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**BOOK REVIEW:
Deaths of Despair and the Future of Capitalism,
by Anne Case and Angus Deaton,
Princeton: Princeton University Press,
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In July this year, when the United States was approaching 150,000 thousand deaths caused by the Covid-19 virus, there was a conversation with economist and Nobel prize winner Angus Deaton on the BBC programme Hard Talk, where he warned of another epidemic going on in the country for years. That epidemic relates to what he and Anne Case, emeritus professor at Princeton University, call in their recent book “deaths of despair”. In 2017 almost 160,000 Americans died from drug overdoses, suicide, and alcoholic liver disease.

In order to understand why they call them deaths of despair and how they happen, Case and Deaton refer to the work of Emile Durkheim. Studying suicide in the 19th century, the French sociologist argued that in order to understand suicide it is necessary to look beyond the individual and analyse what is happening in society. While Durkheim believed suicide to be more common among better-educated individuals, Case and Deaton find that in the current US epidemic of deaths of despair the increase in suicides has been mostly among the less-educated, and this is something unique that is happening for the first time in American history.

They find an increase in social isolation, poor health, mental distress, and pain in middle age among white non-Hispanic Americans with less than a bachelor’s degree. All of these, especially social isolation, help explain the increase in the number of suicides. They also document a parallel trend of a rising number of whites who are not in the labour force, not involved in religious institutions, and not married. This detachment from “protective institutions” increases the risk of suicide.

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We might assume that the 2008 Great Recession is to blame for this trend of an epidemic of deaths of despair, but according to Case and Deaton it began much earlier, in the 1970s. Slowing growth rates coupled with an unequal distribution of the economic cake have resulted in doubling distress for those who are not at the top of the pile. Other developed economies experienced a similar economic decline but had only a small increase in income inequality. According to Case and Deaton, the United States is unique among rich countries in having a long-term stagnation of median wages. For men as a whole, median wages have been flat for fifty years, while for white men without a bachelor's degree the average growth in median wages since 1980 has been negative, at -0.2% a year. For whites of both genders aged 24 to 54, employment-to-population ratios have declined since 1980, and despite some increase after each recession employment-to-population ratios have never returned to the level prior to the downturn.

Besides having low wages, the less-educated have to choose from a pool of bad quality jobs, and this is especially important for understanding the context of deaths of despair. Having a job is important for providing material support, but it means much more than that: it brings status and gives meaning and structure to a person's life. Unfortunately, all this is missing from the current jobs that are available to people with less than a bachelor degree. Many of the good manufacturing jobs, especially in factories like General Motors (known as 'Generous Motors' for its high hourly wages) and Bethlehem Steel have ceased to exist. Case and Deaton tell how men often followed their fathers or grandfathers into these jobs, which provided union membership and high enough earnings to provide home ownership and good schools for their children. Working-class life for those employed in manufacturing followed the breadwinner model, where the men worked in factories and the women were usually housewives who took care of the children.

With the huge decline in manufacturing jobs, many aspects of working-class life started to fall apart. The new jobs that are available are less secure, with fewer benefits and less commitment by the employer. Many of the lower-quality service jobs bring less potential for personal development. Lower wages and less secure jobs affect family formation, with an increasing number of children being born and raised out of wedlock. Furthermore, the loss of manufacturing jobs affects community life, which for the last thirty years of the 20th century resembled that in Robert Putnam's book, *Bowling Alone: The Collapse and Revival of American Community*, which describes the decline in gatherings of family and friends, social activities in clubs, and unions and churches. In many firms African Americans were excluded and the white non-Hispanic American working class felt that this

was their racial privilege, but with the loss of manufacturing jobs this privilege has diminished or vanished.

The book explains that what is so exceptional about American capitalism is that it is failing so many people. Deaths of despair caused by the erosion of working and family life have been documented elsewhere in the rich world, but the numbers cannot compare with those in America. The leading villain, Case and Deaton argue, is the US healthcare system. The United States spends an astonishing 18% of GDP on healthcare (four times what the country spends on defence). This is more than any other developed country, while the health outcomes are the worst in that group of countries. For the last couple of years, life expectancy at birth has fallen for the first time since the Great Influenza of 1918, while nothing similar has happened in comparable countries. The problem is not the inadequate healthcare coverage, as some might think, but the enormous cost of the system that is pushing down the wages that employers are willing to offer and reducing the number of good jobs, especially for those with less skills. At the same time, higher public spending on health leaves fewer funds for education, infrastructure, and other public goods and services, in the end hurting the entire economy.

The US healthcare system is not very good at promoting health, but it is excellent at increasing wealth among healthcare providers, owners of pharmaceutical companies, medical device manufacturers, and monopolistic hospitals. Case and Deaton call them rent-seekers and their rents are calculated as 25% of the total healthcare costs. But what is income to healthcare providers is pure waste for patients. Much of the difference in costs compared to similar countries lies in higher prices (of health procedures, pharmaceuticals) and higher salaries for physicians. The latter is achieved by controlling access to medical schools. Physicians and their associations enforce residency requirements that reduce the number of foreign doctors, effectively controlling the entry into the profession and keeping salaries high. Other forms of rent are found in the private healthcare system where insurance companies and hospitals spend enormous amounts on administration, negotiating rates and trying to limit expenses. Hospitals merge in order to reduce competition, and after becoming a monopoly in their locality they charge monopoly prices. The healthcare industry employs more than five lobbyists for each member of Congress.

Rent-seeking is not only producing higher costs in the healthcare system but is directly harming public health. Manufacturers and distributors of pharmaceuticals have earned enormous sums by triggering epidemics that have killed tens of thousands of people. In the 1990s the field of pain management changed and

the prescription of opioids by doctors and dentists increased for all kinds of pain. For many physicians working under time and financial constraints it was easier to prescribe a pill than to engage in more expensive and time-consuming procedures with patients. OxyContin, a powerful opioid, was introduced in 1996 for pain relief and then aggressively marketed by pharmaceutical companies and their lobbyists. Case and Deaton discuss the role of the regulator, the Food and Drug Administration, in approving this dangerous painkiller, or what they call “a legalized heroin”. It is one of the examples of the power of special interests, in this case the corporate structure of pharmaceutical companies, to prevent politics from protecting the public health of citizens. As a consequence, deaths from opioids, prescribed by physicians in the form of painkillers, outnumber deaths from HIV, guns, or automobile accidents. The cumulative total number of deaths in the period 2000–2017 is larger than the number of Americans who died in two world wars.

This book is based on rich set of health-related data, mostly from the Center for Disease Control and Prevention, a US public health institute. They cover a long time period: for instance, data on mortality by educational attainment go back to 1992, so the authors can track birth cohorts over time and observe how their health situation is associated with education, poverty, unemployment, and, in the end, with deaths of despair. The book does an excellent job of explaining how economic hardship translates into a lower quality of life in the absence of supporting institutions and mechanisms of the state, which at the same time is captured by rent-seeking special interest groups. As such, this book could be used for university courses examining public sector and development economics. Case and Deaton’s work is also relevant to what may come after COVID, not only in the US but also in many other countries. Politicians and corporations will try to continue redistributing resources to themselves instead of implementing measures to improve the economic situation of those most vulnerable in the COVID-19 crisis. Once the crisis is over, new austerity measures are likely that will further weaken the safety net at a time when it is most needed. Case and Deaton’s extraordinary research in this book is an important warning of the consequences this might have for people’s health and wellbeing and family and community life.

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