

Case, Anne, and Deaton, Angus (2020) *Deaths of Despair and the Future of Capitalism*, Princeton University Press, NJ.

Review by Jack Metzgar

If we did not have the most wastefully expensive health care system in the world, each American household could have an additional \$8,500 a year in net income. And, if national income was divided between labor and capital now as it was 50 years ago, each household would have another \$10,000 or so. As a result, there would be much less despair and many fewer deaths of despair. That in essence is the powerful argument that is buried within the rambling discussion of *Deaths of Despair*. The authors, Princeton economists Anne Case and Angus Deaton, unpack a wide range of statistical data that explain underlying causes of the horrendous increase in suicides, drug overdoses, and alcohol-related deaths, which they were the first to notice and label ‘deaths of despair.’ While they don’t always follow their analysis to its logical conclusion, they provide powerful evidence for how important decent wages are for our mental and physical health. And though not given to slogans, Case and Deaton provide compelling empirical support for a bumper sticker that would read ‘Low Wages Are Killing Us.’

Case and Deaton track an increase of pain and despair in the U.S. over the past half-century, finding it primarily among working people who do not have at least a bachelor’s degree – namely, the vast majority (68%) of American adults. Though they pay special attention to the increase of pain and despair among middle-aged white men without college, since the increase is greatest there, despair is growing among all racial, ethnic, and gender groups among the so-called ‘poorly educated,’ even if at different rates in different timeframes. It’s simple: Increasing deaths of despair are caused by decades-long increases in despair. What is causing increased despair? Startlingly for mainstream academic economists, Case and Deaton draw a causal chain from reduced life expectancy back to increased despair and then to the corporate ‘use of market power to bring about upward redistribution.’ ‘[R]un out over half a century, [this upward redistribution] has slowly eaten away at the foundations of working-class life, high wages and good jobs, and has been central in causing deaths of despair. . . If we are to stop deaths of despair, we must somehow stop or reverse the decline of wages for less educated Americans.’

I found *Deaths of Despair* difficult reading because Case and Deaton move awkwardly between specific micro analyses and the larger macro picture in a way that buries the clarity of each. But within this awkwardness, the book advances several compelling arguments that are interrelated. They have a great chapter on the opioid epidemic, for example, tracking down the systemic causes of more than 70,000 drug-overdose deaths in 2017 to not only corrupt doctors and the pharmaceutical industry, but to government indifference that amounts to collusion. ‘The opioid epidemic did not happen in other countries both because they had not destroyed their working class and because their pharmaceutical companies are better controlled and their governments are less easily influenced by corporations seeking profits.’

Case and Deaton also have a devastating broader critique of the American health industry – not just the insurance companies, but doctors, hospitals, pharma, and medical equipment manufacturers too – as interrelated oligopolies that can manipulate and fix prices. These exorbitant prices drain workers’ wages, not just in the premiums, co-pays, and deductibles that workers pay directly, but also with the tariffs the health care industry imposes on employers, thereby reducing the money available for workers’ overall compensation. Case and Deaton calculate the degree of waste in our health care system and the minimum amount that would be available to workers and their households if we had a system similar not to the average of rich countries, but simply to the next most expensive system in Switzerland. They hardly mention the millions of Americans without health insurance, but instead show how millions more are driven to despair by having incomes that are not close to – or are too close to – meeting their living expenses. Again, though their analysis often wanders, in the end they speak clearly: ‘The organization of the American healthcare system is a disaster for the harm it does to health, but even more because it is draining the livelihoods of Americans in order to make a rich minority richer.’

Case and Deaton are not wild-eyed radicals, but well-established advocates of free-market capitalism (Deaton is a Noble Prize winner). They see oligarchic corporations and corrupted government institutions as undermining the free functioning of markets. In general, they are more inclined to trust-busting solutions than to social-democratic programs to enhance social wages and to strengthen labor unions and social safety nets. And they explicitly argue against more severely progressive taxation as a redistributive solution. Their larger point is that ‘large parts of the American economy have been captured to serve the wealthy with the consent and connivance of government. . . . Upward redistribution is not an inherent feature of capitalism [as Thomas Piketty has argued] The problem with inequality is that so much of the wealth and income at the top is ill-gotten.’

Though I’m with Piketty, on both the nature of capitalism and the importance of steeply progressive taxes, including on wealth, Case and Deaton have a point, too. If you’ve been watching the Netflix docuseries *Dirty Money*, you will be aware of the importance of greatly improving our policing of ill-gotten gains. It is unbelievable what already rich people will do to get richer! So, just because capitalism has an inherent tendency, even when operating ‘properly,’ to redistribute income and wealth upwards, does not mean we should not go after the crooks and con men that proliferate within that system, starting with the health care industry, as Case and Deaton suggest. But Case and Deaton do not recognize that so much wealth and power has already been transferred to our American oligarchs that it is now crucial to claw back at least a trillion dollars a year in taxes without trying to determine what was ill and what was well gotten.

Deaths of Despair is an especially important book precisely because Case and Deaton are not ideological, but rather the epitome of ‘data-driven’ social scientists. As a result, it has received a lot of attention in mainstream media, which has tended to focus too much on the so-called white working class and on policies unrelated to wages, taxes, and redistribution. In discussing possible solutions, Case and Deaton are themselves vague and indeterminate – sort of like fussy eaters examining a menu with few items precisely to their liking. But the core of the book’s analysis of the causal relation between inadequate wages, despair, and death is a clarion call for action. Though whole-hearted believers in the power of markets, without drastic action they see the future of capitalism as a continuation of ‘a slowly unfolding calamity for the working class.’

As I write, a debate rages about when and how to reopen our economies after the Covid-19 curve has been flattened. Opening too quickly could lead to increased infections and Covid deaths. But with some 40 million people unemployed in the U.S., opening too slowly will undoubtedly lead to many more deaths of despair, this time disproportionately among people of color. Millions more people have been pushed to the edge, while more millions already on that edge have been and will be falling. However we get to the other side of this pandemic, the calamity for the working class will be worse. And even more drastic action will be required than is in Case and Deaton's philosophy.

Reviewer Bio

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