4-bb15-cd29615a9198>:  
‘Populists hate to be unpopular. That is why they have proved so bad at handling Covid-19, a crisis that brings nothing but grim news—death, economic destruction and curtailed freedoms. Donald Trump, the US president, and Jair Bolsonaro, Brazil’s

president, are the two most prominent populist leaders in the western world. The disastrous results of their approach to coronavirus are now becoming apparent. Last week, Brazil became the second country in the world, after the US, to record more than 50,000 Covid-19 deaths. The distinguishing characteristic of the Trump-Bolsonaro approach to Covid-19 is a fatal inability to face reality.... In Britain, Boris Johnson has been more respectful of the scientific consensus. But, early in the crisis, the prime minister did succumb to one of the biggest flaws in the populist approach: a dangerous reluctance to act on bad news. As other European nations went into lockdown, he proclaimed that “we live in a land of liberty” and delayed taking action. Partly as a result, the UK has the highest number of Covid-19 deaths in Europe. In just two months, Mr Johnson has gone from record popularity to a negative approval rating. By contrast, Angela Merkel—who is detested by Mr Trump and many other populist leaders—has had a good crisis. Germany has one of Europe’s lowest per capita death rates. When Mr Johnson protested in parliament last week that there is not a single example of a country with an effective contact-tracing app, Sir Keir Starmer, the leader of the opposition, responded with a single word: Germany. The contrast between Ms Merkel’s performance and those of the populists demonstrates that an ability to understand evidence is a useful trait in a leader.... Francis Fukuyama of Stanford University speculated to the BBC recently: “The Covid-19 epidemic may actually lance the boil of populism.”... The defeat of Mr Trump in particular would have global implications.... [But] there is the possibility that, amid a crisis, the norms of democratic politics will simply break down. Mr Trump has already unnerved many political observers with his repeated assertions that November’s election will be rigged. Mr Bolsonaro has packed his cabinet with generals and said that the military will ignore “absurd” rulings “to remove a democratically elected president”.... Populism may indeed be rejected by voters in the wake of Covid-19. But there is no guarantee that the populists will go quietly...

7. Tim Scott, the only African-American senator in the United States republican party, is playing a very difficult political hand with MND scale given who his allies and who his constituents are. This is very much worth reading as a window into if not his mind at least his public presentation of self:

**Jane Coaston:** *Sen. Tim Scott on Police Reform & Why Ending Qualified Immunity Is a Nonstarter for the GOP* <https://www.vox.com/2020/7/7/21311493/tim-scott-race-policing-justice-act-reform>: ‘Sen. Tim Scott of South Carolina, the only Black Republican serving in the US Senate, has an additional, unenviable task beyond his usual legislative portfolio: talking to his colleagues, and Republicans in general, about the issues of race and policing with which he has an intimate familiarity. “I, like many other Black Americans, have found myself choking on my own fears and disbelief when faced with the realities of an encounter with law enforcement,” he wrote in an op-ed in USA Today earlier this year, detailing experiences that began when he was 21 and have continued into his time in Congress.... Sen. Scott and I talked about police reform, qualified immunity for officers and why eliminating it is a “poison pill” for Republicans, race and racism, and our own family experiences of bad policing. He told me Floyd’s death had launched a “tectonic shift on the underlying issue” of police brutality. “I hope that we don’t miss this opportunity” to address it, he said...

8. Maybe I am simply a huge idiot, But I was substantially heartened by reading Lucy Kellaway’s account of how judging a secondary school speaking contest shook her. That Black teenagers in London feel that they can stand up in front of a white power structure and speak truth — talk about how their blackness and their femaleness marginalize them, about how the beauty industry disrespects them, and similar topics shows a bravery that would’ve been foolhardy and a possession of social power that would have been unthinkable in any previous generation. As Crane Britton wrote long ago: Revolutions happen when expectations are rising. And

expectations rise only when the ice has already broken:

**Lucy Kellaway:** *What My Students Have Taught Me About Race*

[https://www.ft.com/content/014b4bcf-](https://www.ft.com/content/014b4bcf-ac8f-4027-86d5-70e2550003e3)

[ac8f-4027-86d5-70e2550003e3](https://www.ft.com/content/014b4bcf-ac8f-4027-86d5-70e2550003e3): ‘My heart is in the right place... but... my heart is an irrelevant organ when it comes to traversing this minefield. I need instruction. I became aware just how bad things were a few months ago, when I was a judge in a public-speaking competition open to all secondary schools in Hackney. I... listened to two dozen teenagers.... It should have been uplifting, but I left feeling grimmer than when I’d arrived. Of the finalists, eight were black girls, the first of whom gave a powerful talk about how she as a young black woman felt marginalised. The next girl gave a speech about how ideals of female beauty did not include black beauty. Six further talks followed along similar lines. The performances varied from medium to electrifying but the topic was the same. The judging took place about 200 yards from where I live, but I might as well have stepped into another world. I suppose I’d assumed that racism in London was less of a problem than it was a generation earlier, so it was a shock to discover that this was the only theme the girls wished to talk about. I now see that what things used to be like is an irrelevance to these young women. What matters to them is the present—and their account of it is both important and distressing. I don’t know what the answer is in policy terms. I don’t even know what, if anything, I can do in my own classroom—apart from trying to avoid dropping any more antediluvian clangers. In the absence of any better ideas, all I think I can do for now is to listen to my students talking about their world, while continuing to talk to them about mine. I am educating them. And they are educating me...