Capitalism and COVID-19: Some Early Thoughts About Economic Justice and The Current Pandemic

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Disclaimer: This piece has been written as part of the (free) online supplementary material for a newly published textbook called *The Ethics of Capitalism*. Though the reasoning extends some themes discussed at greater length in this book, it can be used as a stand-alone piece for students. As with anything written on the current pandemic, it will get out of date quickly. Our plan is to frequently upload revised versions in accordance with developments in the economic impact and management of the pandemic.

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Link to textbook: https://global.oup.com/academic/product/the-ethics-of-capitalism-9780190096212?cc=us&lang=en
Link to supplementary material: https://www.ethicsofcapitalism.com/

We still don't know how bad the impact of the coronavirus pandemic will prove to be. This goes both for health outcomes (principally the number of deaths) and economic outcomes. The most we can say is that the economic outcomes will be worse, for most countries, than the economic outcomes of any other event since the 1940s. Since the end of the second world war, developed countries have enjoyed a prolonged period without comparable economic shocks. There have been no wars that have had sizeable impacts on life in developed countries during this time, and there have been no comparable pandemics since the Spanish Flu of 1918. There was a Global Financial Crisis in 2008, and other periods of economic malaise, but this pandemic has already caused an economic collapse at least as bad as the great depression. For the sake of keeping perspective, it should be noted that some parts of the world have endured wars, genocides, and other violence, whose impact the pandemic might not match in terms of human suffering. But as a global event, the comparison with World War Two is probably apt, and some local comparisons may begin to rise in salience. World War Two killed around 420,000 Americans. On current projections, Covid will get more than halfway to that total.

All of this raises important questions about economic justice, at a time when governments are suddenly placed in a position of being expected to make much larger policy changes than would ever be expected (or tolerated) in 'normal' times. Some of the questions raised by the pandemic include largely diagnostic ones about what we can learn regarding the advantages and disadvantages of various economic systems, as well as more prescriptive questions about what the government ought to do when it comes to responding to catastrophic economic downturns. There is also a lot to say about how the governments should deal with pandemics from a health perspective, which is itself a problem of distributive justice. But any comments we make about

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the just management of health outcomes will be where there is a strong causally connection with the management of economic outcomes. Such connections are of course quite common.[3]

1. Pandemics as a Public Goods Problem

Dealing with a pandemic, or indeed any infectious disease outbreak, requires increasing the supply of certain goods and, usually, creating new ones. Principally, these are the various medical goods needed for effective treatment, vaccines, personal protective equipment, and effective tests. Where the pandemic has become especially severe, there is need for an expansion of more general medical resources like intensive care units and skilled personnel. Although the demand for these goods will likely shoot-up beyond supply during a pandemic, these are normal goods in the economic sense.

Alongside these medical goods are what we might call "behavioural goods," whose existence is dependent largely on people being willing to make sacrifices and change their habits. These include an increased appreciation of the need to frequently wash hands, a willingness to practice the newly coined "social distancing," and effective quarantining or "self-isolation" who are either infected or who may have been exposed. Different countries, and age groups, have exhibited different tendencies when it comes to behaving in ways conducive to mitigating the pandemic.

Many of these behavioural goods are also public goods, as are some medical goods with respect to some of the benefits they generate.[4] This means, roughly, that once they are produced it is difficult or impossible to limit the access to the benefits of these goods, but that they also tend to require considerable collective action to produce. One complication in the current context is that most of the public goods that we want to generate, i.e., social distancing or general mask wearing in public, are *both* private goods and public goods. Clean hands and access to a vaccine directly benefit the person in question, since both provide protection from being infected. But they also benefit everyone else with whom this person comes into contact, including unvaccinated persons, who might otherwise catch the disease and help spread it on to others. Even the creation of an extra intensive care unit, which looks like it only benefits one person at a time, counts as a public good insofar as it still plays a role in stopping an infected person from spreading the virus to others.

