TRANSCRIPT
CSIS Press Call

“The Coronavirus Response”

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Hello. Good afternoon, everyone. I think we’ll get started now. Everybody’s called in.

I’m Caleb Diamond with the External Relations team here at CSIS. Thanks for calling in under these less-than ideal conditions. But we just wanted to gather our experts to talk about what the U.S. response has been so far to the coronavirus pandemic and what the U.S. can do going forward. So before we begin, I’d like to introduce the experts we have with us today.

So Steve Morrison, senior vice president and director of our Global Health Policy Center will lead us off. Next we’ll have Stephanie Segal, senior fellow with the Simon Chair in political economy. Following her will be Kathleen Hicks, senior vice president and director of the International Security Program here at CSIS. And last but not least we’ll have Heather Conley, senior vice president and director of the CSIS Europe Program.

They’ll each deliver brief remarks about what they’ve been following, what we’ve seen so far, and the steps ahead. And then we’ll open up for Q&A. And just before we start, I want to give a quick note about the Q&A. We’re having some technical difficulties with the Q&A forum. So if a question pops up that you might have please shoot me an email, and I’ll make sure you get a chance. I’m at CDiamond@CSIS.org. Again, that’s CDiamond@CSIS.org. And we’ll also open up the forum, so people have a chance to ask questions.

With that, I’ll turn it over to Steve. Steve, if you’re ready.

Thanks very much, Caleb. And thanks to everybody who’s joining us here today. I’m going to offer just a couple of quick opening comments and leave space for my colleagues to come in and to hear questions from the journalists who are assembled.

On China and Korea and other Asian countries, a couple top line thoughts. It’s remarkable what’s happened in just six weeks, China going from 3,500 cases a day to very minimal numbers today. They made some blunderous mistakes in the early six or seven weeks, and then they came down hard with a gargantuan quarantine. And they now control the narrative that this has been hugely successful. We don’t – and they suppress whatever additional dissident thoughts there may be on exactly what’s going on.

It’s very – it’s very unlikely that they are not continuing to have outbreaks and that they have virus outside – and it’s very likely they have virus outside of Hubei. But what we need to watch in this next period is are they able to ease back on the social distancing and quarantining, the dramatic, draconian quarantining, without paying a price in terms of reigniting the epidemic. And that’s that central tension between the
burden on economics on the business sector, on the economy, and on society in taking these very harsh measures in order to break the transmission.

Korea has done exceptionally well. Its outbreak concentrated in one city and concentrated in one particular community. What they’ve revealed is the lessons from the MERS outbreak five years ago resulted in new authorities and a system of testing that they swung into gear, and they got control over things. The others – Taiwan, Singapore, Hong Kong – moved very early in a very autocratic manner to put in place tests using strong public health systems and have been able to come out of this looking pretty well.

I’m not going to talk about Iran. That’s highly problematic. Heather’s going to talk about Europe. Let me just skip over to where we are here in the U.S. The expectation that we’re a few weeks behind Europe, Europe is in a catastrophic condition at the moment. Here in the U.S., a very late, confused, delayed response. Much of the debate lately around the testing debacle. That testing legacy, which was a huge setback. It’s still a very live matter, as we’ve seen – as we’ve seen in today’s press conference. We’ve also seen the CDC, which is sort of held to account largely for that debacle, is marginalized and offstage now, which is a curious and worrisome development.

Testing does seem to be moving out somewhat. We’ll see how quickly it gets to scale. It’s coming obviously hand-in-glove with these rapid moves toward radical social distancing in the United States. We have the Neil Ferguson Imperial College projections, modeling projections, coming forward with some fairly stark claims that with no measures enacted, we could have 2.2 million people dead and that we need to understand that without any vaccine, the struggle with this could take many, many months, could stretch out to as long as 18 months or longer.

