

The Pandemic as a War

The phrase “making war” is used in political campaigns, in sports competitions, in family tiffs, and in all other manner of contests. Your blogger was born in the late 1940s, experienced (as a child) the Korean War, the Viet Nam War, and various other engagements of the United States military. YB has written of conversations with friend Larry Siegel about the COVID-19 pandemic as a big tax, wherein Larry has argued that it was like a war, but without the spoils of war. As the United States approaches 800,000 deaths from COVID-19, which will happen late in November or early in December, it is wise to examine the terms analytically.

The “pandemic as tax” model argues that an epidemic is like a big tax, in which activities become more expensive. If the tax becomes large enough, some activities (trade, travel) actually stop. It is a good analogy for a (relatively) small event. Communal facilities had lockdowns long before COVID-19. YB’s mother was in a “life care community” for several years. At one point an influenza epidemic in the community led to a lockdown. After a couple of weeks, the epidemic had run its course, and the community reopened. It had been inconvenient and costly to families, but it was over. This was a pandemic as a tax.

More serious was the HIV/AIDS epidemic starting in the 1980s and going on in some countries well into the 21st Century. Kaiser Family Foundation documents indicate that in 2007 approximately 350,000 South Africans died of HIV/AIDS (<https://www.kff.org/wp-content/uploads/2013/01/7365-065.pdf>) while about 5.7 million people were living with it. This was an enormous wealth tax on South Africa (Swaziland, Botswana, and Lesotho had even higher rates, but smaller populations). Prevention and treatment have limited HIV/AIDS deaths, although there are still large costs in many places.

Economists know how to analyze taxes. Taxes fall most heavily on those who are unable to avoid them (*inelastic responses*, in economic parlance). Figuring out exactly who pays them can be difficult (*tax incidence*), but economists know how to do it.

COVID-19 seems to be more than this. Think of the attributes of a wartime footing:

1. It affects everyone;
2. Mandated service; in this case in the health care sector;
3. Nationwide restrictions on freedom to engage in commerce or to travel;
4. Mandated prevention activities (now, at last, vaccinations);
5. Supply chain breakdowns;
6. Loss of productive capacity;

Touching briefly on each, there has been nowhere to run and hide during COVID-19. Even those who deny the seriousness of the disease have seen themselves or family members fall ill and sometimes die.

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Second, although there has not been a mandatory draft, there has been serious pressure on medical professionals and essential workers to serve. The results have fallen unequally on lower income and minority groups.

Third, people have faced severe restrictions on commerce and travel. No one was planning ocean cruises or family reunions during World War II. COVID-19 has imposed similar constraints.

Fourth, although the federal and state governments hoped to do the right thing by gentle persuasion, the persuasion has become less gentle. Under President Trump, the federal government left the hard work of treatment and vaccination to the states. Under President Biden, the federal government has provided political cover for the states and businesses to mandate large-scale vaccinations. Privately, at least, the states and the businesses are glad to have had the decisions taken out of their hands.

Fifth, COVID-19 has led to supply chain issues that YB has only seen in the 1970s when oil price controls led to gas lines. To get to the larger problem, most Americans (again) would have to go back to World War II. No one at this time has seriously proposed rationing, although many stores have imposed quantity limits (most often affecting paper goods). Economists do not have really good models for the recent supply chain issues, but they must have something to do with a lack of people to unload ships, and drive trucks. Losing 800,000 people, and seeing the families' disruptions probably has something to do with it.

Sixth is the loss of productive capacity. The US was busy making bombs, fighter planes, battleships, armaments, and all sorts of wartime materiel during World War II. Even during the Viet Nam War, with an overheated economy, there were not shortages of computers (there were not computer chips either), there were not food shortages, and there were not paper shortages. Again, in the present, the loss of life, and the disruption of family activities (no one could foresee the family time impacts of large-scale forced online education) have severely impacted productive capacity.

The "war model" not a complete economic model, but it provides some substance that is lacking in the "tax model". When taxes are imposed, economic life "goes on", subject to the constraints of the taxes. In a war, economic life undergoes major changes, and runs into major losses of life and productive capacity, and major changes and bottlenecks in activities. One could argue that our current war started in March 2020. With well over 1,000 people per day yet/still dying of COVID-19 (as of November 2021), it has not yet ended.

Allen C. Goodman
Professor of Economics