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COVID-19, socialized medicine and ‘deaths of despair’

by JOHN COURETAS • April 22, 2020



The American healthcare industry is undergoing a massive stress test known as the coronavirus. For months and years to come, analysts will be issuing their opinions about just how well that industry performed under the incredible, sudden surge of the pandemic.

Given the **massive influx** of stimulus funding for healthcare and programs like Medicare, no one should be surprised about a **“barrage” of new lobbying activity** and a surge of activism for single payer or **universal health care**. Getting just ahead of that surge are

Angus Deaton and Anne Case, two economics scholars with distinguished careers, with the publication in March of “**Deaths of Despair and the Future of Capitalism**” (Princeton University Press).

American healthcare, they argue, “is a cancer at the heart of the economy, one that has widely metastasized, bringing down wages, destroying good jobs, and making it harder and harder for state and federal governments to afford what their constituents needs.” It is the most expensive in the world, and delivers the worst outcomes of any advanced nation, they argue.

In Case and Deaton’s view, American healthcare is the Sheriff of Nottingham con game – the rich stealing from the poor – with no Robin Hood in sight. The industry, they claim, “is not very good at promoting health” but delivers vast riches to physicians, pharmaceutical companies, medical device manufacturers, health insurers, and hospitals. And all of it protected by a potent lobbying effort in Washington.

Here they are in a brief interview about the book:

Deaths of Despair - Case and Deaton Full



Case and Deaton have written a scholarly work, much more sociological than economic in its outlook, and heavy on references to public health data, statistical surveys, and the work of other researchers in the field. The main focus of the book is on the white working class and “the lives that have come apart and have lost their

structure and significance.” Much of the ground over which Case and Deaton range – the opioid crisis, the unraveling of cultural norms, the anomie and alienation of those left behind by a global economy – has been well trod. They’ve put together an exhaustive summary of the data, in numbing and repetitive detail. For a book with the word “despair” in its title, it communicated with as about as much pathos as a statistical abstract.

Overall, Case and Deaton are not suggesting that free markets don’t have their place, or haven’t produced immense benefits. But in healthcare, one of the chief villains in their story, they argue that the “social benefits” just aren’t there. “While free-market competition is a good benchmark for much of the economy, where we can rely on the market to produce good outcomes, that is not true for healthcare,” they write. “Free-market competition does not and cannot deliver socially acceptable healthcare.”

The authors are serious people. Angus Deaton, author of *The Great Escape: Health, Wealth, and the Origins of Inequality*, won the economics Nobel in 2015 for his work on poverty. Anne Case is the Alexander Stewart 1886 Professor of Economics and Public Affairs Emeritus at Princeton. (See the [Acton search page](#) for extensive coverage of Deaton’s work over the years.)

Case and Deaton go into in some detail on the deadly opioid crisis, and the culpability of pharmaceutical companies in that ongoing plague, but they say problems in American healthcare go well beyond that.

Health insurance, Case and Deaton say, inordinately consumes personal income whether it is paid by the individual or through the shared cost of an employer plan. “It has often been noted that health insurance is less about protecting your health than protecting your wallet against the healthcare system,” they write. They look at the cost of healthcare as a form of reverse taxation where “squeezing

even small amounts out of each of a large number of working people can provide enormous fortunes for the rich who are doing the squeezing. That is what is happening today, and we should stop it.”

To bolster their case, the authors cite the work of economist Kenneth Arrow, who they say concluded that a “laissez-faire solution for medicine is intolerable.” (Read Arrow’s 2010 article “**The Economy of Trust**” in Acton’s *Religion & Liberty* quarterly.) More from Case and Deaton:

Arrow’s theorems give a more precise account of the argument made long ago by Adam Smith. It is no accident that Arrow also wrote **the key paper** on health economics, explaining why a market solution for healthcare would be socially intolerable. Certainly, as market fundamentalists argue, competitive free markets (together with antitrust enforcement) would almost entirely deliver lower prices than those we see today. But health care is not like other services. Patients lack the information that providers possess, which puts us largely in their hands. We are in no position to resist provider-driven overprovision, which can also happen with a garage mechanic, but with less serious consequences.

Their cure? Like good progressives, they advocate for some form of universal healthcare, noting that there are “many options” and models for just how to do that. They concede that “no viable scheme can work without compulsion to prevent those who do not need insurance from refusing to pay, nor without cost control, which will cut the incomes of providers, not all of whom are extremely rich.”

Anyone who witnessed the debate over Obamacare, a thoroughly partisan project, should expect that Case and Deaton will get a lot of push back on their claims. AEI’s Marc Thiessen, in an April 14 *Washington Post* column titled “**Why this pandemic is an indictment of socialized medicine,**” says the coronavirus raises “the dangerous idea that we should put the government bureaucrats who could not develop tests or stockpile masks, gowns and ventilators in charge of our entire health-care system.” Thiessen:

While the federal government's pandemic preparedness was sorely lacking, the fact is America's system of private medicine has left us far better positioned for today's crisis than other nations. As Scott Gottlieb, former commissioner of the Food and Drug Administration, explained in [an interview](#), here in the United States, "we're going to have a better experience [with this pandemic] than a lot of other countries because of how good our system is at delivering critical care."

To support their indictment of American healthcare, Case and Deaton cite the rankings of the Commonwealth Fund, a New York-based healthcare organization that routinely ranks the United States at or near the bottom.

Theodore Dalrymple, a medical doctor retired from practice, looked at the business of comparatively ranking the quality of national health care systems in his new book, "[False Positive: A Year of Error, Omission and Political Correctness in the New England Journal of Medicine](#)" (Encounter Books, 2019). In particular, he looked at the work of the Commonwealth Fund, whose rankings "ought to make people laugh." He spends some time talking about his own experience with the UK's National Health Service. More from Dalrymple:

Curiously also, I have never heard any Western European speak of Britain's health service with anything other than fear or disgust, despite the Commonwealth Fund's ranking it first. No one in Western Europe says, when ill, "If only I were in Britain!" Rather, if they are ill in Britain, they do everything to be repatriated if at all possible. They regard the prospect of being treated under the NHS with terror. And oddly enough, the Commonwealth Fund ranks France's health-care system as next to last overall, worst in administrative efficiency and next to last in equity. This is indeed curious, since everyone I have spoken to in France is satisfied with

the health care in their country (which has a very good reputation elsewhere also), however dissatisfied they may be about everything else.

“Deaths of Despair and the Future of Capitalism” will find a receptive audience among progressives in an election year, for all sorts of reasons. The outcome of the race for the White House will also have a huge bearing on whether another push for socialized medicine is ahead. Former Vice President Joe Biden, the current front runner for the Democratic presidential nomination, has promised **a major expansion of government support for healthcare**, including a Medicare type public option.

But whoever wins in November, those 2,829 healthcare lobbyists in Washington – by Case and Deaton’s count – are sure to remain very busy.

More here from Case and Deaton in this PBS interview:

'Deaths of despair' are cutting life short for some white Am...



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