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Review

Dispute on Efficiency and Sustainability with COVID Crisis: Bureaucratic Government Coaction vs Spontaneous and Flexible Social Coordination (Spanish Case)

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Abstract This paper reviews the efficiency and sustainability of the management model during the COVID-19 crisis and beyond. There is a comparison between the centralized bureaucratic management versus the agile market alternative or spontaneous and flexible social coordination. This is a study of Political Economy, Management, and Health Economics from the perspective of Austrian economics, with special attention to the Spanish case. The analysis is based on Mises theorem about the impossibility of economic calculation under centralized coactive systems, and other economic principles. In this context, we also pay attention to collateral problems of the centralized and coactive management. Finally, we propose a solution based on dynamic efficiency and the constitutions of wellbeing economics based on digitalization.

Keywords political economy; management comparison; decision making; cost estimation; sustainability; COVID-19 crisis; health economics

JEL Classification Codes: B53, E42, E63, I38

1. Introduction

In 2020, the world economy suffered a severe external shock [1], by a black swan [2]: the so-called COVID-19 crisis and its management, which caused a polycrisis (multiple and interconnected crises which converge and amplify each other). For this reason, an analysis based on the fundamentals of Political Economy [3–5] is requested. In order to analyze the crisis and its management, to review the efficiency of the cost estimation models applied in 2020 and 2021, this paper uses the economic principles and the economic theory of Austrian economics [6,7].

This study offers an analysis (with special attention to the Spanish case) on the comparison of two opposite approaches applied in the management of the current crisis: the bureaucratic government coaction approach that implies centralized planning and management vs the spontaneous social cooperation approach based on market principles such as profit and loss. In this context, we apply the theorem of the impossibility of economic calculation in socialism or coactive and centralized systems [8–10]. Moreover, we review the relation between decision making and cost efficiency under uncertainty [11] and the contrast between the two approaches. Another point of the analysis concerns the collateral problems of centralized and coactive management [10], like bottlenecks, informal markets, etc. Finally, we propose a solution for the current COVID-19 crisis management, based on dynamic efficiency [12] and wellbeing economics alignment [3,5,13,14].

2. Materials and Methods

This review applies elements of the Austrian economic theory [6,7], like the theorem on the impossibility of economic calculation in socialism [8–10], and some other main principles of political economy [3,4,12]. The debate on the theorem of the impossibility of economic calculation is a defining element in the history of the Austrian school and has distinguished it from other schools. The theorem of the impossibility of socialism has been discussed [15–20] and applied by scholars in this tradition [21], to a broad array of contexts and future lines of research [22,23]. Due to the shock of the pandemic, it has become necessary to apply it also to the current COVID-19 crisis and health care management (and the wellbeing of the organizations). In this way, we

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use a powerful economic theory to understand and to interpret social reality and its development, also during a global crisis (around the world and among the social spheres, e.g., economy, policy, health), such as the COVID-19 crisis. For more considerations, about the fundamentals and methodology applied here, it is suggested to consult the bibliography of Mises [9,24], Hayek [25,26], Rothbard [27,28] and as well as the works of more recent authors [29,30].

3. Results and Discussion

3.1. Theorem on the Impossibility of Socialism Applied in the Current Crisis

The reactions of governments around the world in response to the effects of the COVID-19 pandemic have been based on improvisation. The crisis can be considered as a black swan event: an improbable pandemic, but possible (with the exceptions of Taiwan or Japan, where they have an advanced expertise in flu crisis and its digital management, in the tradition of wellbeing economics). The management of the COVID-19 pandemic was a response to multiple crises in several social spheres: health, policy, law, economy, etc. In that sense, there was a polarization of two models or approaches: the centralized way or bureaucratic government coercion and the agile free market way or spontaneous social coordination.

The interventionist measure conducted by the governments provides an opportunity to observe, to verify, and to apply in a real context the theorem on the impossibility of socialism (or statism, as a centralized and coercive system), formulated for the first time by Ludwig von Mises one hundred years ago [31]. It is true that the collapse of the former Soviet Union and of real socialism, along with the crisis of the welfare state, had already sufficiently illustrated the triumph of the Austrian analysis in the historic debate about the impossibility of socialism. However, the tragic outbreak of the COVID-19 pandemic has given us one more real-life example—in this case one much closer to us and more concrete—which superbly illustrates and confirms what the theory holds, namely, it is theoretically impossible for a central planner to give a coordinating quality to their commands, regardless of how necessary these commands seem, how noble their goal is, or the good faith and effort devoted to successfully achieving it.

