CHICAGO – Even with the COVID-19 pandemic still raging, speculation has turned to what society will look like afterward. Citizens, shocked by how easily their lives can be upended, will want to reduce risk. According to the emerging new consensus, they will favor more government intervention to stimulate demand (by pumping trillions of dollars into the economy), protect workers, expand health care, and, of course, tackle climate change.

But every country has many layers of government, so which one should expand? Clearly, in the United States, only the federal government has the resources and mandate for nationwide decisions on issues such as health care and climate change. Yet it doesn’t necessarily follow that this level of government should grow larger still. After all, it could adopt policies that protect some constituencies while increasing the risks faced by others.

In the case of COVID-19, some countries have centralized decision-making about when to impose and lift lockdown measures, whereas others have left these choices to state governments, or even municipalities. (Others, like India, are in transition between these approaches.) What has become clear is that not all localities face the same trade-offs.

In crowded New York City, a strict lockdown may have been the only way to get people off the streets, and its economic impact may have been softened by the fact that many there work in skilled services like finance, which can be done remotely. Moreover, even laid-off waiters and hotel workers know they won’t get their jobs back until the public feels safe going out again. Health concerns seem to be paramount.

In contrast, in Farmington, New Mexico, the New York Times reports that, “few people know anyone who was ill from the coronavirus, but almost everyone knows someone unemployed by it.” The lockdown, imposed by the state’s Democratic governor, seems to be unpopular across a community that was already in serious economic decline before the pandemic. In this case, economic concerns have trumped more modest health worries.
These differences show the drawbacks of a centralized, one-size-fits-all approach. But decentralization can also be problematic. If regions have contained the virus to different degrees, is travel between them still possible? It stands to reason that safer regions would want to bar visitors from potential hot zones – or at least subject them to lengthy quarantines. A fast, cheap, reliable testing system might solve the problem, but that is currently unavailable.

Some degree of harmonization between regions can therefore be beneficial, not least in the procurement of medical supplies. In the absence of federal coordination, US states have been in a bidding war with one another over scarce medical supplies from China. In normal times, competitive markets would allocate such goods most efficiently. But in a health emergency, markets may perform poorly, allocating goods according to buyers’ ability to pay rather than their need; rich states would buy up all the ventilators and testing kits, leaving poorer states with none. The country’s ability to contain the pandemic would suffer.

In this situation, centralized procurement could keep prices lower, potentially enabling more need-based allocation. But “could” and “potentially” are the operative words. If a central government has questionable motives or simply is incompetent, the calculus changes. As we have seen in Brazil, Mexico, Tanzania, and the US, when heads of government minimize the dangers of the pandemic, they can do considerable harm to their country’s response.

Among other failures, Brazil’s federal government seems to have had difficulty distributing ventilators it bought. In the United States, Republican-governed states have allegedly had easier access to central medical supplies than states where Democrats are in control. And in India, the central government imposed a stringent lockdown without making the necessary arrangements for millions of migrant workers, who were forced to flee the cities for their home villages. Families with children walked hundreds of miles, helped only by the kindness of strangers and local authorities, and potentially carrying the virus with them. A decentralized decision-making process might have allowed states that locked down later (because they initially had fewer cases) to learn better management from those that went first.

Given that extremes of centralization and decentralization can both be problematic, a coordinated middle ground may work best. The federal government might establish minimal standards for closing down and opening up, while leaving the actual decision to states and municipalities. That said, if there is to be a bias, it should be toward decentralization, following the principle of subsidiarity, whereby powers are delegated to the lowest-possible administrative level that will be effective.

There are important reasons to favor a carefully managed decentralization. Not only do members of smaller political entities tend to face similar problems; they
also typically demonstrate greater social and political solidarity, which makes it easier for them to engage with one another and find solutions.

While local politics might occasionally resemble the Hatfield-McCoy feud of nineteenth-century Kentucky and West Virginia, it generally suffers less gridlock and antagonism than what one finds in central legislatures today. And people feel a greater sense of ownership over decisions taken by their locally elected or appointed bodies. This empowerment can help them devise policies to benefit from national and global markets, rather than being at their mercy.

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This is why, as we prepare policies to aid the recovery and strengthen post-pandemic health, education, and regulatory systems, we should also think about who will make the decisions and where. For example, a fair share of stimulus spending on infrastructure should take the form of block grants to communities, which are in the best position to allocate funds according to need. And while national climate policies cannot be determined separately in every community, they can at least reflect a bottom-up consensus.

Rising authoritarianism around the world reflects widespread yearning for charismatic political leaders with whom ordinary people can identify with. Such demagogues have used their popular support to avoid constitutional checks and balances, taking their countries down ruinous paths. Expanding government further while limiting the risk of authoritarianism requires independently powerful bodies that also enjoy popular support. Constitutionally decentralizing more powers to regional and local government may be the way forward.

RAGHURAM G. RAJAN

Raghuram G. Rajan, former Governor of the Reserve Bank of India, is Professor of Finance at the University of Chicago Booth School of Business and the author, most recently, of *The Third Pillar: How Markets and the State Leave the Community Behind.*

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