The question we’re going to face in the United States is not unlike that that China faces. How do we ease the burden upon the economy and upon society without igniting further transmission? Because it’s – the kind of social distancing, the burden on the economy that we’re seeing today, I don’t believe is tenable over such a long period of time. I believe we’re likely to be moving towards a discussion around what kind of mass testing are we going to need that can empower individuals in their homes to begin doing that.

A couple of last comments. The transition, the really swift transition, to social distancing happened in a remarkably calm and orderly way. Overall, I don’t know that that’s going to stay that way as people begin to see relatives and friends diagnosed with the illness and as we begin to see the stress upon our health system, the focus shifting obviously to surge capacity at hospitals, expanding ICU capacities, getting the ventilators in
place, getting the protective gear in place. We’re falling short in most of those respects without a lot of answers.

We will turn to the military. We’re already beginning to turn to the military for a number of things – construction, supplies, personnel, logistics. And that includes the Army Corps of Engineers in terms of designing and construction.

We can talk a bit in the Q&A about what happens at an international level. Right now the responses are highly fragmented, country by country, dealing with the shock of this, turning inward, erecting additional barriers. We haven’t really seen much in the way of a discussion around how there is going to be some kind of new high-level dialogue – (inaudible) – in order to try and figure out how to unwind what has happened, both on the public-health crises and the economic crises.

I’ll stop there. Thank you.

**STEPHANIE SEGAL:**

All right. This is Stephanie Segal, and I’m going to just say a few words on the economic and financial impacts.

So I think what we’ve seen over the past, let’s say, month or so is markets and investors coming to terms with the magnitude of the outbreak, both in terms of the health impacts but also on the need to respond with far more restrictive measures, and then also a coming to terms with the economic impacts of those far more restrictive measures and that they’re not necessarily going to be very short term in nature.

And as investors and markets have digested that news, they’ve been looking increasingly to policymakers for the policy response to that economic shock. We’ve seen – in some respects, we’ve actually seen fairly bold moves in the way of policy responses going back a few weeks.

We had that extraordinary meeting by the Fed and the decision to cut rates by 50 basis points back on March 3rd. Then over the weekend, on Sunday, we had another series of extraordinary measures announced by the Fed, again, to cut rates. They also announced an additional 700 billion (dollars) in asset purchases and also additional moves to keep dollar liquidity going to a number of central banks.

The big news today, as many of you will be aware, was the announcement that they were reintroducing CP, a commercial-paper facility that had been a tool that was used during the global financial crisis. So they announced today the introduction of CPFF 2020, a commercial-paper facility that will be live at least for the next year, with the powers of the Fed and the additional support of Treasury using the ESF, the Exchange Stabilization Fund, to provide a limited guarantee or to backstop the Fed’s operations through this facility. So you – and markets’ response to that has been – has been quite positive and has then
called in the past few weeks for something along these lines to keep commercial paper and short-term credit going to the U.S. corporate sector.

So that move today is particularly significant. An hour or so later, as you all know, there was the press conference that committed to this big number, 850 billion (dollars), give or take, package that the administration is pursuing. I think a few takeaways, even though we don’t have anything specific, that we are responding to at this point, one big take away is just the magnitude.

I think there has been hopes that there would be something along these lines in terms of scale. I think the 850 billion (dollars) is an answer to that. I think another interesting take away from the press conference was the recognition that assistance needs to be provided to individuals and so you hear the White House now getting behind this idea of direct checks to individuals in excess of a thousand dollars.

And then there is also the component, although no specifics on the plans or the numbers, that in addition to support to individuals that certain industries are being impacted. I would say that most industries are being impacted at this point and that part of the package is going to include some assistance to those industries.

So on the U.S. side, you’ve had both on the monetary and now we are seeing fiscal response of a magnitude that is consistent with the magnitude of the health challenge. I think where there is still a gap and there is still work to be done, and Steve alluded to this, is on the global coordination side.

So we have not seen as much in the way of bold action here and, if anything, I think you have seen signs of increasing tensions among some of the largest economies and that, I think, will need to be addressed, I think, in much the same way that the health side of this is, clearly, a global problem and requires global coordination. The global economy is also under stress and, ultimately, will require enhanced measures of global coordination.

