Liberalism and pandemics

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Major events always present occasions for confirmation bias. This pandemic is no different. Chinese Communist Party propagandist Dong Yuzhen concluded that "The advantages of the Chinese system have once again been demonstrated since the outbreak of the coronavirus." US Congresswoman Alexandra Ocasio-Cortez concluded that the pandemic showed that "we need both debt moratorium and universal basic income right now." And so should I, as a free-market liberal, conclude that the pandemic proves that we need freer markets?

It depends on the evidence. And for everyone, it should be an opportunity to think through what role governments should and shouldn't play.

I'm for limited government. Among a limited government's functions is protection of public health, i.e., threats to health that have major spillover effects, in the current case a dangerous contagious disease Having a legitimate role does not mean, however, that they should suppress voluntary, civil society responses. In Germany and South Korea, to take two liberal democratic countries, tests were available in January and were mass produced by private firms. The US Trump administration took the authoritarian socialist approach when the Food and Drug Administration (FDA) refused to admit foreign tests and granted a monopoly to another government agency, the Centers for Disease Control and Prevention, which then proceeded to manufacture and distribute tests that were contaminated and, thus, useless. According to Dr. Anne Schuchat of the CDC, they didn't think "we needed somebody else's test." It was not until February 29 that the FDA finally allowed non-governmental labs to begin testing. That cost time and lives. We witnessed in the US a mix of monopolization, deliberate suppression of the private sector, and incompetence on an astonishing scale.

Now, where to place the blame? On the private firms that were not allowed to produce tests, or on the government agencies that monopolized them and then produced useless tests? Some may find that a hard question to answer.

What liberals such as I have been reminded of - and it's an important reminder to those who work to limit state power - is that limited government needs to be distinguished from incompetent government. Government should discharge its legitimate functions effectively and efficiently, and not go beyond them. Being for limited government is not the same as being "anti-government."

We are also reminded that, when government massively increases indebtedness (a trillion dollars here, a trillion there, as the late US Senator Everett Dirksen said years ago of mere millions and billions, "and pretty soon you're talking real money"), it makes it harder to deal with real crises. The Dutch government spent years reducing government expenditure to pay debt down to about 50% of GDP. That put them in much better shape to deal with the pandemic than indebted Italy, for example, as Prime Minister Rutte reminded the Dutch people when the pandemic hit.

We've also seen governments in many countries lifting - as emergency measures to save lives - long-standing restrictions on trade. And it turns out getting rid of them does save lives. They were never needed in the first place. (The US-based Competitive Enterprise Institute has promoted the hashtag #neverneeded to describe the restrictions on telemedicine, on restrictive licenses forbidding doctors and nurses from working in hot spots, on idiotic paperwork that stopped production of N95 masks and ventilators, and on and on and on.)

There have been responses to the pandemic that draw on efficient government and private enterprise and there have been responses that have suppressed private enterprise and unleashed incompetent government. As a liberal, I prefer the former. I don't find any evidence that socialism, the abolition of the market economy, monopolistic state health care systems, protectionism, or other schemes would have made things better.

One topic is of especially great importance: freedom of trade and travel. Illiberal activists of various sorts, on both the left and the right, have argued that it's time to get rid of global trade and travel. They note that contagions do travel faster when trade and travel are freer. That is true. At the same time, we are far, far wealthier and far, far better able to respond to such contagious diseases because trade and travel have been substantially freed over much of the world over the past decades. In fact, the current trend toward restricting trade and toward cutting supply chains, if not stopped, will almost certainly kill more people than will be killed by the novel coronavirus. As the director of the UN's World Food Program told the Security Council, due to rising trade disruptions and restrictions, "There is also a real danger that more people could potentially die from the economic impact of Covid-19 than from the virus itself." Would the drug of trade barriers make that better? No, what is needed to avoid privation and famine is the liberal prescription of free trade.

The pandemic reminds liberals of the difference between limited government and incompetent government, but it should reinforce our belief in the superiority of liberal democracy over authoritarianism and of free markets over state monopolization.

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