“Next Steps for the Coronavirus Response”

RECORDING DATE
Wednesday, March 25, 2020

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Good afternoon, everyone. Thank you for joining us today. I’m Caleb Diamond of the External Relations team here at CSIS. It’s been another eventful week with regards to COVID-19. So we have a great group of CSIS experts here today to break down what they’re watching, geopolitical tensions on the horizon, and then how governments and markets are responding.

Starting us off today is Steve Morrison. He’s director of the Global Health Policy Center at CSIS. After him, Heather Conley will speak. She is director of the Europe Program. Following her will be Jude Blanchette, Freeman Chair in China Studies here at CSIS. And last but not least, we’ll wrap up with Stephanie Segal, senior fellow and the Simon Chair in Political Economy here at CSIS. They’ll each deliver opening remarks, and then we’ll open it up to questions.

And with that, I’ll turn it over to Steve.

J. Stephen Morrison: Thank you, Caleb. And thanks to all of the reporters who are online. And thanks to my colleagues for joining us on this.

I’ll offer a couple of quick topline comments. Obviously the biggest recent development is that North America has now become the epicenter, particularly New York City, which has become the first Wuhan that we’ve seen on this continent.

The infection rates – the steep infection rates, eight to 10 times the rates we’re seeing elsewhere in the United States, are rather astonishing. And this outbreak has been described by many as wildly out of control. It’s exposing the desperation over the acute shortages of beds, particularly ICUs, the acute shortages of ventilators and of protective gear, and the acute shortages of actual rooms and the chaos that surrounds the procurement process itself, for which the national government, our federal government, has absolutely no plan and no coherent approach to that.

We’re in this takeoff phase. Many people are exiting the city, which, of course, only exacerbates the spread into other parts of the country. We now have to face the possibility that this – we could see a very – a similar pattern of out-of-control, in densely populated cities, outbreaks similar to what we’re seeing here.

One of the big lessons that’s come forward that’s getting lots of consideration now is that when you look across Asia, Europe, North America, one big lesson that hits you over the head is that if you act early with a ruthless aggression and you sustain that ruthless aggression, you get results and you save lives and you get control over this.

That’s not a very welcome conclusion in some respects because of the repressive quality of this. But the alternative is looking far worse. If you act late in a confused, half-baked way, you lose control of the disease and you get clobbered. You have to have reliable testing at scale right away tied to aggressive screening, isolation, contact tracing. And you have to address the critical supplies, protective gear, ventilators, infection controls, number of ICU
beds, number of skilled providers. And you have to have a coherent and trusted high-level message.

With the exception of Korea, Hong Kong, Singapore, Taiwan and the Chinese case, most impacted countries have seen their economies crushed in the late social distancing imposed, and it’s brought forward the deep tension between public health and the economy. And it raises the question of how do you peel back the social distancing in a way that’s responsible and doesn’t ignite – reignite transmission and put lives at risk.

How do we characterize the U.S. response in this period? It’s late. It’s – at the federal level it’s been late. It’s been incoherent, confused, and riddled with denials, false starts and falsehoods. Large parts of our population continues to be led to believe that this was not serious or long term. We are now in this full acceleration phase. We’re likely to see, at a minimum, several hundred thousand dead and upwards of 2 million.

Testing has been a catastrophe. Management of critical supplies has been a catastrophe surrounded in mayhem. Over 100 million are now in some form of social distancing. And we now see this desperate mayhem, this sort of race-to-the-bottom search for critical elements.

The positive – (audio break) – markets. Powell deserves credit for that. We’ll hear more about that, I hope, from Stephanie. And at the center of all of this are the governors, who are the true heroes.

What are the conclusions? This is going to get much worse very rapidly. There are a couple of things that are – the opinion climate is shifting dramatically as we speak.

There are calls – increased calls for this administration to appoint a commander-level personality with considerable gravitas to coordinate this next phase in support of the governors. Whether that’s realistic or not we don’t know, but the call needs to be made.

Increasingly, people are calling for a full national lockdown. That may not happen, but the call needs to be made.

People are calling for the National Guard and this assistance from the military to be expanded, particularly around a number of the key construction and key – answering some of the key deficits in this.

We don’t yet have a plan for how to roll back to the social distancing; how to test, isolate, and monitor as a – as a key measure of being able to do this safely and effectively. And we do need that plan.