So with that, let me – let me pass to Kath and we can answer additional questions in the Q&A.

KATHLEEN H. HICKS: Thanks very much, Stephanie. I’m going to talk about the military – use of the military aspect. Before I do that, I just want to point out that the military has got its own force protection and force readiness concerns that are consuming it. Its authorities, certainly, will allow – and I’ll talk about this – to send support to civil authorities. And it does lean forward, sometimes pushed forward, but leans forward in disasters to do so. But its authorities, first and foremost, focus on making sure it can ensure the health of its own forces and we have seen already both domestically and
abroad cases of U.S. military personnel across the services, VA even, personnel who already are infected.

So that has got to be right in the center of the mindset right now at DOD is how they stop those infections, and you also have to then further imagine because they are often on bases or highly compacted in terms of their workspaces even if they are off bases but in other kinds of facilities like the Pentagon, you know, these are areas where social distancing is very difficult for them and they are having a lot of concerns about how to ensure the health and readiness of the force.

So what does that look like? You have seen some cancellations of training. We have seen some cancellations of exercises over the long term, so major sizeable exercises in the multiple thousands of people being stopped. You saw the Marines over the weekend doing operational pause on the East Coast. So that – think of things like their recruit training, and so that is all going to be going on in the background.

And let me shift now to what most Americans really care about is, you know, the role of the military in terms of assisting citizens here at home. So, first, I just want to talk about the organizational and legal pieces around this – and I am not a lawyer, which is important to point out – the use of authorities for defense and military personnel, really. Defense authorities and military personnel in the United States is rightfully very complicated, and it’s meant that way because of the way our Constitution puts a premium on the military being subject to civilian control and having a limited role at home.

That said, and without getting into all the details – I can in Q&A if it’s of interest – there are ways to deal with any authorities issues that are desired. This is really more at the end of the day of a – of a question about where the nation wants to go with the role of the military in this crisis. So what I mean by that is right now we have for the most part governors using their National Guard in state capacity, reporting to governor, and that is the way they are accessing most of the needs that they have for the military. And I’ll talk about some other needs that they’re not – they clearly have indicated they’re not yet feeling that they can access.

There is a question, I think, that’s open for public debate about whether that’s the best model going forward or if they should make – as the president has suggested, whether they should make this request for federal assistance, which then allows the federal government to invoke the disaster – federal disaster requirements and then federalize, if you will, the forces. If you federalize the forces, they then report to the commander in chief. So you can imagine the political ramifications around whether it’s best to – given how the pandemic response has gone to date, whether you want this all rolled up under the president to control or whether the governors want to hold back. And that might be – I am
speculating here – but might be why you have not seen any governor go forward with that request.

OK. So what are the things that we would expect to see in normal times? The first and foremost you would see is that this effort, with HHS as the lead in theory and now under Vice President Pence, ought to be coordinating across all the agencies of government, to include DOD. It was reported as of today that there is not a senior Pentagon official on the coronavirus task force. That would be sort of like the first, easiest thing you would look to see to make sure that there’s coordination going on in terms of what DOD can provide today and planning going ahead. And I really want to emphasize that planning piece, which is are we focused on what those needs might be, we’re anticipating. Steve talked a little bit about this 10-day, 14-day, three months down the road and how DOD can help. So we’re not yet seeing kind of just the structural piece of how military support is being considered in this, and that’s quite worrisome.

We haven’t yet seen a good indication that DOD is checking its own inventories, for instance, of what excess capacity it may have. That may be happening, but they’re not talking about it in their press conferences. They’re keeping a very low profile and trying to reduce expectations.

