

COVID-19: Time for Decision

by Phillip W. Weiss

On April 20, 2020, the price of oil dropped to below zero. This development, astounding and momentous as it is, should come as no surprise. It is symptomatic of the damage being inflicted on the economy in response to the COVID-19 virus. What has happened to the oil industry can happen to the financial sector as well. If the financial sector collapses, the consequences for all of us will be catastrophic.

One of the hardest hit sectors of the economy has been the financial sector, comprising banks, insurance companies and investment houses that deal with the buying and selling of securities, including mortgages, loans, and bonds. Banks are holders of debt. If debt cannot be repaid, the solvency of the banks is placed at risk. That means less money in circulation and therefore less money for the banks to dispense. If the lockdown continues, the ATM's could run dry. The banks will have no more money. Or, to put it in economist parlance, the banks will cease having "liquidity." That is when panic will ensue. That assertion is not meant to be alarmist, but rather is meant to direct attention to a certain possible outcome.

Some argue against lifting restrictions on the grounds that it could unduly and recklessly put the lives of people at risk by exposing them to the COVID-19 virus. That could be correct, but only to a point. Maintaining restrictions without considering the economic impact also puts people at risk. We need a viable and

strong economy to defeat the virus. Driving the economy into the ground will only produce more anxiety, disrupt the delivery of essential services, and thereby make us more vulnerable to the COVID-19 virus, which will put our lives more at risk.

Much of the current debate over how to manage the crisis is being driven by politics. Given the partisan nature of our political system, that comes as no surprise. But what is surprising, and troubling, is how a major national crisis, one that poses a direct threat to the national security of the United States and has inflicted such widespread hardships on the American people, has failed to bring the two major political parties closer together.

During the crisis, sheer necessity has forced both parties to temporarily work together to craft stop-gap measures to provide immediate relief for the American people. Still, the political fighting, with its backbiting, recriminations, counter-recriminations, showboating, and pandering continues unabated. Hopefully, our political leaders and policy makers at all levels of government will find the strength, wisdom and courage to set aside their political differences, put away their partisan political agendas, and act responsibly and in good faith on behalf of the entire nation.

There are some who frame our efforts to deal with the COVID-19 virus as a war. This is alarmist and sensationalist rhetoric. The word war invokes disturbing images of massive devastation, unremitting pain and suffering, total economic ruin, and mass death. We must not go in that direction.

So, here are our options: continue the lockdown until the COVID-19 virus is brought under complete control, which may take weeks, months or even years, while the economy continues to disintegrate or, until a vaccine is developed to eradicate the virus, manage the COVID-19 virus as best as we can and CAREFULLY lift the restrictions to preserve and restore the economy, which all of us depend on for the services we need to survive. The choice is ours.

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