

## Economic Prospect

# “Four Things I Still Do Not Understand about COVID-19

John Addison Teevan (39:1) May 15, 2020

**Wall Street:** The cover story for the *Economist* for May 8 indicates that Wall Street is almost dangerously high-priced and out of touch with the real economy of Main Street. Why? Because the stock market, stoked by the Fed’s astounding purchase of debt, is fully confident in the Fed’s generosity rather than spooked by the prospect of a 10% reduction in GDP or a 20% jump in the unemployment rate. Is the U.S. unique? Almost. European markets did not bounce by 30% from the bottom (Dow 18k to 24k).

**Four things I still don’t understand about COVID-19:** First, I’m not sure how Wuhan could infect the world without seriously infecting China. Second, why is New York City and its four-state metro area (30 counties) the absolute center of the virus in the US including half of the 80,000 deaths? The area has a combination of heroic health care efforts and appalling mismanagement. Third, I’m not clear why the role of the long Chinese New Year celebrations (Jan 25- Feb 8) in China and in New York has been ignored.

Fourth, the virus seems to be an urban phenomenon, or is it? After NY, NJ, MA, and Illinois are excluded, the next 11 most populous states have a below- the-average-death-rate including some of our largest cities such as Detroit, Los Angeles, Dallas, Houston, Miami and Washington D.C. Why? *The Federalist* notes that 1% or America’s 3,154 counties, mostly in or near NYC, have 54% of the deaths. (Blog May 15, 2020).

**‘We’re All Keynesians Now’:** Why don’t we hear that quote with all the stimulus? Because even politicians who do not appear to understand the economists (or scientists) they hear, have almost realized that Keynes would have called for the governments to build a reserve during the prosperous times. Instead, we managed to expand our spending and debt during the decade long economic expansion. We had a wildly off-base \$1 trillion deficit just *before* COVID-19; Keynes would have preferred at \$1 trillion surplus. Too late for that.

**Kosciusko County fails key COVID-19 practices** according to the tech company, Unacast, that measured social distancing and non-essential visits and interactions by using GPS info from phones in all 50 states. Two thirds of Indiana counties and 26 states failed as well. At least our county rated a D in reducing unnecessary travel. Glad to know we failed; but wait, if we failed, couldn’t we prove it with a high number of deaths? Somehow Unacast missed that key metric: we have only one death and an extremely slow spread of the virus. I support our limitations, but the study makes them look unnecessary in parts of the country like ours. And now open Georgia is avoiding (so far) the predicted spike in deaths. Maybe people are complying well.

**The Food Chain Is a Miracle:** that’s what the *Economist* called the success of the 1.5b people who produce all the food on earth (10% of the world’s GDP). That food supply has nearly tripled since 1970, feeding now 89% of global population above the starvation level compared to only 64% since 1970. Another miracle.

“This happens in spite of governments not because of them. Government intervention in 2007-08 (along with) bad harvests and higher energy costs pushed up food prices (creating) a wave of riots and distress in the emerging world.” Not today, though we have not passed the test yet. Governments must; the editors recommend, let “produce (lettuce) cross borders, offer visa and health checks to migrant workers, help the poor by giving them cash, and guard against further food industry concentration.” (*Economist* 5/9/20 p8).

**“The America ideals of liberty and equality were false when they were written”** writes the Pulitzer Prize winning Nikole Hannah-Jones. She led the *New York Times* in the production of *The 1619 Project* which made its debut last August. It is now the basis of curriculum in many urban schools. This and other lapses of ethical thinking are the reason I’m starting an additional blog called “Power and Virtue” this summer.