

## The Impact of Economic Decisions by American Presidents Series

### *Bill Clinton – Public Vaccinations*

Most decisions by American presidents and other world leaders do not have an immediate impact on the economy, especially regarding the macroeconomic issues of employment and inflation. For example, President Franklin Roosevelt's bank holiday, President John Kennedy's tariff on imported steel, and President Ronald Reagan's Economic Recovery Tax Act had limited immediate effects on the economy, but their long-term effects were significant. The accomplishments or problems of a previous administration may impact on the administration that follows.

For example, President Biden faced criticism about the economy during his administration. The jobs created with the Bipartisan Infrastructure Law and the interest rate policy of the Federal Reserve Bank to lower inflation did not show results until years later. The drop in Real Disposable Income from the administration of President Trump is another example. Real Disposable Income is a measure of income that is adjusted for inflation. The drop between the administration of President Biden and Trump is the result of extended unemployment benefits, people working from home during the pandemic when businesses were closed, and stimulus checks from the government. The economic transition following the end of the pandemic had a significant impact on the economy.

President	GDP Growth	Unemployment Rate	Inflation Rate	Poverty Rate	Real Disposable Income
Johnson	2.6%	3.4%	4.4%	12.8%	\$17,181
Nixon	2.0%	5.5%	<b>10.9%</b>	12.0%	\$19,621
Ford	2.8%	7.5%	5.2%	11.9%	\$20,780
Carter	4.6%	7.4%	<b>11.8%</b>	13.0%	\$21,891
Reagan	2.1%	5.4%	4.7%	13.1%	\$27,080
H.W. Bush	0.7%	7.3%	3.3%	<b>14.5%</b>	\$27,990
Clinton	0.3%	4.2%	3.7%	11.3%	\$34,216
G.W. Bush	<b>-1.2%</b>	<b>7.8%</b>	0.0%	13.2%	\$37,814
Obama	1.0%	4.7%	2.5%	<b>14.0%</b>	\$42,914
Trump	2.6%	6.4%	1.4%	11.9%	\$48,286
Biden	2.6%	3.5%	5.0%	12.8%	<b>\$46,682</b>

*This series provides a context of important decisions by America's presidents that are connected to the expected economic decisions under the second administration of President Trump. The background information and questions provide an opportunity for small and large group discussions, structured debate, and additional investigation and research. They may be used for current events, as a substitute lesson activity or integrated into a lesson.*

In the case study below, have your students investigate the economic problem, different perspectives on the proposed solution, the short- and long-term impact of the decision, and how the decision affects Americans in the 21<sup>st</sup> century.

## The Economic Problem

Public health decisions in the United States have historically been determined by states. (Tenth Amendment) Massachusetts is the first state to require that children have a smallpox vaccine before going to school to prevent the spread of smallpox in schools. Children in the United States receive immunizations through both private and public providers. The federal government has supported childhood immunization since 1963 through the Vaccination Assistance Act. Since 1994, the Vaccines for Children (VFC) program has provided additional support for childhood vaccines. In 2002, 41% of childhood vaccines were purchased by the federal government through VFC and 43% through the private sector. Thirty states have vaccine requirements for students going to college. See the list of vaccines required for K-12 schools on page 8 of the Center for Disease Control document: [CDC Document](#)

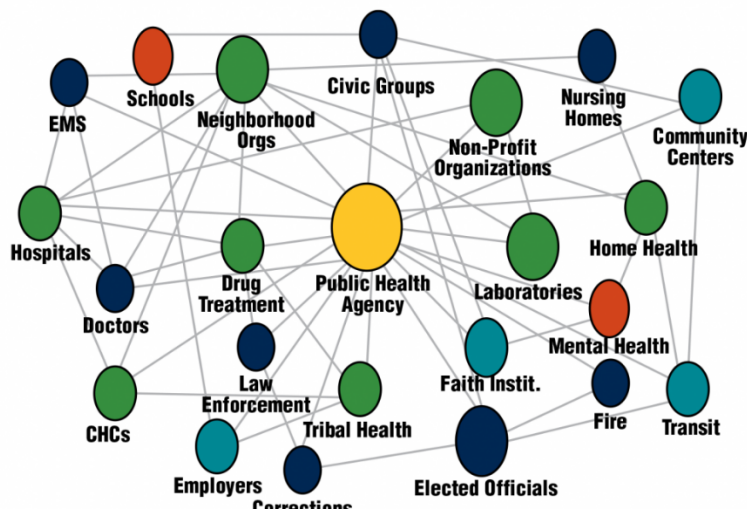
Adult immunization is primarily performed in the private sector. Since 1981, Medicare has reimbursed the cost of pneumococcal vaccine for its beneficiaries; influenza vaccine was added in 1993. The cost of vaccinations has increased significantly in the past 20 years.

