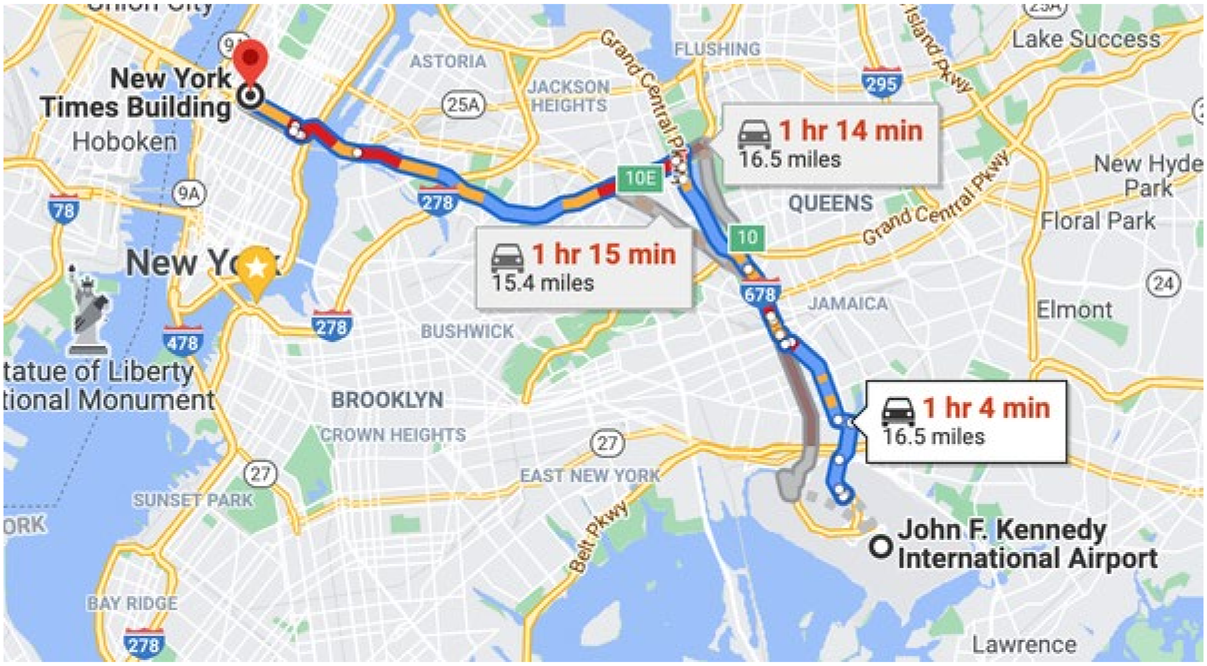
Shots and Supply Chain Snarls

Paul Krugman, New York Times, October 19, 2021

It’s 7:38 a.m. on a Tuesday — specifically today, Oct. 19, 2021 — and you’re taking a taxi from Kennedy Airport to the New York Times building. If you’d taken that ride very early this morning, when there was no traffic, it would have taken less than half an hour. But during today’s morning commute it looked like this:



What caused this snarled traffic? We could see major delays on the Long Island Expressway and at the Queens-Midtown Tunnel; I don’t know what they were about. It could have been accidents, or stalled cars, or just the kind of random traffic backups that always happen once highways are sufficiently congested. At a fundamental level, however, the specifics aren’t the point. The reason it takes much longer to make the Kennedy-New York Times trip during the morning commute than it takes off-peak is that this is what happens when more people are trying to use roads than the road network can easily handle.

And now you understand the basics of the supply-chain problems that are driving up many prices and may interfere with your Christmas shopping.

There has been excellent reporting on the details of the logistical mess that has created shortages of almost everything, with much coverage focusing in particular on the logjam at the Port of Los Angeles; that gateway and the adjoining Port of