Because it is difficult to incentivize people to produce these goods at efficient levels, public goods tend to be inefficiently supplied by the market, which is to say we usually get either more or less of the good than we want. The fact that the benefits aren't easily excludable means that these goods are not of the sort that can be created and then withheld from beneficiaries until they pay. Although one gets the benefits of avoiding infection from self-isolating or practicing good hand washing, the benefit produced for others by not spreading the disease is not internalized. A vaccine not only protects the vaccinated, but also the non-vaccinated because a potential disease vector is neutralized. On the margin, some people may not want to pay the cost of self-isolating, washing their hands, or getting vaccinated because they see the

[3] Some questions about health justice are largely independent of questions about economic justice, in the sense that they persist regardless of one's views about political economy. Here we have in mind traditional priority-setting problems such as what sort of moral weight (if any) should be given to factors like a patient's age, whether to focus on delivering health services to areas with higher populations, and suchlike. Some of these questions have already been discussed by the leading bioethicist Ezekiel Emanuel and others *et al* : https://www.nejm.org/doi/full/10.1056/NEJMsb2005114.

[4] We explain this concept more fully in chapter 4 of *The Ethics of Capitalism.*

risk to themselves as lower than the benefit. Most other members of the society, however, would rather that they engage in those practices to help stop the spread of the pandemic, but it is difficult to incentivize them, in a market-based way, to do so.

What this means is that, as with the creation of other public goods, like law and order and coastal flood barriers, tools besides the market may be necessary to generate these goods at efficient levels. Typically, we think that government is needed to produce these goods, but this needs to be qualified. Social norms can be an effective way to incentivize people to internalize the costs needed to produce a public good. For instance, people who don't wear masks in public and who don't keep a safe distance from others will likely be publicly shamed. Over time, most people will probably come to see certain "distancing" and cleanliness as norms that everyone is expected to follow. The government can lead the way on helping to institute these norms by sponsoring public awareness campaigns, modelling good behaviour, and to some extent using coercive powers to break up large gatherings of people as part of getting distancing norms more established. The private sector, including celebrities and thought leaders, play an important role here too. There are any number of instructional videos available with celebrities showing how to wash one's hands properly, for instance. Sometimes these efforts overlap. In the USA, Anthony Fauci, the Director of the National Institute of Allergy and Infectious Diseases and the public face of the public health response to the pandemic from the White House, has done several interviews with celebrities, including NBA star Stephen Curry and Facebook founder Mark Zuckerburg to raise awareness about the diseases.

There will be an important further role for government to play in public health in general and especially in emergency pandemic response. This will involve providing financial incentives to private companies who perform research into vaccines as well as in funding research directly. The government can also help allocate resources and personnel where they are needed and lift or eliminate laws or regulation that may be impeding the allocation of those resources. It also has the unique power to detain individual people for quarantine or isolation purposes.

Indeed, one of the key reasons that the United States was not able to produce many tests early on is that Food and Drug Administration (FDA) regulations had made it basically impossible for private companies to develop and produce tests. Under these regulations, only the Center for Disease Control (CDC) was able to produce a test. That test, however, had a serious flaw that made it fail, leaving the USA without any tests until many of the FDA restrictions on testing were lifted. Similarly, in the USA, many states require that medical professionals, including nurses, physicians' assistants do everything they and pharmacists are trained to do only under the supervision of a doctor. Many states, in the USA, also require doctors to be licensed in particular state to practice, even if they are licensed in another state. So, if more doctors are needed in Boston, say, than in Providence, it would be illegal for doctors from Rhode Island to travel to Massachusetts to aid them.

Since pandemics have (by definition) a global reach, it is essential that governments also share information and research with one another. One of the key reasons that this current pandemic spread as quickly as it did is that the Chinese government was not as forthcoming and transparent with information about the disease in the early days of the outbreak in Wuhan. The same was true during the SARS outbreak in 2002.

There is some evidence that the pandemic is being better managed in countries that have the state capacity to produce public goods competently and in populations that respond to the change in social norms effectively. Countries who were exposed to the SARS virus in 2002

and the H1N1 virus ("swine flu") of 2009 were better prepared for this outbreak.[5] Countries meeting both these criteria, like South Korea, Singapore, Taiwan and Hong Kong have emerged as the better performers so far. In those countries, it was already common for people to wear masks in public and temperature scanning was widespread. People in countries with recent pandemic experience are also sufficiently educated, and fearful to act 'spontaneously', and change their behaviour without waiting for advice from the government to do so. European countries, especially Italy, Spain, and France, with older populations than those in most of Asia and stretched public services, have been the hardest hit. The United States, due to a lack of leadership, a lack of testing, and a lack of experience with pandemic response is likely to suffer considerably as well. For densely populated nations with little public health infrastructure like India and Pakistan, the prospects looked bleak. So far (and with data being harder to obtain for some countries than others) the USA has emerged as the world leader in terms of fatalities.