We also need to plan ahead for when we do have a safe and effective vaccine, likely not to be until the fall of 2021. We need to figure out now what the manufacturing capacity’s going to be and how we’re going to finance it, both at home and abroad.
Which brings me to my last point, which is the world today that’s impacted by this is terribly fractured, terribly fragmented. We don’t see much on the horizon in terms of promising diplomatic initiatives to bring the major powers and others together to address both the pandemic virus crisis as well as the economic dislocations that it’s brought forward.

Thank you very much.

Heather A. Conley: Thanks, Steve. This is Heather Conley.

I think in some ways Europe has proven an example of the catastrophic implications of the acceleration of coronavirus. There is positive news now coming from Italy, and you have to put that positive news in quotation marks. But for the third straight day there is a reduction in the number of infectious cases. This is the first time in three days that that has happened. Death rates are still quite high but, you know, it appears some good news is on the horizon. But, again, the Italians are going to continue to extend their lockdown position to increase those benefits.

But now the crisis has really moved to Spain where we’re seeing now the second highest total of deaths after Italy. Again, we’re seeing the impact of acceleration and the particularly acute impact on health care workers. This affects levels of government. The Spanish deputy prime minister has just tested positive for coronavirus.

Spain has now asked NATO for protective equipment and gear and, again, it is such an acute issue for health care workers and lack of protective gear. So, again, we are able to watch this in full time, realizing the impact, extraordinary impact, and focused on urban areas like Madrid and like Barcelona.

In France, we see, again, more regional pockets in the Alsace region. In the east, it also bears watching. German cases are particularly high but, yet, their death rate right now is very low and all of the governments are, certainly, attempting to procure equipment that they do not have in the shortage and they are stimulating their economies. France, Germany as well, certainly working to mitigate the economic implications.

You have in the United Kingdom it was a delayed response to locking down London and imposing those conditions and, of course, everyone’s saw the news of Prince Charles has tested positive. I think, again, this is a test of leadership, it’s a test of character, and it’s a test of national preparedness.

Just as a note before I move to sort of the international coordination, particularly at the European Union level, we’re actually seeing an interesting impact and something to watch is Russia. President Putin was, I think, reluctantly forced to postpone an April 22nd referendum on dramatic changes to the Russian constitution which would enable him to remain in power if he chooses to 2036. That vote has now been postponed and at the urging of the
Moscow mayor and other key voices that we may actually have a pretty striking situation unfolding in Russia that certainly bears watching.

And just, finally, on coordination, the response to the pandemic has really been a national response and you have the European Union really struggling to catch up and to help coordinate unilateral national decisions, whether that is border closures or providing and procuring protective – personal protective equipment.

For me, this is an interesting test because the European Union is a rule maker and a regulatory and directive-oriented body, and over the last several days it has relaxed nearly every rule that it has focused and attempted to coordinate nations that do not wish to be coordinated at this moment. So this will have an enormous, I think, ramification for the European after the most acute stage of the crisis. You have differences of view on how to use the monetary instruments that continue on to this day. So this is going to be a massive challenge.

And, finally, just on the G-7, again, the international coordination mechanisms, the G-7 foreign ministers met according to press reports and were unable to come forward with, again, a joint statement, a coordinated effort, and this just underscores, again, this is the nation that is making decisions independently and there is just an absolute scarcity of coordination and collaboration in Europe or internationally.

And I’ll throw it over to Jude for a brief on U.S.-China relations.

Jude Blanchette: Thank you very much, Heather, and thanks to everyone for joining today.

I think for those of us watching the U.S. China relations, we thought after the phase one trade deal was signed in January that we’d see a bit of a pause in ongoing friction. But events of the past few weeks show that the rivalry is showing no signs of receding and, indeed, we’re now glimpsing that the coronavirus is likely to further exacerbate tensions.

Just quickly to start with an update in China, as you know there’s been great progress in containing the spread of the coronavirus in the outbreak centers of Wuhan and Hubei. Beijing announced that starting on today, Wednesday, it was going to start relaxing the max quarantine and allow more freedom of mobility, except in Wuhan where the travel restrictions will remain until April 8th, so another few weeks.