There is another concrete historical illustration, in this case from the other side of the Iron Curtain during the final years of Soviet communism, in the explosion of the nuclear power plant Chernobyl on 26 April 1986. Much has been written analyzing and commenting on the accident, and the context and key events are admirably presented in *Chernobyl*, a television miniseries produced and distributed in five episodes by HBO-SKY beginning in 2019. The series has become the highest-rated in history.

The worldwide impact of the current pandemic, which has affected all countries regardless of tradition, culture, wealth, or political system, highlights the general applicability of Mises theorem, related to the coercive interventionist measures by the states (so re-called in this paper, as the theorem on the impossibility of statism). Of course, the interventionist measures adopted by the various governments differ considerably; the point is in the centralized and coercive system. However, though some governments may have managed the crisis better than others, the differences have actually been more of degree than of kind, since governments cannot dissociate themselves from the essential coercion in their very DNA. In fact, coercion is their most fundamental characteristic, and whenever they exercise it, and precisely to the extent they exercise it, all of the negative effects predicted by the theory inevitably appear. Therefore, it is not just that some authorities are more inept than others (though that is certainly the case in Spain [32]). Instead, it is that all authorities are doomed to fail when they insist on coordinating society through the use of power and coercive commands. And this is perhaps the most important message on economic theory for the society: problems invariably arise from the exercise of coercive state power, regardless of how well the politician of the moment performs [8,9].

Although this article deals in general with the economic analysis of pandemics, we will focus almost exclusively on the implications of the current pandemic in light of the theorem on the impossibility of statism. The reason for this is twofold. First, from the viewpoint of any contemporary reader, the current pandemic is closer in time and has a personal impact. Second, the intervention models employed in other pandemics are now quite remote from us in history, and though we can identify many of the same phenomena we have recently observed (such as the manipulation of information by the Allied Powers during the flu pandemic of 1918, poorly named the “Spanish” flu for precisely that reason), they clearly offer less added value today as an illustration of the theoretical analysis.

As Huerta de Soto explains in his book, *Socialism, Economic Calculation, and Entrepreneurship* [10], the economic science has shown that it is theoretically impossible for the state to function in a dynamically efficient way, since it is perpetually immersed in an ineradicable ignorance that

prevents it from infusing a coordinating quality into its commands. This is chiefly due to the four factors listed below, from least to most important.

First, to truly coordinate with its commands, the state would need a huge volume of information and knowledge—not principally technical or scientific knowledge, though it would need that too, but knowledge of countless specific and personal circumstances of time and place (“practical” knowledge). Second, this vital information or knowledge is essentially subjective, tacit, practical, and inarticulate, and thus it cannot be transmitted to the state’s central-planning and decision-making agency. And even the objective data is often inaccurate, incorporating potentially large errors [33,34]. Third, this knowledge or information is not given or static, but instead is continually changing as a result of the innate creative capacity of human beings and the constant fluctuation in the circumstances surrounding them. The impact of this on the authorities is dual: They are always late, because once they have digested the scarce and biased information they receive, it has already become outdated; and they cannot hit the mark with their commands for the future, since the future depends on practical information that has not yet emerged because it has not yet been created. And finally, fourth, let us recall that the state is coercion (that is, its most fundamental characteristic), and therefore, when it imposes its commands by force in any area of society, it hinders and even blocks the creation and emergence of precisely the knowledge or information the state desperately needs in order to give a coordinating quality to its commands. Thus, the great paradox of statist interventionism, since it invariably tends to produce results opposite those it is intended to achieve: “Thus arises this unsolvable *paradox* [of statism]: the more the governing authority insists on planning or controlling a certain sphere of social life, the less likely it is to reach its objectives, since it cannot obtain the information necessary to organize and coordinate society. In fact, it will cause new and more severe maladjustments and distortions insofar as it effectively uses coercion and limits people’s entrepreneurial capacity” [10].