A vaccine needs to be found as quickly as possible. It is sometimes feasible to contain the spread of a virus without a vaccine, just by keeping people quarantined. If this can be done effectively, the virus will still be around, but it won't be able to spread by infecting new people. This is what happened in the more minor recent pandemics of SARS and H1N1. The problem is that this virus is substantially more contagious than those were. It can also be spread by those without symptoms, making it hard to isolate those who are sick since many people who are spreading the virus don't know they are sick. We simply don't know—aside from those who are clearly ill—who is spreading the virus. This makes a target intervention virtually impossible without near universal testing and more accurate tests. The only solution, it seems, is to lockdown entire countries, perhaps multiple times.

2. A Shift to Socialism?

Politicians are now offering (and even boasting about) radical new policies that they recently denounced as socialist or even communist when political opponents campaigned for them in pre-pandemic elections. The United States, for instance, recently passed a $2 Trillion-dollar stimulus bill, which is a staggering amount of money paid for entirely though debt financing. Many of those who proposed and voted for the bill would have denounced it as both fiscally irresponsible and akin to socialism only months ago. Assuming they were sincere (or, as sincere as we can expect politicians to be), does this mean that there has been a shift to socialism in response to the pandemic? Aside from the fact that political rhetoric is prone to exaggeration and hyperbole, the response that we are seeing does not seem to indicate a resurgence of socialism in general.

As we have said, there is little evidence, so far, that governments are trying to displace the market order with any sort of planned order. This is a crucial point and though governments are trying to use markets to generate medical supplies and vaccine research, this fact doesn't support the claim that the pandemic creates any new, or compelling, argument for the benefits of socialism. This pandemic has created (or exacerbated) a set of public (and private) goods problems, whose solutions will require quite radical and unprecedented fiscal policy and government action, but the presence of public goods problems was always part of any sensible understanding of capitalism. Indeed, if governments had taken their public health role more seriously by funding more vaccine research, creating strategic stockpiles of medical equipment, and making it easier to develop tests, the situation may not have gotten as serious as it did.

[5] The coronavirus responsible for COVID-19, technically SARS-CoV-2, is actually a cousin of SARS.

Governments are also working hard to protect other essential services, like groceries and freight transportation, but here the same private companies are operating before. At most, governments have taken steps to allow some private agents (such as supermarkets) to collaborate by way of sharing information about consumer demand. This would normally raise questions about anti-competitive practices, but makes some sense in the current context, as such cooperation may be necessary to help private agents adapt and learn about what their customers need.

These crucial roles of government were likely obscured by political narratives that pit the government and the market against one another. According to this point of view, common in American politics, it is all too easy to downplay the importance of a competent government sector that does what it is tasked to do well. Chief among these tasks is being responsible for developing and maintaining genuine public goods. Proper defenders of market order have always had a problem with this. To repeat, the important distinction is between government as an enabler and support of market order, and government as a commander and designer of the whole productive and distributive enterprise.[6] We are not seeing, and have no reason to want, a shift to the latter as part of the solution to the pandemic.

The response to the pandemic may yet have moved many governments somewhat closer to socialism than they were before. The fact that governments are bailing out struggling industries can be a form of nationalisation of those industries, depending on how it is done, and whether the government has an 'exit strategy' or plans to keep control of the industries in question. Insofar as governments conscript workers or begin operating factories—something we have yet to see—they could become even more socialist. At most, governments have asked industries to "retool" and there is some evidence of protectionism so as to hoard medical supplies. But this remains a far cry from actual socialism.[7]

Things are perhaps different for government's role in regulating private life rather than economic life. The rise in government control is more a matter of the management of people rather than markets. Efforts to contain the pandemic and promote better behaviour have, in some countries, involved new levels of surveillance and, everywhere, involved restriction of movement. While this is still not about directly controlling the production and distribution of goods, it is obviously having a profound effect on economic as well as private life. It is perhaps on these points that there is a resemblance with the practices of socialist governments in the 20th century, though the technology and methods available to governments has since become much more advanced. In any case, the comparison is one that doesn't benefit socialism. The tendency of socialist governments to trample on human rights and civil liberties, is something that cotemporary advocates of socialism are keen to avoid.

