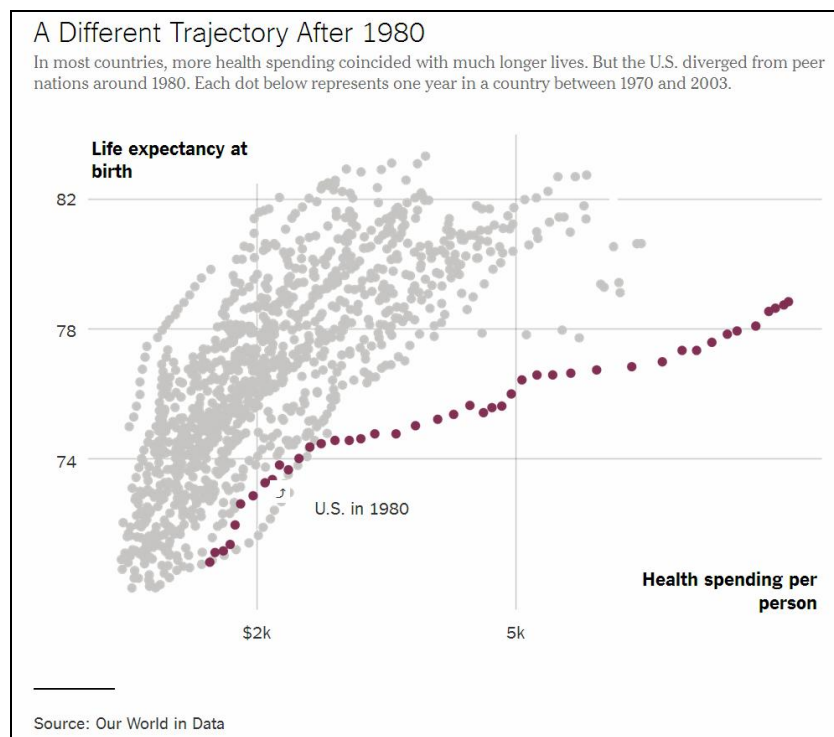


America's Dismal Turning Point

[Paul Krugman](#), *The New York Times*, May 16, 2018

Austin Frakt had a [very interesting piece](#) in the Upshot the other day, on U.S. health spending – and U.S. health — in international perspective. Everyone knows that U.S. spending is more or less literally off the charts compared with everyone else, while many are aware that we have also diverged, in the wrong direction, on measures like life expectancy: we're falling further than further behind the rest of the advanced world.

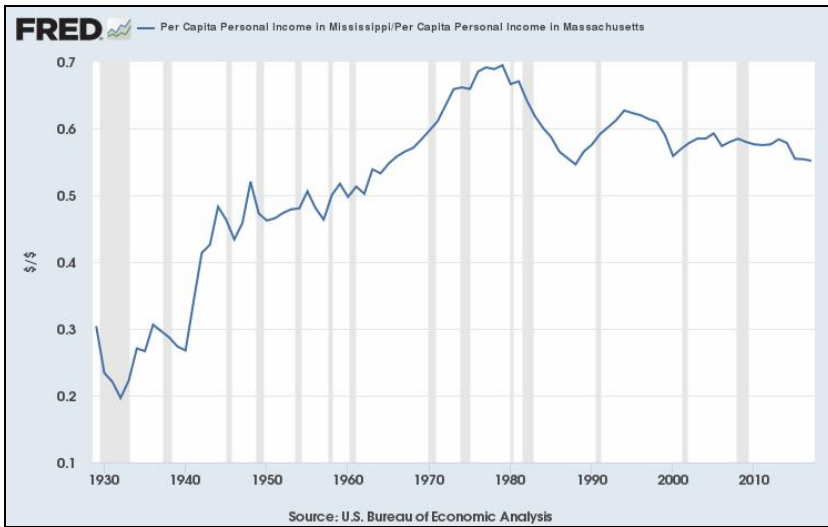
What Frakt points out is that it was not always thus. The dismal U.S. combination of high costs and poor results only began to emerge around 1980, which poses a mystery:



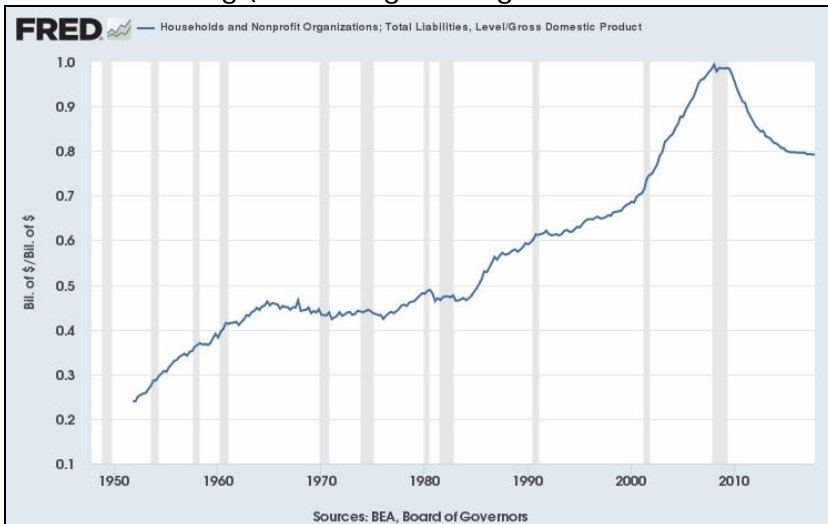
What changed? In a [subsequent post](#), Frakt suggests that U.S. exceptionalism may be related to income inequality. And it's true that income inequality began its huge rise just about the same time that U.S. health care apparently went off the rails:



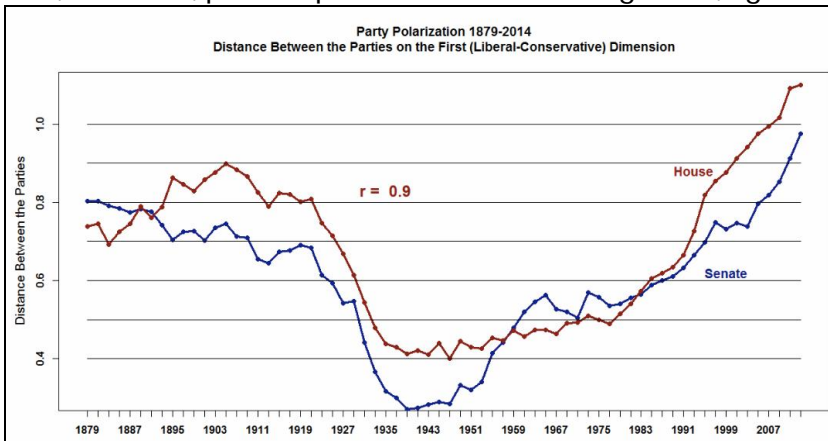
But it's not just income inequality. Lots of things had an inflection point around 1980. For example, regional convergence – in which poor states closed the gap with rich states – also came to a dead halt or even went into reverse around the same time. Incomes in Mississippi relative to Massachusetts:



Meanwhile, circa 1980 financial leverage began its huge climb, with household debt relative to income soaring (and setting the stage for the 2008 financial crisis):



And, of course, political polarization made its big move, again at more or less the same time:



So 1980 was an inflection point for a lot of things in America. That can't be an accident. And it's also almost surely not an accident that this turning point coincided with the election of Ronald Reagan.

A good guess, surely, is that the whole story is connected with the rise of modern movement conservatism, which brought with it unequalizing economic policies, retreat from antitrust, financial deregulation, and more.

And surely most people would agree that soaring medical costs, rising inequality, financial crises, regional decline, etc., are bad things; so you might think that all of this would suggest to everyone that something was wrong with the newly dominant ideology. But here's the thing: conservatives don't see it that way. Not only do they continue to regard Reagan as America's savior; they haven't changed their ideas, or indeed come up with any significantly new ideas, for the past 35 years.

It would be nice if commentators who accuse Democrats of lacking new ideas knew something about this history.