Typically, on an extensive scale, it is possible to observe that the emergence, left and right, of maladjustments and discoordination; systematically irresponsible actions on the part of the authorities (who do not even realize how blind they are regarding the information they do not possess and the true cost of their decisions); constant scarcity, shortages, and poor quality in the resources the authorities attempt to mobilize and control; the manipulation of information to bolster themselves politically; and the corruption of the essential principles of the rule of law. Since the outbreak of the pandemic and the mobilization of the state to fight it, we have observed all of these phenomena, which have inevitably emerged, one after the other, in a chainlike fashion. These phenomena do not arise from malpractice by public authorities but instead are intrinsic to a system based on the systematic use of coercion to plan and to try to solve social problems.

According to the preview explanation, Romero gives an example [35]: the paper illustrates, step by step, practically all of the inadequacies and deficiencies of statism, even if the authors, who are journalists by trade, naively believe that their description of the events will serve to prevent the same errors from being committed in the future. They fail to grasp that the errors in question are not rooted chiefly in political or management errors, but in the very rationale behind the state system of regulation, planning, and coercion, which always, in one way or another, triggers the same effects of discoordination, inefficiency, and injustice. As one example among many others, we could cite the chronology of events, which the authors have reconstructed perfectly, and the precious weeks that were lost when, beginning on 13 February 2020, doctors from the public hospital Arnau de Vilanova in Valencia fought unsuccessfully to obtain authorization from the regional (and national) health authorities to run coronavirus tests on samples they had taken from a sixty-nine-year-old patient who had died with symptoms they suspected might have been caused by COVID-19. Nevertheless, they were confronted with a severe reality: the corresponding central health planning agencies (the Department of Health in Madrid and the regional health Ministry) repeatedly denied authorization for the tests, since the patient suspected of having been infected (who, many weeks later, was shown to have died from COVID-19) did not meet the conditions the authorities had set down earlier (on 24 January), namely: having traveled to Wuhan in the fourteen days prior to the onset of symptoms or having been in contact with people diagnosed with the disease. Clearly, in a decentralized system of free enterprise in which the creativity and initiative of the actors involved had not been restricted, this monumental error would not have occurred, and we would have gained several key weeks’ worth of knowledge. We would have known the virus was already freely circulating in Spain and could have learned about preventive measures and ways of fighting the pandemic. For instance, it would have been possible to cancel, among others, the feminist demonstrations on 8 March.

A relevant reference for trace-timeline is the book of Mikel Buesa [32], who is Chair in Economics at Universidad Complutense de Madrid, founder of the party Unión Progreso y Democracia, and brother of Fernando Buesa (former leader of the Socialist Party in the Basque Country)

and Jon Buesa (former advisor of Partido Nacionalista Vasco). In his book, Buesa offers the litany of errors, discoordination, corruption, manipulation of information, violations of rights, and contradictory official messages (with mass-confusion effect [36,37]) that have naturally and inevitably arisen from the activity, at different levels, of the state as it has attempted to come to grips with the pandemic. For instance: “(...) Spanish manufacturers understandably interpreted the orders of seizure of medical supplies as an attack on their business interests, and the result was a halt in production and imports” [32], just when it was most urgent to safeguard the health of doctors and health personnel, who were going to work every day without the necessary protective measures. Also, seizures in customs by order of the state led to the loss of orders of millions of face masks when the corresponding suppliers preferred to send them to other customers in fear that the government might confiscate the merchandise. There was also the case of Galician manufacturers whose materials were frozen in a warehouse by order of the state, but no one claimed them [32]. In addition, there were the Spanish companies specialized in the manufacture of PCR tests whose stock and production were requisitioned by the state, and consequently, these companies were not able to produce more than 60,000 PCR tests each day or satisfy domestic and foreign demand [32]. This was compounded by the bottleneck stemming from the lack of cotton swabs for collecting samples, a problem which could have been solved immediately if Spanish producers had been permitted to operate freely [32]. There was a widespread shortage which dominated the market for face masks, hand gels, and nitrile gloves as a result of state regulation and the setting of maximum prices, and all during the months of the most rapid spread of the virus [32]. Let us remember an economic principle: maximum prices give rise to shortages, scarcity, and the black market. When an urgent need for a product appears (for example, face masks), the only sensible policy is to both liberalize prices so they will rise as much as necessary and encourage production on a massive scale until the increased demand has been met and the problem has been solved. Experience shows that prices very soon return to their prior level (and in any case, long before government intervention achieves the necessary increase in production, which—in contrast to what happens in a free market—invariably arrives late, drop by drop, and with very low quality). Therefore, the argument that high prices are not equitable makes no sense, because the alternative is far worse: much more prolonged shortages, black markets, and low quality. To ensure that the most disadvantaged people can purchase face masks at a low price as soon as possible, the price must initially be permitted to rise as much as the market determines.