In terms of pandemic management, new rules curtailing private life can make sense. Some of these laws are in fact old, and involve powers triggered by the declaration of an emergency or disaster. Such powers get put back into storage, so to speak, when such declarations end. But there are some new laws that are being created that do not have this tendency to slip in and out of active use. And laws, once created, tend to stick around, perhaps longer than a virus they are intended to help defeat. The worry, for many, is that as the pandemic dies down, government

[6] For more on how talk of the 'free market' often obscures the more nuanced relationship between market order and government, see chapter 1 of *The Ethics of Capitalism.*

[7] One outlier here is Hungary. On 30 March 2020 the Hungarian Parliament gave the Prime Minister, Viktor Orban, the power to rule and legislate directly—effectively making him a dictator—indefinitely as a response to the crisis.

agencies will hang on to some of their newly created powers and perhaps use them for less noble purposes. Time will tell.

3. The Political Economy of Pandemic Response

The Nobel prize winning economist and political philosopher, Amartya Sen, has famously argued that famines are impossible in a well-functioning democracy. What he means by "well-functioning" here is that the democracy should have multiple political parties that regularly engage in electoral competition with regular, peaceful transitions of power. A well-functioning democracy will also have a free press. According to Sen, Famines are not, in the first instance, natural phenomena, rather they result from human inaction and social failure. There has never been a famine in a well-functioning democracy (Sen 1999, 178).

The causal connection between famine prevention and democracy is the incentive that rulers or ruling parties in a democracy have for taking the problems of the many seriously. As Sen notes, famines don't kill rulers, they kill the people. Democracy means that the rulers have an *incentive* to act swiftly and decisively that they don't in other political systems. Democratic leaders also face scrutiny from a free press and from political dissent within the government. This not only creates incentives to be effective in a response, but the possibility of correcting errors in response as they arise. The parties out of power have an incentive to criticize the government when it is acting badly and members within the ruling party have an incentive to correct their own leaders. This creates a positive feedback loop within democratic governance to eliminate errors and strive for effectiveness.

Freedom of the press and the ability to openly dissent is crucial here. Sometimes autocratic governments are able to implement certain large-scale programs effectively, large infrastructure projects are a good example. The problem is that when they get things wrong, they tend to get them wrong in a big way and to have trouble course correcting. A great example of this was the Chinese famine of 1959-61, that occurred in the wake of the Chinese Communist Party's "Great Leap Forward" under the leadership of Mao Zedong. In this famine, it is estimated that 43 million people may have died unnecessarily. The famine was caused by a series of bad policies including the collectivization of farming and the implementation of inefficient farming techniques. When these policies were clearly leading to disaster, though, the communist response of party leaders was to double down on them through the use of force and deception, partly because of their devotion to their socialist ideology and partly out of fear of reprisals from party leaders and Mao. Instead of explaining to leaders how the party policies were failing disastrously, they covered up those failures, compounding them.

Pandemics are not famines, but there is still a lesson here. In a pandemic, governments need to respond quickly and effectively. The first responses may not be the best, however; it is likely that mistakes will be made early on in the response. Transparency and communication are crucial, both domestically and internationally. We know now that the Chinese Communist Party covered up the extent and nature of the pandemic early on, as it did during the SARS outbreak of 2002. Ai Fen, the director of the emergency department at the Central Hospital Wuhan was an early whistle-blower (or "whistle-giver" in the Chinese) who tried to tell other doctors what was going on early in the outbreak. The reports were censored, and she subsequently disappeared. Her current whereabouts are unknown. Several other doctors from Wuhan were treated similarly in an attempt to cover up the true nature of the virus. A study from the University of Southampton argues that if the Chinese Communist Party had acted sooner, the damage from the pandemic might have been reduced anywhere from 66%-95%.

It is important not to present China as having the only government to have made mistakes, though their role early on in the pandemic has had enduring effects. In Australia, government used its special powers to quarantine newly arrived travellers from overseas in hotels. This generally went well, other than in the city of Melbourne where quarantine was not policed and close (in some cases) contact between detainees and staff led to increased infections that then went out into the wider community. In the USA, failure to manage prison populations in California led to a transfer of inmates from an infected prison to a prison with zero infections, which again shows how the state's ability to coerce can move things in the wrong direction.