So what are some of the areas we would expect to see emergency response requests come in for? Certainly, the direct help areas that you’re already seeing – the state National Guard role, this Title 22 governor-led National Guard. This is areas like – you’re looking at areas like crowd control, any cordon assistance, some triage assistance. You could imagine that expanding out into thinking at the federal level of how you might purchase needed supplies, the contract authorities that exist. So for instance, there’s the Defense Production Act and some other authorities, including what the Corps of Engineers has in terms of contracting authority. They don’t do construction themselves, I wish to underscore. They are not the right people to call on to build hospitals. They are the right people to call on to contract to get a hospital built. The Seabees in the Navy are the right people to call if you want it to be built by military personnel. So there are these contracting authorities that ought to be accessed and I think the governors are starting to wake up to realize that they can – they can be going after.

If you think about quarantining, certainly U.S. military bases have been used in the past for quarantine purposes. They may not be – and they’re well-suited because they can be isolated and secured. Military personnel, however, are not necessarily particularly well-suited to dealing with infectious disease. They’re not trained for that. They’re trained more for dealing with trauma. So that’s a piece of it that I think would be very complicating if you were to create quarantines on military bases. You would really want that staffed by medical professionals who are from the – at least largely from the civil sector.
I think areas looking ahead, you could imagine requests for assistance would be if we really get drive-by testing up or testing in general up at large scale. Again, this is where crowd control, traffic control, all of these areas where you just really need scale, capacity. That’s the kind of place where the Guard in particular can be really useful, or the military in any kind of role. Setting up mobile hospitals outside of hospital as we’re seeing sort of the triage capacity, that’s where the reserve component has medic capacity that could be put against this. Probably not going to provide a lot of the high-end doctors, but medic capacity to help on triaging.

So there are lots of examples along these lines, where there needs to be real thought about how DOD can lean in to help. The other area I’d highlight is vaccine research and development. Steve is actually certainly more attuned to this area than I am, but you may have seen that we already have U.S. Army Medical Research and Development Command reached an agreement with Gilead to do – to have the company’s coronavirus drug test on U.S. troops. So that’s, again, a nice sort of almost side way in which DOD can help. It can provide testing personnel. And then that will help speed the pathways to vaccination.

Over the longer term, still on vaccines, if we have a vaccine DOD will be able to stockpile that. It will be able to distribute it to all its personnel, and maybe families, and others. So thinking ahead to that is important. So I’m going to stop right there and turn it over to Heather.

HEATHER A. CONLEY: Thanks so much, Kath. Good afternoon, everyone.

Well, indeed, Europe is the epicenter of this crisis. And the epicenter’s epicenter is, of course, northern Italy and Lombardy, where we now have – positive coronavirus cases in Italy have now reached over 31,000. The death toll is just climbing to 2,500. Some estimate that Italian deaths will overtake deaths that occurred in China over a relatively short period of time. And I think the other remarkable figure is 8 percent of those positive cases are health care workers.

And this has had really a devastating impact on health care workers. So in fact, Italy has really been a cautionary tale for the entire international community to take this very seriously. We are learning the life and death consequences of not having enough ventilations, having to make those choices, needing extra beds, needing to make sure health care workers are protected. So in many ways, despite Italy being just the epicenter of this tragedy, we are learning so much. Hopefully not following some similar patterns.

Spain is next in line. Cases now reaching over 11,000. Death toll over 500. And it’s interesting to note that as of today Spain has requested medical supplies from China. Italy received a planeload of medical
supplies of gloves, protective masks – (inaudible). And we’re seeing now I think a much more significant humanitarian engagement by China for the most deeply affected countries. The next country, France, over 6,600 positive cases. President Emmanuel Macron went on television last night and declared that France and Europe was at war with this invisible enemy.

What we’re really seeing in the response by European countries is what I call shutdown and stimulate. Some combination of those two. And what we were seeing, sort of pulling on both Steve and Stephanie’s comments, we have really not seen coordination when it comes to shutting down internal borders. This began happening last week, when Austria shut down the Italian-Austrian border. We have seen Poland now take steps of shutting its internal border.