That being said, massive economic damage was done to China. We haven’t seen the Q1 numbers, or the quarter one numbers, yet. But we’re likely to see a pretty significant swing from previous quarterly growth of around 6 percent to something around a contraction of probably negative 5 or 6 percent, officially. Unofficially, this could go well beyond that, with some estimating around 10 or 15 percent of negative growth in quarter one.
And of course, as China begins to resume economic activity domestically, it’s now going to face this boomerang effect of a global economic slowdown, which is only going to frustrate Beijing’s ability to see a sort of a V-shaped recovery that many were expecting just a few months ago. Key things to watch are going to be when Beijing does finally announce the dates of the National People’s Congress, which was delayed in early May. But rumors are now saying we could see this in the next couple weeks. But bottom line, Beijing and China are by no means out of the woods.

That being said, as China begins to consolidate some gains domestically, it’s turning its attention internationally. In this, we’re seeing a massive propaganda campaign to highlight the superiority of China’s political system in dealing with the coronavirus. What it’s saying is its early, resolute action to put in place restrictive measures that democracies were and unable to do just demonstrates, again that the Communist Party and its political system are superior to the West.

This is being buttressed by a campaign to distribute medical supplies – much-needed medical supplies, I should say – throughout much of the world, including a focus on Europe. But even those who are receiving the medical supplies understand what Beijing is trying to do, with one senior EU official recently warning that this was a, quote, “global battle of narratives,” and, quote, “a struggle through influence through the spinning the politics of generosity.”

And now, just turning to the United States, the Trump administration is not dealing with Beijing’s triumphalism very well. You see a pretty concerted effort by senior-level officials in the administration to name and shame China by directly tying its name to the virus. So you’ll see Secretary of State Mike Pompeo repeatedly calling this the “Wuhan virus.” President Trump himself frequently calls this the “China virus.” And senior administration official and China hawk Peter Navarro has gone further than anyone in calling it the “China Wuhan virus.”

This is getting pushback from Beijing, which is just feeding the cycle. One new voice on the stage has been senior foreign ministry spokesman Zhao Lijian, who has been on Twitter pushing a conspiracy theory that the U.S. Army actually brought the coronavirus to China last year. So this is now feeding a cycle of back and forth between senior administration officials and China. This has expanded, as everyone on the call well knows, into the realm of journalism, where we’ve now had three rounds of a tit-for-tat between the U.S. and China of, in China’s case, expelling journalists and in the U.S. case just tightening restrictions, which created a de facto situation where 60 state propaganda workers had to – had to leave the United States.

But I think more consequentially, we’re seeing this current spiral now lead to more momentum behind the push for economic decoupling, which for those watching the bilateral relationship had been a constant feature over the past few years, wherein hawks on – in both Beijing and Washington were pushing for a de-integration based on a concern that globalization or economic
integration between the U.S. and China had created some national security weaknesses. Now we’re seeing hawks in the United States pushing the idea that the United States was overly exposed in its medical supply chain to Chinese production, which was now stressing the availability of ventilators and other personal protection equipment.

Marco Rubio just the other day said that China can, quote, “threaten to cut off our pharmaceutical supplies.” That’s a tremendous amount of leverage. You see Peter Navarro and Commerce Secretary Wilbur Ross also flirting with the idea that decoupling would be – would be in the benefit – be to the benefit of the United States right now. So we right now have a multitude of reinforcing threads of the increase in friction between the U.S. and China. And it’s now clear that the coronavirus is going to be exacerbating all these. So I think we should continue to stay buckled in. And as long as Beijing and Washington continue to see the nationalist card as being the right one to play politically, I don’t see any off ramp here. Thank you. I’ll turn it over to Stephanie now.

Stephanie Segal: All right. Thanks, Jude.

Caleb Diamond: All right. So, Stephanie, are you back on?

Stephanie Segal: I am back, yeah. I dropped for a while. Sorry if I repeat some of what Jude just said. But I’ll focus my comments on the relief package that, at least as of a few minutes ago, was still pending a vote in the Senate, and talk a bit about how that fits into the overall series of policy measures that have taken place over the last month or so. And then a bit on the outlook.