Among the 971 million units of different products (masks, gloves, gowns, breathing devices, diagnostic equipment, etc.) acquired since the month of March, only 226 million had actually been distributed by September of 2020, while the rest languished in storage in numerous warehouses [32]. The list goes on and on, in an endless catalogue that rather resembles a description of the systematic inefficiencies which existed in production and distribution in the former Soviet Union during the twentieth century and led to the definitive collapse of the communist regime beginning in 1989. This has all been due not to a lack of work, management, or even good faith on the part of our authorities, but to their lack of the most fundamental knowledge of economics (and this despite there being philosophy professors and even PhDs in economics at the head of our government). Therefore, it should not surprise us that, at a moment of utmost urgency and gravity, they chose—as authorities always do, since that is precisely their role in the state’s framework—coercion, regulation, confiscation, etc., instead of freedom of enterprise, production, and distribution and to support instead of hinder private initiative and the free exercise of entrepreneurship.

3.2. Collateral Effects of Statism Predicted by the Economic Theory

Apart from the basic consequences of maladjustments, discoordination, irresponsible actions, and a lack of economic calculation, statism brings about all sorts of additional negative effects [10], another typical characteristic of statism, it is the attempt (of the authorities) to take advantage in crises (like this pandemic): not only to hold onto power but (and especially) to increase their power even more by engaging in political speeches to manipulate and even systematically deceive the citizenry to that end. In this way, Huerta de Soto explains: “Any socialist system will tend to overindulge in political *propaganda*, by which it will invariably idealize the effects on the social process of the governing body’s commands, while insisting that the absence of such intervention would produce very negative consequences for society. The systematic deception of the population, the distortion of facts ... to convince the public that the power structure is necessary and should be maintained and strengthened, and so on are all typical characteristics of the perverse and corrupting effect socialism exerts on its own governing bodies or agencies” [10]. Also, it is relevant to ask: what is the cost of the contradictory official messages (beyond

the opportunity cost, with impact on the social wellbeing [36,37])?

For instance, when the pandemic struck, the Chinese authorities initially tried to conceal the problem by hunting down and harassing the doctors who had sounded the alarm. Later, the authorities launched a shameless campaign of cover-up, lack of transparency, and underreporting of deaths which has lasted until at least the present, since as of this writing (January 2021), over a year after the pandemic broke out, the Chinese government has yet to allow the international commission organized by the World Health Organization (WHO) to enter the country and conduct an independent investigation into the true origin of the pandemic.

Regarding the Spanish state, the cited works document multiple contradictory official messages [36,37] that have been deliberately and systematically spread in the form of political speeches to condition and deceive citizens so they would be unable to assess the true cost of the government's management. Special attention is required for the following highlights. First, the true number of deaths. According to Buesa [32], just 56.4% have been reported of a total, to date, close to 90,000. Second, the total number of people really infected (which, depending on the stage of the pandemic, varies between five and ten times the number of cases reported). Third, the false data, inflated by 50%, which the government deliberately provided the *Financial Times* at the end of March in 2020, concerning the number of PCR tests administered (355,000 instead of the actual 235,000), numbers the government itself later publicly used to boast that Spain was one of the countries with the most tests performed [32].

The states, in general, and their governments in particular, are focused on achieving their objectives in an *extensive and voluntaristic* manner. “Voluntaristic” since they expect to accomplish their proposed ends by mere coercive will in the form of commands and regulations. “Extensive” since the achievement of the goals pursued is judged only in terms of the most easily measurable parameters—in this case, the number of deaths, which, curiously, has been underreported by nearly half in the official statistics, as we have seen. And as for the prostitution of law and justice, another typical collateral effect of socialism [32], it is the abuse of power and the wrongful and unconstitutional use of the state of alarm, when the appropriate action would have been to declare a true state of emergency, with all of the protections against government control established by the constitution. Thus, both the “rule of law” and the fundamental content of the constitution were disregarded [32].

