**Good distances make good neighbors:**

**Coordinating self-regulation in the face of our communal crisis**

Good ol’ rugged individualism. We are in control of our own fates. Masters of our own domain. Yadayayada. Problem is, another’s rugged individualism can screw it up for all of us. Though you and I may be doing the right thing, if another unconstrained iconoclast is not, we can still be harmed. We are at the mercy of those whom we cannot directly control. Thus, there is a need for central coordination to keep all of us rugged individuals collectively safe.

 Most industries realize this. Firms know that if one of their rivals does something dangerous or downright stupid, the whole industry can suffer. One poorly washed truckload of lettuce from one farm on one day can lead to a nationwide, weeks-long recall of all lettuce. One faulty decision by one person at one facility of one nuclear power plant can permanently shut down new nuclear power plant construction. So firms coordinate. Yes, they remain very much rugged individual firms, but they also agree to abide by a code of conduct that decreases the risks of any one firm doing something stupid that will hurt all firms for long periods of time. We know this, and study this, as industry self-regulation. Examples of industry self-regulation abound.

In theory, industry self-regulation can work. If each firm manages its own problems, then nothing arises that can spill over to other firms. By agreeing to behave in responsible ways, all firms become masters of their own domain, no longer having to concern themselves with the risk of exposure to the misdeeds of their rivals. The problem though is that much of industry self-regulation is weak. Firms don’t really abide by all the rules, consistently and continuously. Often sparked by a serious threat to the industry, once that threat is a few feet in the rearview mirror – and often well before that – firms become less constrained in their risky behaviors. Self-regulation is generally not a stable, sustainable solution to industry misbehavior. Instead, the heavy hand of government, not just the shadow of the threat of it, is required.

We as a society, and in the US, a society that highlights rugged individualism, face a serious threat with COVID-19. We can do a great deal on our own to be protected from it. Wash those hands; keep your distance! But if others don’t take the threat seriously, then their behaviors increase our risk of contracting the virus. Voluntary self-regulation doesn’t seem sufficient to prevent this. Some churches and religious-based universities, for example, are going forward with large gatherings. Those who refuse to social distance will prolong the spread. Even public shaming, in the age of social media, doesn’t do it. In fact, some are proud to publicly display their individualistic idiocy.

It takes formal regulation to resolve this problem – both of firms and individuals. Trump needs to invoke, not just threaten, use of the Defense Production Act to ensure an adequate supply of medical equipment. Trump needs to encourage, not overturn, efforts by cities and states to enforce closures. While many and perhaps most will do the right thing, some won’t, and we’re no stronger than our weakest links in this crisis. Firms in the alcoholic beverage industry have shifted production capacity to develop hand sanitizer. Firms in the manufacturing sector have shifted to production of ventilators. Firms in the apparel industry have shifted to producing masks and other personal protective equipment for medical professionals and first responders. And many firms across many industries have made allowances for their employees that will enable them to maintain social distances for at least several weeks without suffering economic harm. But many others have not, and will not voluntarily. So think individually, but coordinate centrally.