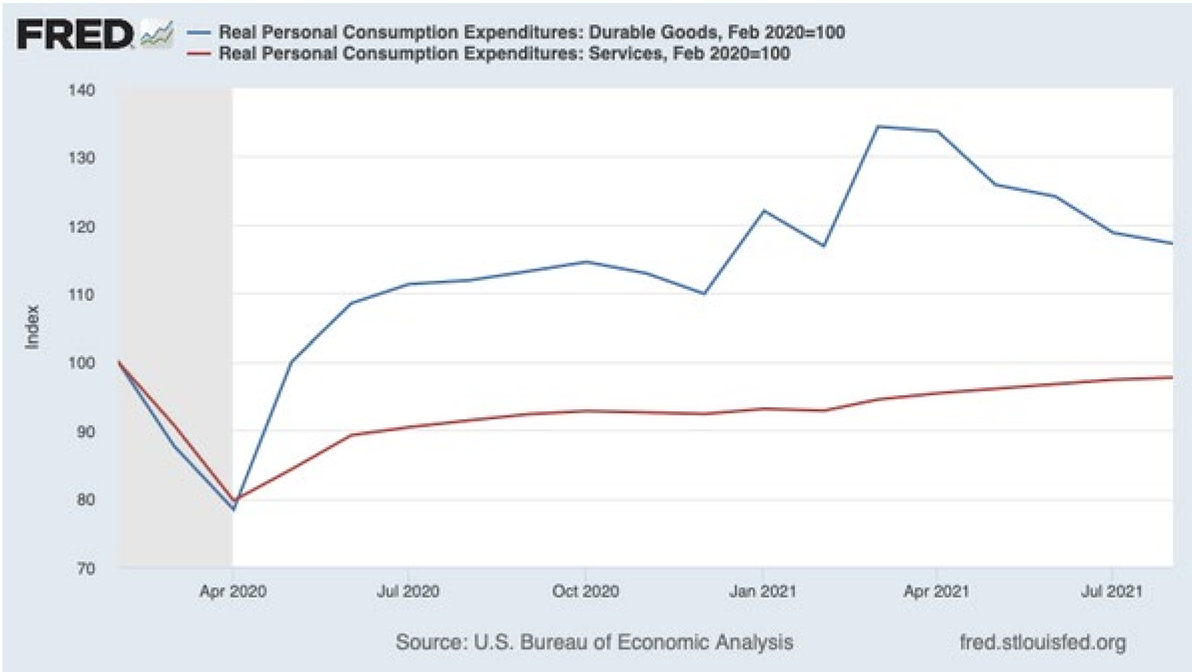
Long Beach are the entry points for 40 percent of U.S. seaborne imports. But it's important not to let the details obscure the big picture.

You see, the supply chain hasn't broken down — U.S. ports are actually unloading a [record quantity of goods](). The reason everything is delayed is that people are trying to buy more stuff than ever before, and their demands are outstripping the supply chain's capacity — the same way that morning-commute traffic in New York outstrips the road network's capacity. And once things are that stressed, small disruptions tend to snowball into large delays.

Here's real spending on durable consumer goods — everything from cars to kitchen appliances to exercise equipment — expressed as an index with the start of the pandemic set to 100:

As you can see, there was a huge surge — a 34 percent rise over 13 months! — that has only partly receded. I've also sketched in the prepandemic trend, to show that this was really far outside previous experience.

What accounts for this surge? Overall consumer demand has been strong, boosted by stimulus checks. But that has happened during previous economic recoveries. What's special this time is that demand has been skewed: Consumers are buying fewer services and more goods than usual. Or as we might put it, they've been forgoing experiences and acquiring stuff instead. Here's consumption of durables and services since the beginning of the pandemic:



Why the skew? It's not a mystery: We've been afraid to indulge in many of our usual experiences and bought stuff to compensate. People ate out less, either because indoor dining was banned or because it didn't feel safe, so they remodeled their kitchens. People couldn't or wouldn't go to the gym, so they bought exercise equipment. Hey, my home office didn't always look like this:

So what can help resolve problems with the supply chain? Emergency measures, like trying to mobilize resources to keep the ports open 24/7, might help a bit. In the longer run, investments in infrastructure could help much more: U.S. ports, rail lines and so on are shabby compared with their counterparts in other countries and could be much improved.

But the biggest thing that could bring fast relief would be undoing the skew in demand by making people feel safe buying more services and fewer goods. The way to do that is by getting the pandemic under control, above all by getting more people vaccinated.

And how can we get more people vaccinated? Mandates. No need to spend time here rebutting claims that requiring workers or customers to be vaccinated is an assault on liberty: Sorry, but freedom doesn't mean having the right to expose other people to a potentially deadly disease. At this point we can also dismiss claims that requiring vaccination will disrupt the economy: While many people told pollsters that they would quit rather than take their shots, in practice employers that have required vaccination have experienced only a handful of resignations.

In other words, what our economy needs now is a shot in the arm — or rather, millions of shots in millions of arms. And vaccine mandates will provide those shots, in addition to saving lives.