Worthy of special mention are the whole chorus of scientists, “experts” (technocrats) and intellectuals who are dependent on and complicit with the state. They depend on the political establishment and devote themselves to providing supposed scientific support for every decision emanating from it. In this way, they use the halo of science to disarm civil society and render it helpless. In fact, “social engineering” or scientific socialism is one of the most typical and perverse manifestations of statism, since, on the one hand, it aims to justify the notion that the experts, due to their supposedly higher level of training and knowledge, are entitled to direct our lives; and on the other hand, it aims to block any complaint or opposition by simply mentioning the purported backing of science. In short, governments lead us to believe that, by virtue of the allegedly greater knowledge and intellectual superiority of their scientific advisors with respect to ordinary citizens, governments are entitled to mold society to their liking via coercive commands. Elsewhere, the litany of errors triggered by this “power binge” which is fueled by the fatal conceit of “experts” and technicians. In turn, the origin of this fatal conceit (and contradictory official messages) in the fundamental error of believing that the dispersed, practical information the actors in the social process are constantly creating and transmitting can come to be known, articulated, stored, and analyzed in a centralized way through scientific means, and this is impossible in both theory and practice.

Experts and authorities usually attribute the continual maladjustments interventionism causes to a “lack of cooperation” on the part of citizens, and these maladjustments are used as further justification for new doses of institutional coercion in a progressive, totalitarian increase in power which, in the presence of increasing discoordination, is usually accompanied by constant “(...) jolts or sudden changes in policy, radical modifications of the content of commands or the area to which they apply, or both, and all in the vain hope that a systematic ‘experimentation’ with new types and degrees of interventionism will provide a solution to the insoluble problems considered” [10]. Perhaps the shameful episode of face masks (which were initially advised against by the experts, and then, just two months later, were considered essential and declared obligatory even outdoors, even though masks have many potential adverse health hazards [38]) offers a perfect illustration of this point. In addition, we could mention the tragic discrimination public authorities inflicted upon the residents of nursing homes or the fact that, at the most critical moments of the pandemic, it was often a civil servant (a doctor at a public hospital) who decided whether patients critically ill with COVID-19 deserved to live or not [36,37].

3.3. Pandemics: Free Society and Market Economy

It is not possible to know previously (*a priori*) how a free society, without the control of the systematic coercion of state interventionism, would cope with a pandemic as severe as the current one. Now, society would certainly feel a profound impact in the areas of health and the economy. However, the reaction of society would clearly rest on entrepreneurial creativity. The search for solutions and the efforts made to detect and overcome problems as they arose would be dynamically efficient. It is precisely this force of entrepreneurial creativity which prevents us from knowing the details of the solutions that would be adopted, since entrepreneurial information which has not yet been created—because monopolistic state coercion has prevented its creation—cannot be known today, though, at the same time, we can rest assured that problems would tend to be detected and resolved very agilely and efficiently. In other words, as we have been analyzing, problems would be handled in a manner exactly opposite to what we see with the state and the combined action of its politicians and bureaucrats, regardless of the good faith and work they put into their efforts. And although we cannot even imagine the immense variety, richness, and ingenuity that would be rallied to combat problems resulting from a pandemic in a free society, we have numerous indications to give us at least an approximate idea of the completely different scenario that would emerge in an environment free from state coercion [39].

For instance, instead of total and all-inclusive confinement (and the obligatory economic standstill associated with it, originated in communist China), in a free society, the measures that would predominate would be far more decentralized, disaggregated, and “micro” in nature, such as the selective confinement of (private) residential areas, neighborhoods, buildings, companies, nursing homes, etc. Instead of the censorship exercised during the key weeks at the start of the pandemic (and the harassment of those who revealed it), information would be transmitted freely and efficiently at great speed. Instead of slowness and clumsiness in the monitoring, via tests, of possible cases, from the very beginning, entrepreneurs and proprietors of hospitals, nursing homes, airports, stations, means of transportation, etc., would, in their own interest and in that of their customers, introduce these tests immediately and with great agility. In a free society and a free market, acute shortages and bottlenecks would not occur, except on very isolated occasions. The use of face masks would not be advised against (when half the world has already been using them with good results), nor would it later be frantically imposed in every situation. Entrepreneurial ingenuity would focus on testing, discovering, and innovating solutions in a polycentric and competitive manner, and not, as is the case now, on blocking and deadening most of humanity’s creative potential through monopolistic central state planning [40]. It is convenient to remember the enormous advantage of individual initiative and private enterprise nor how differently they operate in terms of researching and discovering remedies and vaccines; for even in the current circumstances, states have been obliged to turn to them to obtain these things quickly when confronted with the resounding failure of their pompous and well-funded public research institutes to offer effective, timely solutions. In deep, the governments continually apply a double standard and immediately condemn any failure (no matter how small) of the private sector while viewing the much more serious and egregious failures of the public sector as definitive proof that not enough money is spent and that we must further expand the public sector and increase public expenditure and taxes.

