

January 23, 2021

The Federalized Vaccine

The appropriate mix of localized and more federalized public goods outputs has long been a topic of economic inquiry. To the extent that the preferences and technologies are local (local government, local schools, police and fire protection), financing and decision-making should be at the community, county (local district) or state level. To the extent that the preferences and technologies are national (war-making, defense, space exploration), the financing and decision-making should be done at the national level.

Today's blog will use this framework to evaluate the COVID-19 vaccine development, and the roll-out. Both of them fill the bill for national public goods. Yet, the first stands out as a public good success. The second, to date, has been found wanting.

First, a little economic history. Your blogger remembers being piled into the family Plymouth in the 1950s on trips between Cleveland and Chicago. The family would take US Routes 20 and 6 through Sandusky, Toledo, Elkhart, South Bend, and Gary on a trip that seemed to take about 12 hours (it was probably only about eight). It was slow, and it went through major cities, because that is where roads went.

After a few years' hiatus, we took the trip again. The new Ohio Turnpike and Indiana Toll Road had shaved two hours off of the trip, bypassing all of the previous fun spots on the way. These roads were part of the Interstate Highway System that provided a 90 (federal):10 (state) match to build new highways. The act was originally related to defense readiness (if the Soviets invaded New Jersey, they could sabotage the 7 tunnels of the Pennsylvania Turnpike and keep our soldiers from responding quickly – hence the construction of tunnel-free I-80). Economic analysis (Fernald, 1999) has suggested, however, that the massive road-building of the 1950s and 1960s offered a one-time boost to the [unprecedented] post-World War II growth in productivity through the early 1970s. Public investment brings returns!

The development of the COVID-19 vaccine with Operation Warp Speed has certainly been a major economic achievement. Although the underlying technology had been developed for the SARS and the MERS viruses, its speedy deployment, and apparent success were not universally anticipated (YB did not expect it so soon). This was a federal program – it had to be so. The resulting product is effective.

Yet, the deployment of the vaccine has been a disaster. Deployment was relegated to the states (51, including DC), and from there often to the counties (over 3,000). It was like requiring the states and the counties to coordinate the planning and building of the Interstate Highway system, having to marshal the resources, and coordinate the plans. The Eventbrite event management and

January 23, 2021

ticketing website has been used in Florida. Eventbrite was not designed for this, and it has not been wildly successful, but compared with the roll-out in Michigan, it has gotten the vaccines into some of the right people in the right places. YB and his partner are both in their early 70s – neither has any idea of when or where he/she will get the vaccine. Both have received emails announcing that vaccines would be available, but “don’t call us – we’ll call you”. There appears to be no identification mechanism, nor particular scheduling algorithm.

For years the US had the Selective Service System, which coordinated the draft. No one who went through it remembers SSS fondly, but SSS knew where you were, and they knew how to find you. Several of YB’s classmates left college in the late 1960s and found themselves in the Army only months later. That was fifty years ago – these things can be done.

It is becoming clear that having promoted the vaccine development the Trump Administration did not care about distribution. Meanwhile about 100,000 people have died from COVID-19 in the past month, and probably another 100,000 will die before the end of February, bringing the total number of deaths to over half a million, in less than twelve months.

The new Biden Administration has created a [200-page federal plan](#) for COVID-19 response and pandemic preparedness. The details will be daunting, but the returns will be manifest. This must be done at the federal level, and it is about time.

Allen C. Goodman
Professor of Economics

Fernald, John, “Roads to Prosperity? Assessing the Link Between Public Capital and Productivity,” *American Economic Review* 89 (3) (1999): 619-638.