

EconoFact Chats: The political and economic consequences of COVID-19 A discussion with Harvard's Jeff Frieden

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Michael Klein:

Hello, everyone. Welcome to EconoFact Chats. I'm Michael Klein, founder, and executive editor of a EconoFact, nonpartisan web based publication of the Fletcher School at Tufts University. At EconoFact we bring key facts and incisive analysis for the national debate on economic and social policies, drawing on the contributions from leading economists across the country. You can learn more about us and see our work at [www.EconoFact.org](http://www.EconoFact.org).

Michael Klein:

The COVID-19 pandemic has upended the world. Beyond its obvious health and economic impacts, it has also had an effect on politics. And in turn, politics has had an effect on the spread of the disease and its economic consequences. To discuss these issues, I'm very pleased to welcome to EconoFact Chats Professor Jeff Frieden of Harvard University. Jeff is a political scientist whose pathbreaking research demonstrates the linkages between politics and economics. Jeff, welcome to EconoFact Chats.

Jeff Frieden:

Thank you, Michael. It's my pleasure.

Michael Klein:

It's great to have you on. You have an article on the latest issue of the IMS publication, Finance and Development. In that article you wrote, "The COVID-19 pandemic strikingly illustrates the intersection of politics, economics, and other considerations." Can you briefly outline some of these linkages?

Jeff Frieden:

Well, politicians are all about the next election, and they have to be because if they don't win the next election, they are no longer going to be an office. And that means that they're thinking about the short run, because elections are pretty much always on the horizon. The problem is that public health is really pretty much about the long run, not the short run.

Jeff Frieden:

In public health, you vaccinate people for 15 or 20 years. You improve sanitation to make people better off over a 50 year horizon. You prevent against or prepare for an epidemic that might take place at some point in the next 20 years. So public health raises issues of the long run, and politicians really aren't always that great at thinking about the long run because they focus so much on the next election. That means that there are problems.

Jeff Frieden:

Now, all is not lost because political systems develop ways of trying to counteract the short term nature of politics. There is reputation, and politicians may only worry about the next election, but political parties have to worry about the long run. Political parties want to be in existence for a long time, hopefully forever. So they're worried if a politician who is a member of their party doesn't do the right

thing with respect to public health, that that will reflect poorly on the party itself. So there are countervailing forces, but really there's a tension between the short term focus of politicians and the longterm needs of public health.

Michael Klein:

But the politicians, as you say, may in a way scar the political parties, if they don't handle these crises well?

Jeff Frieden:

Right. People don't like epidemics. They don't like pandemics. And eventually they're going to punish a politician, or even a political party, if it seems not to be acting responsibly in terms of preparedness and response.

Michael Klein:

And in the government, there are agencies other than the political parties or the politicians. There are expert agencies. For example, in the United States, there's the Center for Disease Control, the CDC. What role do these agencies play?

Jeff Frieden:

A very important one, because these independent agencies exist precisely because of the short term problems that politicians face. Politicians recognize that there's a need to deal with things like public health, or economic stability, or financial stability. So they set up independent agencies, typically staffed by experts whose job it is to worry about the long run. That's what the CDC is. It's an organization of tens of thousands of people who are experts in disease and disease control. And they aren't politicians, they're thinking about the long run. They're thinking about the longterm preparedness of our society for dealing with epidemics, disease, and other problems in public health.

Michael Klein:

Well, I'm a macroeconomist, not a public health person.

Jeff Frieden:

I forgive you for that.

Michael Klein:

Thank you, that's very big of you. In macroeconomics we talk about the role of the central bank and the importance of the independence of the central bank. And we also talk about the way political pressure can be and has been in the past, brought upon the central bank when they're doing something that's not very popular in the short run or in the immediate case. I imagine there's similar issues with agencies like the CDC in issues of public health?

Jeff Frieden:

Absolutely. It's one thing to say we have an independent CDC or an independent central bank, but the reality is that almost all of these agencies are created by politicians, are created by governments. So although I think, in my view at least, an independent CDC staffed by experts is the best thing for society, there can be times when politicians might want to interfere in the behavior or the actions of the CDC or

other independent agencies. That's true in the central banking as well. It's unfortunate, but it's a reality of politics.

Michael Klein:

And yet the role of an independent CDC, you would say is really important, right?

Jeff Frieden:

Absolutely, absolutely. It's tasked with thinking about the long run. It's tasked with thinking about expert opinion, what the experts say, what the literature says, what's happening in the rest of the world. And that's something that politicians typically either don't know enough to act upon, or don't have incentives to care about. So I think an agency like the CDC is absolutely essential.

Michael Klein:

Now, Jeff, in the interest of full disclosure, your brother is Tom Frieden, who is the former head of the Center for Disease Control, right?

Jeff Frieden:

Right, you found me out.

Michael Klein:

And just to set the record straight, your other brother, Ken, is a professor as well?

Jeff Frieden:

Correct.

Michael Klein:

So the natural question arises of who did your parents love most? You, or Tom or your brother Ken?

Jeff Frieden:

Well, they loved all three of us equally. At least that's what they told the other two.