The same double standard could be said concerning the far greater agility and efficiency of private health care networks: health insurance companies, private hospitals, religious institutions, foundations of all sorts, etc. Also, there is an additional possibility of expanding much more quickly and with much more elasticity in times of crisis. In the Spanish example, close to 80% of public servants (including the vice president of the socialist government) freely choose private over public health care, while their fellow citizens are unjustly denied that choice; and even so, at least 25% of them make the sacrifice of paying the additional cost of a private health care policy. As is obvious, those public authorities who, relatively speaking, have intervened and coerced their citizens a bit less (as in Hong Kong, South Korea, Singapore, or, closer to us, the autonomous community of Madrid) have not been able to entirely escape from the unsolvable problems of state interventionism, but they have tended to achieve comparatively more positive results. Hence, this is another indication or illustration to add to those already mentioned in the main text. Incidentally, it is popularly said that half of Spain devotes itself to regulating, inspecting, and fining the other half [32], and there is a great deal of truth behind that.

Therefore, at least one positive effect of the confinement and radical standstill has been precisely that civil society has, for a few months, had at least a partial respite from that pressure.

3.4. Paradox of Inefficient State Management and Citizen Servility

The failures of the public management were detected (during the COVID-19 crisis management and beyond [41]), and there is a question to ask: how is it possible that the citizens accept it? This is the *paradox of inefficient state management and citizen servility*, observed and theorized by Austrian economics and the New-Institutional Economics—NIE (*Public Choice School* and *Law & Economics*, and the *hermeneutic turn* [5,21]), during the 1980s, with authors like Buchanan (Nobel Prize in Economics, 1986) or Coase (Nobel Prize in Economics, 1992). NIE pays attention to the failures of democratic public management [10], especially the effects of the rational ignorance of voters, the perverse role of privileged special-interest groups, government short-sightedness and short-termism, and the megalomaniacal and inefficient nature of bureaucracy [42,43,44,45].

According to the paradox mentioned, most citizens, enticed by their politicians and public authorities, continue to obey them with discipline and resignation. When his *Discourse of Voluntary Servitude* appeared back in 1574, Etienne de la Boétie [46], identified four factors to explain the servility of citizens toward rulers and authorities, and these factors are still fully relevant even today: the custom of obeying, which, though of tribal and family origin, is extrapolated to the whole society; the perennial self-presentation of political authorities with a “holy” seal (in the past, divine election; today, popular sovereignty and democratic support) which would legitimize the supposed obligation to obey; the perpetual creation of a large group of stalwarts (in the past, members of the Praetorian Guard; today, experts, civil servants, etc.) who depend on the political establishment for their subsistence and constantly support, sustain, and rally behind it; in short, the purchase of popular support through the continual granting of subsidies (in the past, stipends and awards; today, for instance, benefits of the guilefully named “welfare state”), which make citizens progressively and irreversibly dependent on the political establishment. If to this we add the fear (incited by the state itself) which leads people to call on the authorities to do something, especially in times of severe crisis (wars, pandemics), we can understand how citizens’ obsequious behavior grew and was reinforced, particularly in this sort of situation. But as soon as we begin any in-depth study from a theoretical or philosophical standpoint, it becomes clear that the special authority attributed to the state lacks moral and ethical legitimacy. Many have shown this to be true, including Michael Huemer in his book *The Problem of Political Authority* [47]. Obviously, we cannot here delve deeply into this grave problem, which undoubtedly contradictory official messages at the root of the main social crisis of our time (and, in a certain sense, of all time). However, in the context of our economic analysis of pandemics, what we can confirm is that there exists a “virus” even deadlier than the one that triggered the current pandemic, and it is none other than the statism “which infects the human soul and has spread to all of us” [48–50].