What all of this means is that an open political system with a free press and freedom of speech is crucial to incentivize governments to act effectively and transparently. Without this crucial feedback, policy errors are amplified and hard to correct. All of the government failures in the last paragraph became known about only because of the ability of journalists to discover these facts and make them public. Capitalism and democracy are not directly related, but they share important features. Capitalism requires open access to the market and this, in turn, creates competition for existing firms, incentivizing every firm to anticipate and respond effectively to customer demand. This is the process of "creative destruction" whereby existing firms and ways of doing business are destroyed and replaced by more efficient and responsive competitors. Think of Netflix superseding Blockbuster. Well-functioning democracies have a similar dynamic at their heart. Democratic government create open access to the political process, allowing political competitors to enter and challenge those currently in power, which also creates competitive pressures on politicians and political parties to respond more effectively to voter interests and demands. How well politicians respond to voters is a matter of debate among political scientists, but there is no doubt that they do more than they would if there were no possibility of competition.

The vast array of media and communication platforms in capitalist democracies create constant surveillance on what the political process is doing and on what is happening on the ground. Thanks to social networking applications, we know more on a day to day level about what is going on all over the world than would have been imaginable, even during the previous H1N1 and SARS scares. Indeed, while most of the world governments were repeating the WHO and Chinese Communist Party line that this virus was no worse than the flu, accounts of what was going on in China, Italy, and Iran started to emerge from social media and raise the alarm. Most of us probably first heard about "flattening the curve" and "social distancing" from social media, not from our governments.

All of this is to say that the political economy of pandemics is complicated and that we need to look at the relationship between the economic system, the political system, and the media as a whole to understand how we can respond more effectively to global public goods problems like pandemics. One important thing to keep in mind is that early evidence suggests little correlation between a government's ability to respond well to the pandemic and whether a government exhibits a democratic or authoritarian style of rule. China has apparently performed better than the USA. But, on the other hand, highly authoritarian Iran has performed less well than democratic South Korea. It has been pointed out that some of the worst performing countries (at least relative to the quality of their institutions) have 'populist' leaders, namely the UK, USA, and Brazil, which may be a sign that large numbers of voters in these countries don't trust established government institutions. Factors influencing the effectiveness of pandemic management in the early stages seem to be more correlated with factors like public levels of trust in government and, as mentioned, public health infrastructure and experience in

dealing with the more minor pandemics of the early 2000s. Variation as to these factors is largely orthogonal to democratic or authoritarian governance structures.

4. The Role of Markets in a Pandemic

Society during the pandemic has not become any less dependent on markets than it was before. As we have said, though it bears repeating, the production and distribution of many essential goods remains dependent on prior networks of trade involving private companies, in manufacturing, transportation, and retail. Many of these goods remain private goods, like food, specific medicines, and toilet paper. Here, government is currently trying to protect these networks rather than take control over them. The supermarkets and shipping companies are still making money out of selling or transporting the supplies that people are still buying.

At the macro level, the government needs to help keep trade networks in essential goods and services going, in spite of having imposed necessary restrictions on overall freedom of movement. At the micro level, that is, with respect to specific goods and services, there are interesting (if perhaps secondary) questions about where people's economic freedoms might need to be curtailed.

Spikes in consumer demand have left some markets caught out, at least temporarily before supply chains began to adjust to the pandemic's impact. One example is toilet paper, which was bought up in large quantities as consumers began to get news of the spread of covid-19. In short, a small number of people bought unusually large quantities of toilet paper, meaning that other consumers had to go without, or take unusual steps such as being at grocery stores as soon as they opened, in order to purchase from depleted stocks. This happened partly because nobody stepped in to change people's freedom to purchase toilet paper in whatever quantity they chose (some stores later imposed limits per customer). But the outcome was quite inefficient – a few people had way more toilet paper than they needed, and a large number struggled to get a minimum amount. Was this an example of market failure?

In some ways, toilet paper is a red herring: It is an unusually large item, compared to other groceries. This means it's hard for stores to hold large stocks, and hard for trucks to bring large amounts in. In this context, there might be a case for restricting the amount consumers can buy at any given time. Importantly, this is because there's a sense in which there isn't (yet) a real scarcity—there's still enough toilet paper to go around. This separates the case from some other examples in which the preservation of market freedoms operates as a signal to encourage manufacturers to increase production. When there is scarcity due to a sudden increase in need, sellers often put the price of an item up. This is morally controversial especially for goods that are basic necessities.[8] But a price spike provides a signal for other producers to enter the market so as to increase the amount of the good that is available. Increasing the price of toilet paper may have reduced the rate of consumption, but it is unlikely that new producers would have got into the game, partly because most people appreciated the fact that the scarcity was not 'real' and that demand would soon normalise (which it largely has). For toilet paper, capping purchases may have been the best thing to do.