Michael Klein:

And as a political scientist, I guess you can think through that answer carefully.

Jeff Frieden:

Right, right.

Michael Klein:

Yeah. Well, what have you learned from your brother Tom that informs your views of the political economy of the pandemic?

Jeff Frieden:

It's really fascinating. Because being in public health as Tom is, has many similarities to being a social scientist. You look at the evidence, you look at the theory, you try to assess what's happening at the

moment and how to deal with it. Two things that really leap out at me over the years, having learned from Tom.

Jeff Frieden:

The first is the importance for an agency like the CDC to have a clear, and consistent, and coherent message based on expert opinion. It's not based on politics, it's not based on expediency, it's based on what the literature, what the research, what the science says. And having that very clear, very coherent, systematic message is crucial because then people know that they can trust the CDC, or an agency like it, to reflect the best practice and the best knowledge available.

Jeff Frieden:

The other point, which I think is very closely related, is the importance of trust in public health. Tom brought this home to me a lot when he was dealing with Ebola West Africa, the CDC was deeply involved in trying to control the Ebola outbreak in West Africa. And what he explained to me was that where the population of the region of the country had trust in the government. That is, believed the government was acting responsibly, believed that the government was acting in the best interest of the population. In those places, people cooperated, they did what the government asked. They undertook sometimes very difficult, and costly, and painful measures, but helped control the disease.

Jeff Frieden:

In areas, on the other hand, where people didn't trust the government, where they thought the government was acting opportunistically, or irresponsibly, or lying to them, where the message from the government wasn't clear, you got much less compliance and it was much harder to control the disease. So that kind of clarity of message and trust in government is very important.

Michael Klein:

Well, those two things are really intimately related, because if you don't get a clear coherent message from the government, then the belief in the government is going to be impaired by that and the people are not going to trust the government. Right?

Jeff Frieden:

Right. We've seen examples of this reasonably. One of the developed countries that have the best response to the pandemic was Germany, which did substantially better than countries, even on its own borders. And a large part of that was that from the very start, from the first hints of outbreaks, the German government gave a very clear, very consistent message. It was also the case that the German government had prepared. That there had been a lot of attention paid to being prepared for a pandemic or an epidemic of this sort. But the clarity of messaging in the German case, I think was very important.

Michael Klein:

And you mentioned preparedness, the CDC is instrumental in ensuring that the country is prepared for crises like these, at least it should be. Correct?

Jeff Frieden:

Right, right. And the CDC made some mistakes at the beginning of this pandemic, but I think that shouldn't obscure the fact that it is the repository of the best expert knowledge in the country, and

probably in the world, on epidemic control, especially in diseases like this one. So the CDC really is the essential agency. And the fact that, in the US at least, it's sort of been sidelined, I think is a problem.

Jeff Frieden:

It contributes to the lack of confidence in what the government is putting out, and it has contributed to a very choppy and disconnected set of messages that people get. Different states are doing different things, the federal government says one thing at one time, and another thing in another time, I think that makes it much more difficult for both the people and the relevant governments to come up with a coherent message and a coherent set of policies. So I think it's unfortunate that the CDC has been sidelined to the extent that it has.

Michael Klein:

Well, you identified me as a macroeconomist, so I'll use the analogy here that the federal reserve at a time of a recession, like in 2008, was undertaking policies that weren't necessarily popular. Or in the late 1970s, early 1980s, when inflation was very high, undertook policies that weren't popular. So I guess the same thing now, right? Where there's a tension between policies like trying to keep the pandemic from spreading by shutting down the economy, and the natural political backlash against that?

Jeff Frieden:

That's right. Some of this I think is based on a misconception that the economic difficulties we're facing are the result of government policy. All the evidence we have is that the economy started shutting down long before there were locked down measures. People were scared. People were not going to work. People were taking their kids out of school. So yes, there is a political difficulty in adopting the appropriate measures.

Michael Klein:

We have an account of fact memo about that, in fact, that shows that the shutdown occurred in states before the mandated lockdown occurred. Because precisely what you're saying, because people's fear about these things.

Jeff Frieden:

Right. I mean, there's always a tension to almost every policy. There's a tension among different groups in the population. Or short run, long run preparedness is another one, right? We were not adequately prepared for some of what happened with the pandemic. The Germans were, they were ready with contact tracing, isolation, and quarantining.

Jeff Frieden:

And it's sometimes difficult to get politicians to focus on the budgetary, economic, and other needs of preparedness. They'd much rather deal with immediate problems that are confronting them between now and the next election. But preparedness is difficult. You have to set aside things and come back to what's important from a public health standpoint.

Michael Klein:

So you're voicing here is sort of a basic insight from political economy, that policies that might be good for the country as a whole generate winners and losers. And in this pandemic, there are clearly losers

from the pandemic itself. Foremost, of course, those who become sick and those who die. But there are also losers if the quarantine orders are put in place. Economists are often blamed for ignoring the tensions between winners and losers, especially when they say things like, "Well, potentially the winners could compensate the losers," which doesn't really happen. How has this played out in the COVID-19 era?