What’s happening is that’s causing confusion. Folks are unable to move onward to countries and destinations. And we’re now seeing where this is bottling up goods. We’re seeing truck lines that extent beyond 30 to 50 kilometers at the Austrian-Italian border and the Polish border. So what’s been happening, the European Union’s been trying to, in some ways, catch up with the individual decisions that member states have made in an uncoordinated fashion by yesterday calling for a 30-day ban on non-EU essential travel.

So again, on the stimulus side, very similar to U.S. announcements, we’re seeing, again, a massive race to stimulate. France announced a 300-billion-euro package of loans on top of 45 billion euros for emergency needs. You’re now hearing where the French finance minister, Bruno Le Maire, has made comments that France will consider nationalizing large companies, and France has deployed over 100,000 police to ensure the 15-day lockdown that President Macron announced last evening.

So you’re certainly seeing both these combinations of stimulus and this increasing need to shut down.

Just I’ll close with a couple of things we are following with the coronavirus crisis. Number one, it’s the impact on elections. France will not be holding its second round of municipal elections. Spain has postponed regional elections. Serbia just announced it’s postponing its parliament elections. This is now certainly taking an impact on election process.

As we look at Brexit, it’s unclear whether the British government would seek an extension of the Brexit negotiations. It is a U.K. in law that they will not seek an extension, but it certainly would seem appropriate, considering that Brexit negotiations have been canceled this week due to the uncertainty.
Just to pull a little bit on Kath’s posture, we are seeing where U.S. military exercises in Europe have been impacted by the crisis. Last week the Cold Response exercise in Norway was canceled. And our most significant exercise, Defender 2020, which brings upwards of 20,000 U.S. forces across Europe, that is obviously now being dramatically changed.

But it’s important to note that Russian disinformation has been exacerbating and amplifying the coronavirus crisis certainly in Europe. The U.K. is reporting vast amounts of disinformation blaming the U.K. for the coronavirus crisis and making some implications about the Skripal poisoning. We’re certainly seeing – the European External Action Service just seen early reports of a massive disinformation campaign to amplify social division and mistrust against government. So even in the geopolitics of a tragedy, we’re certainly seeing where there are implications of that.

So I will leave it there. And Caleb, over to you.

MR. DIAMOND: Thank you, Heather.

A reminder that if you have any questions to please shoot me a message, shoot me an email. Again, it’s CDiamond@CSIS.org. And then I will also open the forum for questions.

But the first question comes from Harrison Cramer at the National Journal. His question is: How much would a mass deployment of the National Guard cost? And have we ever seen anything like that before? And what would this mean for the Department of Defense budget? I think, Kath, that’s probably best for you, so I’ll let you take this one.

MS. HICKS: Thanks very much, Caleb.

I can’t think of a parallel in scope. We have many times deployed the Guard in modern era. So think about Hurricane Sandy or Hurricane Andrew, of course; Katrina. But those are – if you think through that, those are localized geographically. So we have planned – we have long planned about how to think about the use of the Guard in a nationalized – what we call federalized way, so Guard and military personnel for true emergencies.

They weren’t pandemic emergencies, so that does shift a little bit how you think about how you use the military, because they’re not trained in infectious disease. And the way you control people and populations is different than has been thoroughly planned for before.

So, bottom line, there are some precedents, but not at the scale and time sensitivity and duration, back to Steve’s point, on exactly how duration will play out. So the costs are unknown, and I’m not sure they’re totally knowable at this point.
We do have coming out of – actually, I think it may already be posted out of CSIS today, a Critical Questions piece written by Mark Cancian, who’s in my program. And he has written specifically on this cost issue. And just really quickly, what he comes to say – let’s see – is that Congress, of course, has already provided $8 billion, mostly channeled to domestic agencies, not DOD. But it could appropriate emergency funds to DOD in a supplemental appropriation this year. So they don’t – they haven’t created such a supplemental, but they could create such a supplemental. And that, again, is very common. That was done with Katrina, it was done in 2006 with the avian flu, and other cases. So I’ll leave it at that.