As far as the relief package that was agreed early this morning, the numbers are close to $2 trillion in support, comprising three different components. The first is direct support to individuals via an income-tested cash payment, as well as an expansion of unemployment benefits. A second component, which is support to businesses – both large corporates and targeted small and medium enterprise finance. And then additional spending at the state and local level, including to hospitals, to augment their capacity to respond on the health front. Again, the number here, 2 trillion (dollars), translates into, in round numbers, about 10 percent of U.S. GDP. So to say that this is massive is an understatement. But it’s massive fiscal support that complements, as Steve mentioned, aggressive measures on the part of the federal reserve that now go back – it seems like years ago – it’s actually less than a month.

And I was looking back at the timeline here. It was February 28th that we had a statement from the Fed and from Chairman Powell noting that the Fed was monitoring developments related to COVID-19 but did not yet take action. It was then on March 3rd, with an unscheduled FOMC meeting, that there was a 50-basis-point cut in the policy rate. And since then, we’ve seen a slew of actions, including through this week, of more targeted measures in addition to interest rate cuts to maintain the flow of credit in specific segments of the market. So we had aggressive action on the monetary side. That’s being complemented now by this very aggressive action on the fiscal side.
And now the questions that are being raised, even before this bill makes it to the president’s desk for his signature, is whether it’s sufficient. And the answer to that question goes back to where Steve started his comments, and that’s the trajectory of the virus, the adequacy of the public health response, and now this ongoing debate that we’ve seen percolating over the past few days of the tradeoff between the public health response – which argues for more restrictive policies but also entail more dramatic economic impacts – and this percolating pushback from some saying that those economic costs are too great, and wanting to see a way forward.

So I think we’re in pretty short order going to see a shift in the discussion to that debate. And I think that’s where we’re going to start to see how those tradeoffs are articulated and, perhaps, Steve mentioned, whether or not there’s going to be an effort to kind of elevate the command and control of the response to this – to this crisis. If that were to happen I think it would start to take into a point – take into account these various tradeoffs and start to think beyond just the initial crisis response – in particular, if we’re in the mode of not thinking about a crisis that has one quarter’s worth effect or two quarters’ worth effect, but something that we’re going to be living with basically until treatment and then eventually a vaccine is out and available.

So, with that, I’ll stop with those comments and happy to answer any questions.

Caleb Diamond: Yes, I think with that we’ll turn it over to questions.

Operator: Thank you.

(Gives queuing instructions.)

One moment, please while we wait for our first question.

Caleb Diamond: I think while people are queuing up I’d like to start off the discussion with a – with a question I received from a reporter ahead of time and I think it for everyone. But how is Congress going to function as we enter a period of more widespread lockdown? I think, Steve, that might be a good one to start out with.

J. Stephen Morrison: Sure. Well, it’s an immediate challenge here in getting the vote completed in the Senate and, more importantly, figuring out how to get a vote through the House in a timely way without protracted delays. It’s becoming increasingly untenable for members of Congress of either chamber to be flying into Washington and congregating here and deliberating. It’s a mixing bowl that puts people on aircraft in a period when moving around the country is becoming itself very questionable and untenable, and it’s exposing members, and members are beginning to be quarantined in increasing numbers either from being infected or having been proximate to someone who is infected.

So the rules of the road are going to have to change. Perhaps you could argue that this is – this is – there is some silver lining to this in modernizing the
manner in which these institutions are going to function, but there doesn’t seem to be – there was no and is no clear game plan within Congress to deal with a situation like this. There are game plans for dealing with terror attacks and other disasters, but there is no game plan for this type of situation. And so, in effect, making it up as we – as we move along. But I do believe we’re going to see very significant changes. Something like two dozen legislatures around the world have been significantly disrupted in this period.

Thank you. My colleagues have – will have much to say on this topic.

Heather A. Conley: Well, I would say for Europe they are having to develop new methods, which again sort of speaks to the challenge of – to their future. So tomorrow the European Council meeting of the heads of government of the 27 EU nations are going to be meeting virtually, and they’ve had to work out methods for written procedure after they receive agreement via the – via the conference.

I think you’re also seeing where the European Parliament meets in both Brussels and Strasbourg. I think that will be not the case for the foreseeable future. That may even challenge the fact that they have to meet in two separate cities. So I think you’re seeing a lot of change of behavior that will be shaped in the future and will certainly challenge current processes and procedures.

