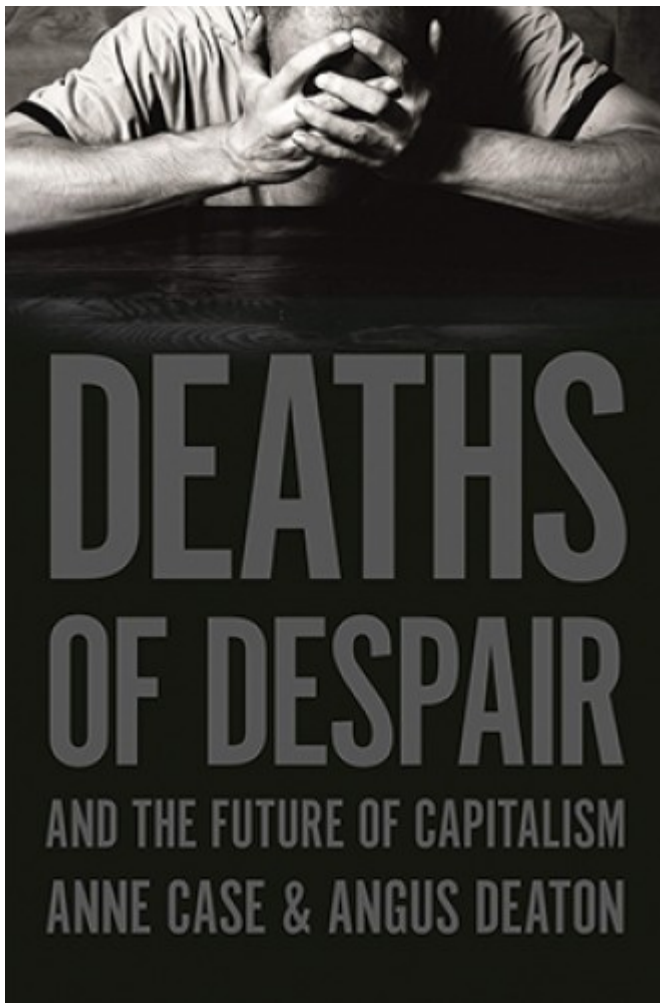How deaths of despair reached white communities

Two economists tell the story and suggest reforms.

by Graison Dangor in the June 17, 2020 issue

In Review

Deaths of Despair and the Future of Capitalism

By Anne Case and Angus Deaton
Princeton University Press

Over the last decade, as the opioid crisis grew in severity, a new phrase came to describe a wave of deaths plaguing downwardly mobile white people. Today we know that suicide, overdoses, and alcoholic liver poisoning have claimed the lives of more than 600,000 people in middle age in the US over the last two decades, a catastrophe on the scale of the AIDS crisis. We know about these "deaths of despair" thanks to Anne Case and Angus Deaton, the economist power couple who coined the term. Their new book argues that these deaths are the result of the "destruction of the white working class" by deindustrialization, the parasitic growth of health-care costs, and other ways the wealthy have rigged markets to suck ever more money out of workers.

The story begins in the 1970s, when postwar economic growth began to slow. To maintain profits, corporations wrested larger and larger shares of the proceeds from workers. They moved factories to countries where they could pay people less and bought new machines that replaced workers. Without college degrees, these workers could find only lower-paying service jobs, often as contract employees without health insurance.

The loss of good jobs affected more than income. The steady, often unionized work had anchored white working-class communities for a quarter of a century after the Second World War. When those jobs went away, so did a way of life. Communities lost tax revenue for schools, libraries, and parks; churches and union halls lost members. Men, unable to support a potential family, were "less marriageable," as Case and Deaton put it. By the new millennium, the pillars of family, community, and spiritual life, which "help maintain a life that is worth living," had crumbled beneath the white working class.

This crumbling left communities vulnerable to the relief brought by alcohol, opioids, and suicide. The pharmaceutical companies had help in promoting the opioids. Congress stopped the Drug Enforcement Administration from prosecuting pill mills, and the Food and Drug Administration approved OxyContin "without considering the broad social consequences of doing so" and "acceded to producer requests to approve label changes that greatly widened use and profits."

Case and Deaton condemn pharmaceutical companies for "reaping enormous profits from their patients' addictions" and "profiting by destroying lives," but their harshest words are for the health-care system as a whole. The industry is "a cancer

that has metastasized throughout the economy," they write, "strangling its ability to deliver what Americans need." Its rising costs have meant that employers raise wages less as they contribute higher amounts to employee health plans. Further, the amount that wages do increase is often wiped out by the higher premiums that employees must pay.

Because health-care benefits are a large share of a low-wage worker's compensation, employers often outsource these jobs—which involve serving food, providing transportation, or office cleaning—to firms that pay lower wages and contribute less to their health care, if any at all. "This is one of the ways in which rising health costs turn good jobs into worse jobs and eliminate jobs altogether," Case and Deaton write.

Additionally, for federal, state, and local governments, which together pay for 45 percent of health care in the US, rising costs preclude spending on other things. These lost opportunities include affordable higher education and safety net programs aimed at easing the impact of deindustrialization. In this way, too, the public is deprived of a better quality of life.

Case and Deaton portray white deaths of despair as the sequel to a similar calamity faced by African Americans in the 1970s and 80s. Black manufacturing workers in the city were the first to lose their jobs from the combination of global competition, factories leaving cities, and a broader shift in the economy from products to services. As working-class white communities would experience several decades later, the permanent loss of good jobs made black communities more vulnerable to deaths from drug overdoses, homicide, and HIV/AIDS. "African Americans, long the least-favored group, were the first to suffer," the authors write, "but less educated whites were next in line."

After touring diligently through the evidence, Case and Deaton recommend general principles to guide reforms—like abandoning the fantasy that free markets can provide adequate and affordable health care. With the exception of health care, however, the authors believe that markets are the solution. They just need to be made to work better.

To this end, Case and Deaton suggest several changes. Companies should be more actively prevented from illegally controlling markets and acquiring competitors. Lobbying should be made more transparent so corporations and trade groups can't

mold laws to protect their profits. Outsourcing for the sake of cutting benefits should be prohibited, as should noncompete clauses.

However, the authors never explain why they believe financial services will be reined in by the same approach that they argue will not work for health care. What makes banking, which helped wipe out tens of trillions of dollars from the economy in the financial crisis, amenable to market-based solutions where health care is not? Corporations have a long history of using economic shifts to disempower workers, and Case and Deaton don't give any evidence that it won't happen again. In fact, they seem to hint that it will: "It is not absurd to imagine the distress moving up to more highly educated groups next."

More than 36 million people have filed unemployment claims since mid-March, many of whom held professional jobs and have college degrees. There is, in other words, no guarantee that the economy will spare you.