

Number of COVID-19 deaths as of 2/20/2021 - 509,872
(<https://www.worldometers.info/coronavirus/country/us/>)

Allocation When Markets Cannot be Used

Economists love markets. We talk about going to the grocery store, needing to buy catsup, and knowing that lots of varieties of catsup will be available. The grocer doesn't need to know when we will show up, and producer almost certainly doesn't know, nor care who we are, and when we will buy. We do not have to order catsup in advance and we can almost always depend on there being lots of bottles of Heinz (your blogger's favorite).

There is no "Central Catsup Board", and there are no catsup price controls. Somehow the information gets to the suppliers, through the merchants, and the catsup appears. No one worries about catsup allocation or catsup shortages. When YB started taking economics in the 1960s, instructors delighted in comparing the US market economy to the empty store shelves of the (then) Soviet Union, which engaged in central planning.

In the late 1970s Americans got a taste of the problems of regulated markets with periodic gasoline shortages. If Pennsylvania, for example, tried to regulate gasoline prices, gasoline producers would simply ship their gas elsewhere. There were shortages. People lined up to get gas. Some gas stations had preferred customers who would drive up to a station and flash their lights to get the pumps turned on. Younger Americans might find pictures of the 1970s gas lines to look quaint, but there *were* lines. The lines vanished when the gasoline market was deregulated.

There are times that market solutions are uncomfortable. Imagine that the owner of a water bottling company marks up prices by a factor of two or three immediately after a hurricane lays waste to an area. This occurred after Hurricane Irma in 2017 (<https://www.usatoday.com/story/money/2017/09/06/hurricane-irma-case-water-sells-99-99-amazon-residents-fear-price-gouging/636893001/>). While justified in terms of supply (reduced) and demand (increased), it is at least "bad form" and brings opprobrium down on the merchant. Increasing rents when "gentrifiers" move in can force long-time residents to pay increased prices for units that they have been renting for years ... or move. This is a market situation ... that is uncomfortable.

We have not sought market solutions for the allocation of the COVID-19 vaccine, but we seem to have achieved the worst features of both market and more centralized plans. No one argues that medical personnel, nursing home residents, first responders and others should bid against each other for vaccines, but the refusal of the previous (Trump) administration to federalize the distribution led to 51 different state plans, devolving into over 3,000 county plans. Whether people of similar circumstances can get vaccines depends on where they live and who they know.

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As a case in point, after weeks of trying to find a vaccine, YB and partner got an appointment for March 9. YB went to a web site that he had not known about, because a friend told him about it. YB and his partner had to get separate appointments at TWO different stores (15 minutes apart), because that was the only way. We recounted this mess to a physical therapist who had been trying to get vaccinations for his elderly parents. He had had no idea of this channel. YB + partner plan to get the vaccine on March 9 – if it shows up. There have been instances of canceled appointments because there was not enough vaccine.

It did not have to be this way. People's Social Security numbers are date-stamped. The federal government knows who is over 65, and where they live, because it collects income taxes from them, and sends them Social Security checks. There are enough empty spaces (and plenty of parking) at local shopping malls that mass-inoculation sites could be created. This has occurred at some locations, but not all, and very few in metropolitan Detroit. People can be given photo-ID vaccination passports which can be scanned at schools, airports, theaters, and the like. YB has been talking about this for months. Scan the passport, and enter. Choose not to vaccinate, and stay out.

So, markets do a great job of allocating, except when they don't. When they don't, we have to try something else! The time for something else has come.

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