Stephanie Segal: And just to add kind of on the U.S. side, I mean, we see how the House has tried to deal with the constraint, which manifested in Speaker Pelosi’s efforts to have this fiscal package passed by unanimous consent. So that was the play for this one single measure, but I think the chances of that working on an ongoing basis are slim to none. So I think there’s going to be the need for some more innovative approaches here because to think that other follow-on measures beyond just this one fiscal package could get through in that manner I think is highly unlikely.

Caleb Diamond: Great. I think we’ll move on to the next question that’s in queue.

Operator: Thank you. Our first question will come from the line of Deirdre Shesgreen. Please go ahead.

Q: Thank you so much for doing this call.

Could you address the question of why there’s such a lack of international coordination, why this response has been so sort of nation-centric and fractured? And how does that compare to past pandemics? Thanks.

J. Stephen Morrison: Are we taking these questions individually?

Caleb Diamond: Yes. We’ll take them one by one.

J. Stephen Morrison: OK. Well, we don’t have much in the way of other pandemics to compare this to. We have 1957, 1968, and we have 1918. This is the first full-out pandemic that we’ve faced, really, since 1918-1919. So I believe that some of the – some
of the reasons for why we have such a fractured and uncoordinated response is – there are several.

One is this caught us by surprise and then moved with remarkable speed. And there was a period of delay in which the true threat and the insidiousness of it and the speed of it was somewhat not visible or underacknowledged by leadership, perhaps acknowledged early on by the – by the public-health experts.

But we do know that the critical first seven- to eight-week period in China was kept under wraps and that – and so that when it began, it began with – and when it was disclosed end of December, and then it – and then it rocketed forward, we didn’t really know at that time. There were many, many unknowns as to the threat to stability, the severity, the animal source. And so people were hoping in that early phase that it could be contained, hoping – mistakenly, in retrospect – that the Chinese would not be exporting this into the rest of the world. So we had a series of expectations.

Another factor, obviously, is that many of the countries that are the most powerful and well positioned to do something about this are in a position of a kind of nationalist – populist, nationalist outlook and encountered this with a particular level of skepticism throughout the first phase of the response and were somewhat dismissive or – dismissive of the notion that there needed to be high-level coordinated action. Certainly that was true in Washington, in London, in Rome, and elsewhere. And I think that is – that and the weakness of the international institutions themselves and the norms of cooperation.

The last point I’d make is WHO, which is – which is proving to be quite resilient and determined in the commitments under Dr. Tedros and Mike Ryan and others, nonetheless we have to be very realistic. Their leverage over major powers is very limited, and they’re very, very stretched. So to think that they would have the convening power – I’ve been very struck by the weakness of the response at the Security Council. And the Security Council is beginning – secretary general beginning to be more engaged. But there’s been a very slow, very slow and hesitant response there.

Thank you.

Heather A. Conley: Deirdre, this is Heather.

Stephanie Segal: I can just –

Heather A. Conley: Oh, I’m sorry, Stephanie. Go ahead.

Stephanie Segal: Go ahead. No, go ahead, Heather.

Heather A. Conley: Deirdre, I would say this is – this is going to be a soul-searching moment for the European Union because it’s really created a basis of solidarity, of coordination, of collaboration, of jointness. And what we’ve seen is that this – the pandemic
Has completely laid bare that those are words and those institutions are not going to be used for this great challenge.

And to Steve’s point, yes, there has certainly been an overarching tendency of – in some countries of populism and nationalism. But when it comes to borders, fiscal stimulus, jobs – I think it was French Finance Minister Bruno Le Maire who just said, you know, this is about economic patriotism. Leaders are appealing to that nationalism, that patriotism, to get through this crisis. And it’s just reinforcing, I think, a national response.

But what we’re seeing is countries are not, you know, sharing, providing that needed protective equipment because of their own shortages, of their own national shortages, and that’s exactly what Jude was saying. And within that opening of allies and partners not collaborating and sharing you see China and, increasingly, Russia providing that humanitarian aid, offering that alternative model, and this is where in the – in the aftermath, after we get through the acute phase of this crisis, there is going to be an enormous amount of testing and soul searching about collaboration whether that’s within the European Union or globally.

Sorry, Stephanie.

Stephanie Segal: Sure. No, just to complement that on the economic side, I think, you know, a number of people have looked at the current episode and compared that with the global financial crisis and what the response was at that point, which was with U.S. leadership basically elevating the G-20 to the premier forum for international economic cooperation, and we haven’t seen the similar response this time around.