4. Proposal of Solution: Dynamic Efficiency and Wellbeing Economics for the Pandemic Recovery

For any economy affected by the current COVID-19 pandemic to recover in a dynamically efficient way, it requires a series of conditions: first, let the economy adapt to the new circumstances at the lowest cost possible; second, once the pandemic has been overcome, permit a healthy and sustainable recovery to begin. So, for the healthy recovery, it is necessary to consider the possible structural effects (in short, medium, and long term), for the increase of uncertainty and, in consequence, the demand for money and its purchasing power. In the confinement context, the productive activity has been temporarily limited by the governments. In that sense, the important decrease in productivity is continued for the demand, because the people who are forced to suspend their labor must reduce their consumption, at least to the minimal amount that they need. So, the increase in cash and nominal prices felt (i.e., price deflation [51,52]) will help the consumers affected by the confinement to adapt to the new difficult circumstances. These circumstances are enabling everyone to respond quickly and to start the recovery. In any case, the economy has to be “dynamically efficient” [12]. That means to discover the undercover opportunities that begin to emerge and to make possible the recovery. The conditions for dynamic efficiency [3] are provided by everything that let a free exercise, in a creative and coordinate way, of entrepreneurship by all economic agents such that they are able to channel available economic resources into new, profitable, and sustainable investment projects focused on the production of goods and services which satisfy the needs of consumers and they are independently demanded by them in the short, medium, and long term. In an environment of strongly controlled economies (like the current pandemic), the process by which prices characteristic of the free-enterprise system is formed and set must run smoothly and with agility. For this to occur, it is necessary to liberalize markets as much as possible, particularly the market for labor and other productive factors, by eliminating all of the regulations that make the economy rigid. The key is that the

public sector does not waste the resources of the companies or the goods that will be needed by the other economic agents for the recovery. It is imperative to keep those resources for the consumers, especially because they will help them to cope with the pandemic ravages and to survive later, when things improve, making use of all their savings and idle resources available to bring about the recovery. Also, with a general tax reduction, it leaves as many resources as possible in the pockets of the consumers and in the balances of the companies. Above all, it is basic a lower as far as possible any tax on entrepreneurial profits and capital accumulation. It is convenient to remember that profits are the fundamental signal that guides entrepreneurs in their indispensable, creative, and coordinating work. Profits direct them in detecting, undertaking, and completing profitable, sustainable investment projects that generate steady employment. There is an emergence to promote, rather than fiscally punish, the accumulation of capital if we wish to benefit the working classes and, particularly, the most vulnerable. This is because the wages they earn are ultimately determined by their productivity, which will be higher, the higher the per capita volume of capital in the form of equipment goods entrepreneurs make available to them in ever-increasing quantity and sophistication. Related to the labor market, they must avoid any sort of regulation that decreases the supply, mobility, and full availability of labor to quickly and smoothly return to work on new investment projects. So, the following issues are especially harmful: the setting of minimum wages; the rigidification and unionization of labor relations within companies; the obstruction and, particularly, legal prohibition of dismissal; and the creation of subsidies and grants (in the form of temporary labor force adjustment plans, unemployment benefits, guaranteed minimum income programs, etc.). The mix of these issues can discourage people from looking for work and from wanting to find a job, if it becomes obvious that for many, the more advantageous choice is to live on subsidies, participate in the underground economy, and avoid working officially [10]. All of these measures and structural reforms must be accompanied by the necessary reform of the welfare state (moving to personal wellbeing, thanks to personal autonomy). They must give back to the civil society the responsibility for their pensions, health care, and education. Also, it is convenient to let the citizens move to private services with compensation in tax deduction. As was pointed out previously, each year, nearly 80% of the millions of Spanish civil servants freely choose private healthcare over the public service.

Therefore, the most appropriate economic-policy approach or road map for dealing with a pandemic and, especially, recovering from one is quite clear. Some of its essential principles are widely known, and others are an “open secret”, especially to all of those who fall into the trap of fueling populist demagoguery by creating false and unattainable expectations among a population as frightened and disoriented as one would expect during a pandemic [3,4].