MR. DIAMOND: Thank you, Kath.

Our next question comes from Howard LaFranchi of the Christian Science Monitor. His question is: We’re starting to see something of a debate about whether autocratic regimes or democracies are better-equipped to deal with this kind of pandemic. What observations have any of the participants made on this question at this admittedly early point in the crisis? Steve, I think that’s best if you start with that one. And then Heather maybe, as well, you can talk about this too.

MR. MORRISON: Well, we’re in the middle of this fight right now and there’s certainly a rhetorical contest going on. The Chinese are trying to paint the narrative that the model they have pursued has been a huge success and that we are failing and that’s it’s buried in our institutional apparatus and our mode of governance. I think the – it’s a bit premature at this point to be deciding which functions better.

There’s plenty of evidence in the China instance of widespread discontent and dissatisfaction with the methods that have been exercised. When Dr. Li Wenliang, for instance, passed away – the doctor who had been detained back in December, one of the six Wuhan doctors who were detained when they began noticing the spread – when he passed away, there were over a billion postings on social media by Chinese in solidarity with him. When the vice premier went to Wuhan he was heckled publicly.

So I think that we don’t resort to the same type of heavily autocratic measures. We are going to attempt here on an unprecedented scale social distancing and isolation down the family unit, which is – which is by all accounts one of the – one of the most important methods of trying to break transmission. Whether it’s autocratic or democratic, it all comes down to attempting – once things have gotten out of control as they have across all of these governments, to figure out a means that’s socially acceptable that can be – that can drive the reproductive rate down to below one; that is, to stop the transmission to two or three people by those who are infected. And that really gets down to the – 80 or 90 percent of
this gets down to how families behave. And in our method, it will be slightly different. But the verdict’s still out.

MS. CONLEY: Howard, this is Heather. Thanks so much for your question.

I think in the case of Vladimir Putin it’s how to use the coronavirus crisis, the most effective ways to buttress, certainly, his method of government. So we’ve seen over the last week where incredibly quick decisions have been made to completely change the Russian constitution to allow Vladimir Putin to remain as president until 2036 while using the coronavirus and prohibiting any – basically no protests or demonstrations against that draconian change without really seeking out democratic impulses in Russia. And of course, as I mentioned, the disinformation campaign. This is a tactical opportunity that President Putin is using to continue to amplify that democracies in the West cannot manage crises, that there is a different and a better approach, and Mr. Putin’s approach is certainly much more effective.

And certainly just to echo Steve’s comments, you’re absolutely seeing the difference between lockdown policies in authoritarian regimes and lockdown policies in democracies. It has been difficult even looking at some of the shutdowns in Europe, which have been – have had mixed success. People are now beginning to take this more seriously as police forces are requiring and fining and penalizing, in some cases by jail terms, of breaking that. But it is a different methodology. But it also, I think, allows what we’re seeing in the West, and this is either states or – here in the United States or European countries, that it is the bottom-up approach; that you have neighbors helping neighbors, and you have states making decisions. Sometimes it’s the federal level having to catch up with those decisions, and that’s a much more dynamic, nimble, and resilient response. Certainly, it’s ad hoc and looks chaotic, but I think there are some strengths in that response, as well, that a top-down state-led government cannot allow for.

MR. MORRISON: Caleb? Caleb? Hello?

MR. DIAMOND: Steve, you’re on the line?

MR. MORRISON: Yes. I just want to add a point to Heather.

We do have quarantine authorities in this country that are very strong. They’re not used very often. They have been invoked in a very narrow application for those Americans coming back from China recently. Other than that, prior to that the ’60s were the last invocation of it. There is – if we reach a crisis point as a democracy where we’re looking at the right to life, the right to survival as very much on the line, those quarantine powers can be invoked and they will temporarily abrogate civil liberties. And there’s no question of that.
The second point I wanted to make is pandemics are enormously powerful and sweeping in their force and can change history. And I believe that they will imperil those in command of many of the countries that we’re talking about here, both autocracies and democracies. I think that there’s a lot of nervousness in Xi’s inner circle, there’s a lot of nervousness in Trump’s inner circle about how this is all going to play itself out.