Just because we need to rely on governments, this does not make governments more competent (though their competency may be increased a bit by an ability to be more honest and not have useful policies ruled out by prevailing narratives or expectations – see section 4). There have

[8] See the discussion of price-gouging, and the literature around it, in chapter 4 of *The Ethics of Capitalism.*

been many government failures in the response to this pandemic. We have already mentioned several, including the serious failure of the FDA and CDC to develop effective tests in the United States and the lack of honesty and transparency by Chinese government. But there is enough blame to go around. For instance, one of the world's largest cruise ship, the now infamous *Ruby Princess*, was allowed to disembark more than two thousand people in Sydney harbor without any testing, even though passengers were known to be unwell. This helped spread the virus around the country, first to rideshare drivers who picked passengers up, and subsequently to baggage handlers at Australian airports. At the time of writing, different government agencies in Australia are still trying to blame each other for this decision. Frontline law enforcement is also having to learn new rules in difficult conditions and is making some mistakes. The rules on who can be in public where and when are often unclear and the police are still figuring out how to enforce these rules safely and effectively.

5. Economic Justice and the Aftermath of the Pandemic

The immediate burdens of the pandemic will not be equally distributed. Neither will the benefits and burdens that follow, these being the ones associated with the policy responses being developed right now, and those that will be developed as circumstances change.

We have suggested that the pandemic does not make a profound difference on the general benefits of different economic systems. Political feasibility is a different matter, but one that bears just as heavily on what we can expect from governments. Capitalism is not going anywhere, but we can probably expect political rhetoric and policies to change after the pandemic

More people have lost their jobs in the first half of 2020, than in the entire Great Depression. Not from an economic downturn or financial collapse, but because governments ordered their citizens to stay at home. There is no sense in which the unemployed in this case are unemployed because of a lack of personal responsibility or desire to work. They were just phenomenally unlucky. Because of this, the general perception of unemployment insurance may change after the pandemic. It may be clearer why it is important and some of the stigma associated with it may decrease. The sheer volume of newly unemployed people needing to be processed by a system of conditional welfare payments, one that in most countries was already struggling to cope, may encourage proponents of Universal Basic Income, though the staggering cost required may look even more daunting in the face of the debt that governments are having to incur in response to this pandemic.[9]

On the other side, it is much easier to see the dignity and courage that goes into jobs that were considered low status before the pandemic. In some areas, residents are applauding healthcare workers returning home from their shifts and expressing genuine gratitude and admiration for delivery drivers. Truckers and agricultural workers are putting themselves on the line to keep supply chains open and their work, always essential but now more clearly so, should be esteemed and respected. Hopefully, these attitudes will live on after the pandemic. In contemporary capitalist societies, there is strange notion that the interests of the workers, the middle class, and the rich are somehow at odds. Maybe it will clearer now that we all need each other and that the work of each is essential.

[9] For a comparison of the welfare state, UBI, and other alternatives, see chapter 7 of *The Ethics of Capitalism.*

We can also hope to see a restoration of the esteem given to scientists and technical experts. As we mentioned earlier, Anthony Fauci has become something of a celebrity in the United States. When effective treatments and vaccines are found, the scientists that developed them will be treated as heroes. Raising the status of these professions may incentivize smart, talented young people in the generations that experienced this pandemic to move into important technical and scientific fields that will help prevent the next pandemic, and perhaps into other areas of public health.

This is not to say that the presence of a vaccine immediately puts things back to normal. Once a vaccine becomes identified, attention will suddenly shift to how it gets distributed. Not all vaccines are created equal: They vary in their level of effectiveness, how easy it is to scale up, transport, and store the individual doses, and whether anyone receiving a vaccine will need another dose in another 12 months. There is also the matter of which company identifies a vaccine and what obligations it might have to the government of the country it is in. How any given vaccine performs with respect to these variables will shape the way in which it finds its way around some portion of the world's 8 billion people. If a vaccine is less than 80% effective, then there will be a big problem if a non-trivial portion of the population refuse it, perhaps due to one of the influential conspiracy theories associate with the 'anti-vaxxer' movement. If a vaccine requires cold storage, then that's a barrier to distribution in very poor countries. If a new dose is required every 12 months, then wealthy countries may hoard doses.