In relation to the wellbeing economics (based on behavioral economics theory [53] and evolutionary theory of the institutions [6,54]), this is a consequence of the dynamic efficiency and it is the last step of the digital economy (in the emergence process) [5,22,23], beyond the traditional bureaucratic and interventionist model of the welfare state economy [3,5]. It is a choral initiative of cooperative intelligence, with the participation of international institutions (i.e., Global Compact-NN.UU.), international forums (i.e., Wellbeing Economy Alliance-WEF), worldwide think-tanks (i.e., GPTW), global consultant firms (i.e., Deloitte), and many networks of companies with a strong commitment to the change. The constitution of wellbeing economics is not just about the digital transition (in a technical way), it is also about the changes and challenges in the business and professional culture (based in healthy organizations and talent-collaborators), thanks to the Austrian economics explanation on the evolution of the institutions. The theorem on the impossibility of economic calculation under coactive systems could be applied to enterprises, too. During the prevalence of the welfare state economy model, the majority of the organizations were bureaucratic, centralized, and based on coercion relation (especially, in labor relations, for the employees’ subordination relations). With the digital economy model, it is possible to come back to a spontaneous system of collaboration and entrepreneurship (as part of free human action and social relations, which requires a paradigm switch beyond the engineering New-Classical Synthesis [5,55–58]). In that sense, thanks to decentralized technologies (i.e., blockchain), it is easier to improve a business culture focused on the human factor and based on entrepreneurship, talent, and happiness management in healthy organizations [22,23,41,59,60]. To illustrate the new kind of organizations, the so-called *holocracy startups*, the pioneers were [34]: Zappos (shoe company), Gore (Gore-Tex dress), DaVita (healthcare services), Valve (video games), Netflix (streaming entertainment), Rastreator (online research and comparative services), Ternary Software (informatics services), etc. They are successful companies (also during the COVID-19 pandemic), without bosses, because they have talent-collaborators in spontaneous cooperation and driving projects according to a dynamic efficiency approach [61,62].

Definitely, the COVID-19 crisis not only highlighted the weaknesses of centralized management but also revealed the broader challenge of balancing immediate crisis responses with long-term objectives of resilience, equity, and sustainable environmental management (as noted at the outset when discussing polycrisis). Sustainable development offers a fundamental framework for connecting the Austrian school's critique of centralized planning with current debates on institutional adaptability and intergenerational resource allocation. This analysis explores how decentralized and entrepreneurial solutions could contribute not only to dynamic efficiency but also to sustainable outcomes in healthcare systems, labor markets, and economic recovery. As future research avenues, we aim to expand the analysis beyond crisis management, examining other comparative cases and delving deeper into how societies can achieve long-term, sustainable prosperity [63–66].

5. Conclusions

The COVID-19 crisis is an excellent historical example illustrating the problems of economic calculation. Centrally planned systems are highly inefficient. Planners do not have the necessary information to coordinate the economy. In fact, their cost estimation is always faulty. Rational economic calculation is impossible without market prices. Planners cannot know the costs of their actions, leading to irresponsible and inefficient actions. Health care cost management can be done by public officials and politicians or in a competitive market process. As the COVID-19 crisis illustrates the disastrous management by public officials. As our review shows, during the crisis, false risk assessments, fatal decision-making, and cost inefficiencies abound. As our theory has shown, this is no coincidence and not surprising. Our analysis focused on Spain, where the public management of the crisis has been especially harmful.

In order to recover from the partially self-inflicted COVID-19 crisis and to prevent future misestimations and mismanagements in health care in emergency situations, it is important to rely on the alternative to coercive planning: the spontaneous market process. Thus, the policy recommendation to recover from the COVID-19 crisis is to make more flexible and liberalize the economic system so that the economic system can readjust to the necessities and changed conditions in a dynamically efficient way.

The comparison of models studied here, they are still running in the following crisis, with similar management and results. For future research lines, we intend to go in-depth into the empirical illustrations of the economic theory systematized here.

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Data Availability

No new data were created or analyzed in this work. Data sharing is not applicable to this article.

Author Contributions

Conceptualization: J.H.S.; Methodology: J.H.S., A.S.B., & P.B.; Formal analysis: J.H.S., A.S.B., & P.B.; Investigation: J.H.S., A.S.B., & P.B.; Resources: J.H.S., A.S.B., & P.B.; Writing – original draft: J.H.S.; Writing – review and editing: A.S.B.; Funding acquisition: J.H.S. All authors have read and agreed to the published version of the manuscript.

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Conflicts of Interest

The authors have no conflict of interest to declare.

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