MR. DIAMOND: Great. So the next question is from Deirdre Shesgreen of USA Today. And it’s: Do you think the U.S. government response would have been any better if there was a point person at the NSC and if the NSC’s Global Health Directorate was still in place? What would be different if we had a point person leading such an effort? Steve, why don’t you take that one.

MR. MORRISON: This is a topic that’s gotten a lot of consideration. It’s a topic that was at the center of the discussions, the deliberations, and the analysis of the CSIS Commission on Strengthening America’s Health Security, which put out its report in November.

It’s been our position and it’s the position of many that when the senior directorate was established in 2016 following the stumbles experienced during the Ebola crisis of ’14 and ’15 under the Obama administration, that that was a very essential step. We live in an era or recurrent crises of this kind that come with greater velocity, greater impact and cost, and we need a facility within the U.S. government within the White House that has the authority to see around corners, see things early, act very quickly, and bring about accountability and coordination of the U.S. response. That has been missing, and you can attribute some of the sluggishness and confusion that we have seen bedevil this effort since the very beginning, you can attribute some of that to not just the leadership at the top but to the structures within the – the absence of effective structures within the White House itself.

MR. DIAMOND: I think we’ll move on to the next question, from Darlene Superville of the Associated Press, also for Steve Morrison. It’s: We’ve heard a lot about the Spanish flu, about other past global health crises, Steve. So how do you think past crises compare to what we’re seeing now? And how has U.S. presidential leadership in those cases – how does that compare to the current pandemic?

MR. MORRISON: This pandemic is increasing in its magnitude and force and scale every few days. Every few days we step back and are gobsmacked by what we’re seeing, thinking we’ve reached a level that we never imagined and a few days later we correct course and have a similar experience.

The problem here in terms of presidential leadership is that in a critical moment, a critical phase, we had a level of denial – active denial, of downplaying the significance, of factual misrepresentation, and hope that it was short-lived, and hope – erroneous or mistaken hope – that
technological solutions would come quickly, like vaccines. And so that created lots of confusion. It created – it was confused with the public health set of messages. Some of this is beginning to be corrected now, but the net result of all of this has been a radical decline in public trust in the president on this particular matter. The most recent polls are showing roughly 70 percent not trusting our president on this. And that’s – not having trust and confidence is a huge liability heading into something this catastrophic.

MR. DIAMOND: Our next question comes from Valeria Jegisman (ph) from Voice of America, and it’s for Stephanie Segal. The question is: How severe could the economic crisis compared to that in 2008? Stephanie, I’ll let you take that.

MS. SEGAL: Yeah. Thanks for the question. So I think a lot – a lot of folks are drawing comparisons or asking the question about how wise is it to draw a comparison between the current episode and what happened in 2008 and 2009? And I think, first and foremost, it’s a health crisis. And so in that respect the shock to the global economy is different. And I think that challenges the response in the sense that until the health issue is addressed, efforts to reassure markets and to address the uncertainty require the health piece to be in place first.

So once that can be addressed, then I think the thinking about the economic and financial pieces can be dealt with in a way that actually does reassure confidence. But the similarities here are kind of regardless of the force of the shock, it is now manifesting in the real economy with transmissions to the financial sector. And so that financial sector piece is where I think you have similarities between the global financial crisis and where we are now. And in that sense, I think – I mean, to the extent we can be reassured right now, I do think that policy makers have taken the lessons that were learned back in 2008.

And I think that’s why you’ve seen the very quick response, in particular from central banks around the world, preventing an outcome where this economic shock becomes a financial crisis that basically chokes off capital flows. And so you’ve seen the Fed in particular, but other central banks as well, take extraordinary measures to keep liquidity flowing. And so I think that’s a lesson learned. I think as well, on the fiscal side, I mean, I was talking to a colleague about this just yesterday.