The future for economic nationalism may be harder to call. As noted, the response to the pandemic has seen instances of international cooperation but also protectionism and hoarding. Closed borders, while in some ways effective in reducing the spread of disease, have also held up the flow of medical supplies and expertise. There is room for reasonable disagreement about what is desirable when it comes to regulating global trade. Consumers in wealthy countries have become accustomed to getting fresh goods all year round. The pandemic has hurt industries that require shipping of perishable materials over long distances by air, such as the Australian seafood industry, which exports to China. (Much air cargo in fact travels in passenger aircraft, which have been largely grounded.) The pandemic may see a decrease in such trade, and a general acceptance that fruit and vegetables may go back to being seasonal in many parts of the world. This may not be such a bad thing, at least from an environmental point of view. At the same time, global trade retains its theoretical advantages in terms of helping countries stick to what they are best at producing, not what they most need, and outsourcing the production of other goods to other countries where appropriate.[10]

So far, global trade in has held up relatively well in the pandemic and should remind us that global cooperation of this sort is both valuable and robust, in large part because it involves moving goods (which do not carry viruses) rather than people. At the same time, conspiracy theories continue to abound about the causes of the pandemic as well as about vaccines. If large numbers of people accept that the virus is a hoax or was a bioweapon invented by the Chinese, then this could add to the forces working against global trade and other sorts of valuable cooperation.[11]

The questions of justice will, in the short-term, be about priorities: In part, this goes for workers, and the assistance of the unemployed. Some countries, like Australia, rely on large

[10] For discussion of the reasoning behind this claim, and the idea of 'comparative advantage', see chapter 8 of *The Ethics of Capitalism.*

[11] The Chinese Communist Party is spreading a conspiracy theory that the virus is actually a bioweapon invented by the USA and unleashed in China

bodies of migrant workers or ‘backpackers’ in their agricultural industries. These workers do not qualify for unemployment benefits. Under ‘normal’ conditions there is a logic to this: Backpackers can simply go home if put out of work, and they tend to come from countries with a welfare state, such as those in Europe. There is also an issue of setting bad incentives if short-term workers are encouraged to migrate in the expectation of benefitting from the welfare state. But with the closure of borders, suddenly Australia is dealing with a class of workers who cannot easily exit the country and who currently have no social safety net. Stories of migrant workers facing even harsher in other parts of the world are also likely to emerge over time.

Priority setting also applies to stimulus or ‘bailout’ payments directed at entire industries. In particular, should some industries simply be allowed to die out? After all, the jobs in question may have already disappeared. It is one thing to say that government stimulus plans should help, say, the tourism industry in general, but another thing to say that they should be used to help the cruise ship industry in particular. This is not simply because cruise ships ought to be blamed for spreading the disease, but also because consumers may simply not wish to go on cruises nearly as much as before, in which case a fiscal stimulus in that direction may be simply throwing good money after bad.

It bears emphasizing that a wider range of policy reforms may be politically feasible in cases of great crisis. Apart from the regulation of labour markets, trade, and industries, there is the question of how governments get the money to fund various kinds of fiscal assistance in the first place. The coming years may see greater appetite for reform with regard to taxation. The need to help employment recover may put some pressure on a status quo in which incomes are still a major tax base, with inherited fortunes being largely untaxed. In part, this will depend on how political narratives develop and what strategies are adopted by politicians and other influential individuals in an effort to make certain opinions more or less popular.

The fact that some markets or industries may not recover needn’t be a wholly bad thing, especially if this is part of a process that leads to better markets being established, perhaps with less waste and negative externalities. But this is pure speculation, as is much of this section. And by the time you have read this piece, it is likely to be out of date.

STUDY QUESTIONS

- How might the effects of the pandemic inform comparisons between the welfare state and universal basic income?
- Can you think of any industries where it would be morally defensible for government to deny assistance so as to let the industry 'die out'? How would you defend this claim, or do all industries have some claim to fiscal assistance where the pandemic has hurt their inability to operate?
- Do a government's responsibilities to newly unemployed workers decrease if the workers are short-term migrants who cannot easily exit the country?
- What should have been done about the toilet paper problem? And what might be done more generally to deal with so-called panic buying?
- Should supermarket workers, delivery drivers, and Amazon warehouse stockers be able to demand higher wages in response to danger they face? Is this “price gouging” for wages? If not, why not? If so, is it morally different from “price-gouging” for goods?

- What sort of principles might govern the fair global distribution of a vaccine, when it comes?