The greatest fear in the 19<sup>th</sup> and 20<sup>th</sup> century was the spread of unknown or viral diseases. Major epidemics in the United States are cholera, flu, polio, HIV/AIDS, SARS, H1N1, and Covid-19. Vaccines were developed for smallpox and rabies. The virus, [poliomyelitis](#), was a highly contagious disease with symptoms including common flu-like symptoms such as sore throat, fever, tiredness, headache, a stiff neck and stomach ache. Polio also affected the brain and spinal cord, which could lead to paralysis and also death. President Franklin Roosevelt was infected with poliomyelitis in 1921. The disease first emerged in the United States in 1894, but the [first large epidemic](#) happened in 1916 when public health experts recorded 27,000 cases and 6,000 deaths—roughly a third in New York City..

Epidemics are costly in the loss of human lives, medical and hospital costs, and absence from school and work. Because preventive health measures and vaccines save money, they are considered by economists as a public good. For example, the average billing costs for non-complex Covid-19 hospitalizations averaged between \$31,000 and \$111,000. Complex cases with hospitalizations averaged between \$132,000 and \$472,000. The average hospital cost in New Jersey for Covid-19 in 2020 was \$377,198. [Source](#)

There were 6 million Americans hospitalized in 2020 with Covid-19. If we estimate the average hospitalization cost at \$100,000, the cost of the epidemic would be around \$60 billion. If we estimated the cost at \$50,000, the cost would be \$30 billion. The cost to the government in providing vaccines for free in 2020 was \$25.3 billion. According to the National Institutes of Health, the U.S. government purchased 1.2 billion doses from Pfizer and Moderna at a price of \$20.69 per dose. [Source](#). A total of \$53.6 million was appropriated in 1956-57 for the polio vaccine.

Analyze the information in the image below to discuss if public health programs are best administered by the states or the federal government.



**Questions:**

1. If the cost of a vaccine is \$20.69, should the government pay for free vaccines for the general public or encourage people to get vaccinated at their own expense?
2. Should the cost of vaccinations be the responsibility of private health insurance for people not covered by Medicare?
3. Is public health a burden that should be shared by government, individuals, and health insurance companies?
4. To protect the public from an epidemic or the flu, measles, pneumonia, etc. should the government rely on the approximately 40,000 private centers of medical offices and retail pharmacies to distribute and administer the vaccine or use the approximately 6,000 public health clinics and hospitals? Which distribution strategy is the most effective and why?
5. Should the government encourage masks, hand washing, and other methods to prevent the spread of an epidemic instead of free or subsidized vaccinations?

**Activity #1**

1. Invite the school nurse, doctor, and or representative from a health insurance company to your class to discuss the costs and benefits of vaccinations to contain the spread of epidemics.
2. Research the policies on immunizations and vaccinations by other countries (Japan, Britain, Denmark, Mexico, Canada) [Mandatory Vaccinations: The International Landscape](#) [Mandatory Childhood Vaccinations](#)
3. Meet with your Math teacher to analyze the hypothetical costs of hospitalizations, preventive health care, and productivity costs for staying home from work.

## Positive Externalities:

Vaccines against contagious infectious diseases have strong spillover effects, since immunization protects not just those being immunized but others as well. Since the benefits extend beyond those individuals who choose to get vaccinated, the public benefits of vaccines are larger than the individual benefits. However, the price of the vaccine (i.e. \$20) only benefits the person who paid for it out of pocket. The benefit to the public or larger society is the result when a significant majority is vaccinated and protected.

Economists evaluate the costs and benefits. For example, the government could subsidize the cost by 25% or 50%. The government (state or federal) could provide an incentive and pay individuals to get vaccinated or offer a tax credit or deduction. Public health strategies might include charging less than the market price for vaccines, paying individuals to immunize, or making immunization compulsory. The government can also mandate vaccinations by law.

The economic problem becomes more complex when we consider that some health issues like cancer, tetanus, or diabetes are not contagious. Also, vaccines for HIV/AIDS and Human Papillomavirus (HPV) benefit specific populations. The Public Health Service act of 1972 provided grants to state and local governments for immunizations and vaccine purchases. President Clinton's administration in 1994 launched the VFC (Vaccines for Children) These provided funds to support schools requiring immunizations, with allowances for religious or moral exemptions.

View the image below from the Center for Disease Control (CDC) and validate its accuracy, bias, or misinformation.



**Activity #2:**

1. Interview your school's administration regarding the policy for vaccinations for students, teachers, and staff.
2. Research the vaccination policy at state and private colleges in your area.
3. Meet with a travel agent or use the source from Wikipedia regarding vaccination requirements from countries. [Source](#) If the United States discontinues its financial support for vaccinations will this have an impact on Americans travelling to other countries?

**Questions:**

1. What is the most effective way to protect public health?
2. Are the benefits of free or subsidized vaccinations greater than the costs of hospitalization and loss of life?
3. Should federal programs also include subsidies for preventive health such as mammograms, colonoscopies, blood pressure screening, etc.
4. Public education is paid for by taxpayers and through money raised by state governments. Should public health follow a similar model or is it different?
5. Are the economic benefits of government funded vaccinations more important than the scientific evidence or the fact that they may not be effective for everyone and in some cases result in death?