If anything, I think we’ve seen what has been interpreted including by markets as actually a lack of that sort of multilateral approach, and even when there has been an attempt by the G-7 and the G-20 to say something about the crisis, it’s been late so in the spirit of kind of monitoring risks when those risks were already manifest. And in some respects, I think those statements that don’t actually have any policies behind them have actually undermined confidence.

I guess if – the bright side would be perhaps there’s greater recognition of that. I think there’s a G-20 – a virtual meeting that I believe is scheduled for tomorrow and I think if you – if you think about, well, what would you hope could be accomplished in a meeting of the G-20 what sort of statements, while we haven’t had the statements, I think de facto we’ve seen some of what we’d want to – we would want to get out of those sorts of multilateral approaches.

I’m thinking specifically here if you compare with the global financial crisis what you wanted to see was fiscal stimulus – an agreement on fiscal stimulus. So that hasn’t been articulated as, you know, everyone holding hands and going together but in fact you actually have seen a number of countries coming forward with very large fiscal packages. You have seen the Fed kind of reopen the swap lines that it had with an expanded number of countries’ central banks.
So you have seen some of these multilateral approaches but they haven’t been articulated the way that they previously had been in a G-20 context. So I guess the bright side is we actually are seeing some of the policy action on the economic and financial side. But I think we need leaders to commit to that sort of approach because it is not just economic or financial. It’s a health crisis, first and foremost, and for that to be addressed you actually do need this global approach that recognizes the virus is not contained within a single country.

Jude Blanchette: And I just –

J. Stephen Morrison: May I just add one comment when Stephanie’s done?

Jude Blanchette: Yeah. Steve, this is Jude. I was just going to make, if I can, just a real –

J. Stephen Morrison: Oh. Jude, please.

Jude Blanchette: – a real quick comment just on the U.S.-China front. It’s worth noting that there are a few mechanisms that the U.S. and China had created. It’s just because of the politics these had lost a bit of their oomph. But in 2010, HHS and China’s Ministry of Health signed something called the Collaborative Program on Emerging and Reemerging Infectious Diseases.

And then the second one that’s worth noting, and this is a bit ironic or tragic, but there’s something called the U.S.-China Health Forum, which is about a decade old, and it did meet in – actually in Wuhan in November 2nd and 3rd of last year. So there are a few mechanisms that exist. It’s just, as everyone, I think, has been saying, the top line politics of nationalism and deteriorating U.S.-China relations have rendered these ineffective. But, again, hopefully, as folks are saying, we may see some renewed effort to revitalize these.

J. Stephen Morrison: May I just jump in to add one remark?

Caleb Diamond: Yeah. Go for it, Steve.

J. Stephen Morrison: OK. This is Steve Morrison. Just one quick side note and then one remark. The side note is that the 2017 U.S.-China Health Forum was hosted at CSIS in the fall of 2017 and the cooperation between the U.S. and China on health is pretty much at a dead standstill at the present, which is tragic and dangerous.

The question of why the fragmentation and lack of leadership, obviously part of it is we’re at a moment in history where there’s a dearth of strong and effective leadership, and there’s weakness of institutions. But I think it’s important to remind ourselves, pandemics drive behavior and change history. And this one caught us by surprise. And then once it went into the surge, the accelerated phase, it shocked every one of these countries that it hit. And when it shocked it, it became an all-consuming and existential challenge and a threat to the leadership of those countries. So in some respects, this pattern of shock and fragmentation is the first cut, and we got to figure out how to get out of it in the next cut.
Caleb Diamond: I think we’ll go on to the next question.

Operator: Thank you. Our next question then will come from the line of George Condon. Please go ahead.

Q: Right, thanks. I just want to be a little more specific on the coordination. In every pandemic planning exercise that I’m aware of, there was always an assumption that there would be strong U.S. leadership. What are the consequences of the fact that we’re not seeing that now? And one side note, what does this say about President Trump’s belief that so much can be solved just by closing borders, and an emphasis on borders? Thanks.

