The Unintended Pharmacy

Sometimes our plans simply don’t go the way we want or expect them to go. Occasionally we are simply victims of bad luck but, more often than we care to admit, the fault lies not in our luck but in ourselves in that we failed to think things through before we began. And, sadly, on many of these occasions our own failures result from willful blindness rather than innocent ignorance. Case in point: Walgreens and the City of San Francisco.

To give a short summary, Walgreens has shuttered a number of pharmacies within the city of San Francisco in the past several years due to widespread theft ([*Shoplifting Has Forced Walgreens To Close 17 Stores*](https://www.thesfnews.com/shoplifting-has-forced-walgreens-to-close-17-stores/77228)*;* [*Walgreens Closes 17 Stores In San Francisco Because Of Rampant Theft*](https://ktrh.iheart.com/featured/michael-berry/content/2021-05-26-walgreens-closes-17-stores-in-san-francisco-because-of-rampant-theft/)). Jason Cunningham, regional vice president for pharmacy and retail operations in California and Hawaii, is quoted in The [San Francisco Chronicle](https://www.sfchronicle.com/local-politics/article/Out-of-control-Organized-crime-drives-S-F-16175755.php) saying that

<[t]he cost of business and shoplifting led Walgreens to shut 17 locations in San Francisco in the past five years — an “unpopular and difficult decision.”>

Cunningham offered the following statistic to support his claim about shoplifting:

<[t]heft in Walgreens’ San Francisco stores is four times the average for stores elsewhere in the country, and the chain spends 35 times more on security guards in the city than elsewhere.>

This story might be a mere footnote in the business columns were it not for the fact that it is almost a textbook example of how willful blindness (or worse) results in what economists call unintended consequences. In a nutshell, both the City of San Francisco and Walgreens hold viewpoints and enacted policies that, to the untrained eye, seem to be compassionate, but which ended up harming the same vulnerable people which these parties claimed they want to help.

Of course, the idea of unintended consequences is not a new one in economics circles. EconLib has a nice [summary of this topic](https://www.econlib.org/library/Enc/UnintendedConsequences.html), in which they point out that the idea first appeared in Adam Smith’s The Wealth of Nations. Smith’s Invisible Hand describes the positive unintended consequences whereby each individual, following his own self-interest, helps to build a healthy, thriving society. In modern times, the phrase ‘unintended consequences’ usually carries a negative connotation and has come to mean all the bad things that result from some policy enacted by either blind, but well-meaning, politicians or by sinister opportunists who sell the willfully blind a bill of goods. But, regardless of whether the consequences are good or bad, all of us are obligated to make sure that they are at least intended; a point-of-view most forcefully expounded by Frederic Bastiat.

What is new is just how clueless the residents of the City by the Bay are in making good, or rather bad, on their compassion.

Let’s start with the muddle-headed thinking of the city government. In April 2018, the San Francisco legislature, in all its wisdom, deemed shoplifting goods valued at less than $950 a misdemeanor, thereby removing a strong disincentive to theft. Some in city government view shoplifting as a petty crime not worth enforcing but as anyone familiar with the concept of the broken window syndrome knows, smaller crimes beget bigger ones and a failure to enforce laws invites lawlessness. In addition, the more recent, widespread antipathy towards the police has emboldened the criminal element across the country. No doubt, other members of the government likely believe that they are showing understanding and compassion towards the marginalized (a la Cynthia Nixon’s recent comments) or they are shamelessly virtue signaling because they live in areas unlikely to be impacted by their decisions. But, as will be demonstrated below, all that this point-of-view does is harm the most vulnerable. Regardless of the interplay between all these motives, the result is a theft rate in Walgreens four times higher than stores in the rest of the country.

Walgreens is not entirely blameless in this as well. No doubt due to both political reasons and matters of liability, the pharmacy chain has taken a non-confrontational approach to shoplifting in its stores. According to anonymous reports from employees on reddit, Walgreens instructs its staff to do nothing to stop a shoplifting incident but to simply report it after the perpetrator has left the building. Once the cops arrive there is really very little that they can do, even if the courts would have been zealously prosecuted the offenders.

Finally, some of the most vocal residents of these very neighborhoods also don’t get it. The Mission Local ran an article entitled [*'Shame on Walgreens,' neighbors petition store plagued by shoplifting not to close*](https://missionlocal.org/2021/03/shame-on-walgreens-neighbors-petition-store-plagued-by-shoplifting-not-to-close/). The article cites the petition as describing one Walgreens in particular as a

<…lifeline for many seniors, people with disabilities, and low-income residents who cannot go further out to other stores to get what they need. The other Walgreens that is 3 blocks away is not handicapped accessible and cannot accommodate people with disabilities. Walgreens Corp. has an annual revenue of around $139.5 billion. We think they can afford to keep needed stores like this open.>

The same article goes on to quote the poster boy of willful blindness, a jackass by the name of Curtis Bradford as saying

<In the middle of a pandemic and crisis, we cannot allow profit driven greedy Corporations to further traumatize and abandon their responsibility to the community. People over Profits! Especially during the worst crisis we’ve faced in a generation. Shame on Walgreens[!]>

To these residents Walgreens should just hang in there and take it since they have deep pockets; the greater good is taking care of the vulnerable and the elderly in the Mission District. Not once did the article cite a resident who organized a neighborhood watch to thwart shoplifting or member of the community who setup ‘pony express’ with runners who would go the 3 blocks mentioned and retrieve those lifeline goods.

To recap: we have an envious and apathetic public who, in adding one part free rider problem and one part moral hazard to their witches brew, creates a potion that allows them to blindly and willfully ignore that Walgreens has rights and that it exists to be in business; we have a pathetic and timid business in Walgreens, who, in trying to avoid direct confrontation, has blindly and willfully ignored their obligations to employees and stock holders; and we have group of demagogues and opportunists who, in trying to capture the politically correct high ground, has blindly and willfully refused to mete out justice. And who suffers from all this willful blindness and unintended consequences? The very people each of those aforementioned groups no doubt claims to protect. If it weren’t so sad it would be downright funny.