If you think that the global financial crisis really kicked off back in 2007, when the losses stemming from mortgage-backed securities started to be – you know, there started to be an appreciation – it was more than a year before TARP was passed and the fiscal response was passed. So you compare that with the current episode and this expectation that we may actually have a bill on the president’s desk in the next couple of days, and the magnitude, as I was mentioning before, this recognition that the hit is
going to be large and the fiscal response needs to be large, I think that’s the lesson learned.

And the last thing I’ll say, in the financial crisis there was a lot of debate about how assistance should be provided, whether it should go direct to homeowners or if it should go direct to the financial institutions. And a lot of criticism, with the benefit of hindsight, that the assistance didn’t necessarily trickle down to individuals. I think the statements today at the press conference and, it appears to be bipartisan commitment, to provide financial assistance to individuals separate and apart from assistance to impacted sectors, is another takeaway from the global financial crisis and a positive development that there’s a recognition that support needs to be provided, both at the individual level and at the corporate and financial-sector level.

MR. DIAMOND: Great. And we have two more questions from Valeria at Voice of America for Heather. The first one is: What could the lack of cohesion among the EU response mean for the Union as a broader political project?

And then: How widespread is Russian disinformation? What are the narratives? And what can be done to combat it? Heather, I’ll let you take that.

MS. CONLEY: Thanks. Caleb, could you just repeat the last question for me? I didn’t quite catch that.

MR. DIAMOND: Yes, absolutely. Yes. How widespread is Russian disinformation? What are the narratives? And what can be done to combat it?

MS. CONLEY: Thank you.

Well, I mean, this is certainly a significant structural test for the European Union. They have certainly overcome a series of significant obstacles, beginning in some ways where Stephanie just left off, the 2008 global financial crisis, as well as migration crisis, the Russian intervention in Ukraine, Brexit, migration, all of these issues. They’ve overcome them.

But in some ways, I think what the coronavirus crisis does is it comes on top of all of the exhaustion, in some ways, of working through all of those crises. And many times it’s least-common-denominator policy solution which, you know, they were able to get through that particular crisis moment at a particular time. But we’re going to continue to see evidence of institutions that have not, you know, been fully baked, particularly in the economic zone, where you still don’t have capital markets. You still don’t have banking insurance. We still have transmission challenges for banks.

So this crisis, both the health crisis and the financial crisis, comes on top of a very weak and divided EU. And I think what you’re finding is EU
leaders are struggling to manage this. They’re trying to catch up with member states taking unilateral steps at the border, whether that’s not providing equipment to Italy and other countries that are most in need. This is going to be a very significant structural test for the European Union. And we’re just going to have to monitor it very closely.

On the Russian disinformation, again, I think we’re seeing, number one, sort of a very general and consistent amplification and confusion, quite frankly. People are getting disinformation about what to do. It also undercuts government responses. You can’t trust the government, you know, again, to make liberal democracies in the West look as weak and fragmented as possible.

As I said, there was some reporting coming out of the U.K. today that suggested that in a U.K. context there was a very specific element. And it linked back to the Novichok poisoning, the Russian intelligence agents attempting to poison the Skripals, suggesting that the coronavirus crisis was started by British chemical-weapons testing in China, and it wasn’t basically trying to not put blame on Russia’s actions for that; so very specific to some markets, but in general it’s designed to inflame social divisions, increase confusion, and make Western governments – put them in as poor a light as possible while emphasizing the clarity of leadership that Vladimir Putin provides.

MR. DIAMOND: Great. Thank you, Heather.

At this point there are – I’ve received no other questions, so I think we’ll end the call here. So thank you for joining us today. We’ll send a transcript shortly to all of you. And please reach out to us if you’d like to set up a one-on-one interview. We’d be happy to coordinate that. And thank once again to our speakers for joining us today.

Thank you.

(END)