Jeff Frieden:

Well, of course it is certainly true that some groups of the population have suffered much more, both from the disease itself and from the economic effects. We know that some communities that been particularly hard hit, both by the disease and by the economic impact of the shutdown, and also the direct impact of the disease itself. And I have to say that things aren't perfect, but if you compare it, for example, to the financial crisis, 2008-2009, there's been a lot of government policy to try to alleviate some of the suffering.

Jeff Frieden:

There's been a direct attempt, in the United States at least, in the current pandemic to actually get money into the hands of the people who were most directly effected. By augmenting unemployment insurance, by getting direct payments into people's hands. We didn't see that in the aftermath of the financial crisis, and that's why people were angry. They saw hundreds of billions of dollars going to big banks and corporations, but none to, or very little going to the people.

Jeff Frieden:

I think today, fortunately, we do see government measures to actually help those who are directly affected, the people who have lost most from this disease. So it's not perfect, but I would say that some aspect of this response to COVID-19 has been encouraging, especially compared to the reaction to the Great Financial Crisis of 2008-2009. More can be done, and more will have to be done. We do owe a tremendous debt to the essential workers, to the populations that provide so many of these essential workers, and they will have to be compensated for all the sacrifices that they've made.

Michael Klein:

Well, we have in the interest of advertising, a lot of EconoFact memos, as you well know on this very topic. Another point, Jeff, is that in your finance and development article, you wrote, "Microbes do not respect borders." This is a global pandemic and global problems need global solutions, right? So what does this say about the need for international cooperation?

Jeff Frieden:

Well, public health and global public health is probably the single strongest argument for global cooperation, precisely because diseases don't know where the boundaries are. It doesn't do you any good to try to stamp out mumps, or measles, or originally smallpox, within your borders if all the countries surrounding you still have it endemic in their populations. So for long time, there's been cooperation on global public health.

Jeff Frieden:

It's not always easy, because countries may try to free ride on others. That is, they say, "If everybody else is stamping out, [inaudible 00:16:28] smallpox, why would I bother to?" But global public health is

something that requires global cooperation. It's quite obvious that you can't stamp out or control a pandemic in one country alone.

Michael Klein:

So if a global response is required, what's the role of international institutions like the World Health Organization?

Jeff Frieden:

Organizations like the WHO, the World Health Organization are the epitome of this global cooperation. It's one thing to talk about cooperation among 220 countries, it's another thing to actually organize it. And what the WHO does is provide a structure, an infrastructure that allows for the transmission of information, for monitoring, for enforcing, for sharing best practices, for even sharing resources, money, equipment, medicine.

Jeff Frieden:

It's one thing to talk about collaboration, but to organize it is the only real way to get it done. So I think there are reasons why an organization like the WHO has arisen. There are reasons why virtually every country in the world is a member. There are reasons why it's essential to the control of global public health problems, and especially to a pandemic like the current one.

Michael Klein:

So again, from an economics perspective, this makes perfect sense. But from a political economy perspective, we've seen a lot of pushback and hamstringing of the WHO. What is the source of that?

Jeff Frieden:

Well, even though every country might agree, and does agree, I think, on the desirability of global cooperation in public health, they have different views. And so, especially the big countries might say, "We'd like this to be carried out in our way." And other countries might want it to be carried out in a different way. The United States has a different attitude towards the pandemic than the Chinese have had, or than the Europeans have had. And so each of the big powers, in a sense, is jockeying for position within the WHO.

Jeff Frieden:

I think it's very unfortunate that the positive impact that the WHO can have, and has had, in global public health is being obscured to some extent by the internecine and nationalistic attacks on it by some quarters. Very unfortunate, and it's an impediment to dealing more constructively with these global public health issues.

Michael Klein:

Well, it's not just the fact that different countries have different views, there's also seems to be scapegoating going on. The WHO is a convenient scapegoat for country's own failures. Would you agree with that?

Jeff Frieden:

Absolutely. It's very easy for any national politician to say, "I'm competent, I'm doing the right thing, it's the foreigner's fault." And I think that's ... Sometimes it's true, but in the case of global public health, it's really not true that the enemy is some other country, or the WHO. The enemy is the virus. And every country in the world has the same enemy. It's not like we're fighting each other, we're all fighting the virus.

Jeff Frieden:

And the less time is spent scapegoating other countries, or scapegoating the WHO, and the more time is spent working together to try to come up with a vaccine, to try to come up with a treatment, to try to share resources and knowledge, the better off we'll all be. So I think it's very sad that so much time, energy, and effort has gone into conflict, when cooperation would be so much more productive.

Michael Klein:

Well, as you said, cooperation is the key thing at this point, not only across the globe, but even within country to have a unified message and to help engender greater belief and trust in the government to fight what has become the greatest public health challenge in a hundred years. So, Jeff, thank you very much for these comments and these insights. I think they're very valuable and really have helped us understand the politics and the political economy behind the pandemic.

Jeff Frieden:

Thank you, Michael. It's been a great pleasure.

Michael Klein:

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