J. Stephen Morrison: Well, on the domestic side the approach to the crisis obviously with respect to testing was grossly mishandled and delayed, and only now are we beginning to see some early, modest, and accelerated process in certain places. But it’s still woefully inadequate and woefully late. On the question on the coordination of the delivery of protective gear, of ventilators, and the provision of additional ICU rooms and buildings, and the coordination of skilled health providers to those areas that most need them, there is no plan and there is no effective coordination on this.

And so the states have been left on their own in a kind of “Hunger Game” destructive competition. And they’re now vulnerable to price gouging and all of the wasteful efforts of everybody’s chasing after the same scarce items, and they’re not being allocated in any rational way to where they are most needed. Nor has the administration invoked the Defense Production Act in any serious, meaningful way. So that tool that rests within the executive branch has not been put to use.

Heather A. Conley: George, this is Heather. I would say in many ways – I mean, this crisis occurs on a lot of collateral damage over the last three and a half years. And just very specifically on Europe, when the president made the decision to prevent travelers from Europe in his Oval Office address, gosh, two weeks ago – or a week and a half ago, there was no coordination with Europe. The announcement came in the middle of the night. They didn’t know. And it was total confusion about how to implement that. And that confusion then came through with the U.S. airports that were designated to receive those travelers. And, you know, hours and hours’ worth of lines. In some ways, it was – it was an improvement to see the Trump administration coordinate with Canada and Mexico in the closing of those borders, but again you have to practice collaboration and coordination. You have to have trust and credibility that those collaborations – that collaboration and solidarity will actually – is not just rhetoric but will physically be there.

And you have to use those institutions. Could NATO have had a response now that the Spanish have requested that? Could the G-7, under U.S. leadership, been an organizing principle? You have to, you know, take that mantle of leadership. And when it isn’t there, and the U.S. assumes that role, what you see is either others stepping into the breach to shape that narrative, or everyone begins to just revert to themselves and to resolving their own
national challenges. So I think you are absolutely seeing a product of a lack of U.S. leadership.

The question is, again, through this crisis, what does this – what does this mean? Is this reinforcing for all nations that they have to go it alone and they don’t have that collaboration? Does it continue to weaken international institutions? And again, this is part of understanding the geopolitical fallout from the pandemic. Again, you just can’t put that toothpaste back into the tube once it squirts out. and we’re just not entirely sure what this will mean in the future.

Caleb Diamond: I think we’ll move onto the next question.

Operator: Thank you. Our next question will come from the line of Brett Samuels. Please go ahead.

Q: Hi. Thanks, everyone, for doing this call. I wondered what you all made of the president obviously pushing to have at least parts of the economy reopened by Easter, even as places like India are implementing, you know, national shutdowns. I wondered, you know, what the potential consequences, or how realistic is it, even if they’re pushing to reopen, you know, just certain areas of the U.S. that aren’t seeing large outbreaks, or large numbers of cases. Is that even a realistic goal to do something like that? And what would the economic benefits even be if places like California and New York, for example, are still, you know, grappling with their peak number of cases at that point, around Easter?

J. Stephen Morrison: This is Steve Morrison. Thank you, Brett.

The claim by the president reflects a pushback, a mobilization among certain economists that the public health view has been somehow exaggerated, or the public health influence over the decision process has been – has been too predominant, or disproportionate to other considerations, and that we should be pushing now for early lifting of the controls, the social distancing mechanisms, and the like. It’s clearly also linked to electoral issues, the electoral campaign, using these daily press briefings as campaign events.

The response from the – from the public health experts, as well as from governors, as well as from members of – senior members of the Republican party in Congress and elsewhere has been very, very negative in arguing that this would be a – the exact opposite of what is required. What is required now is a more universal and more robust, and extreme form of social distancing and sheltering in place, if we are going to have any prospect of achieving the end to this, and that we have to be exceedingly careful in how we loosen controls, in order not to reignite transmission, and to – and lose more lives needlessly.

People are pointing to the stop-go, stop-go approaches that we’re seeing in China, that we’re seeing Hong Kong, which loosened is controls prematurely, saw a resurgence of infections, and had to reimpose. This all gets wrapped into also the debate over timelines, where most people are saying it’s going to be
until the fall of 2021 when we have a vaccine, at the very earliest, a vaccine that’s safe, and effective, and can be put into manufacturing and distribution to Americans and to others around the world.

That’s – and between now and then, we had a long phase in front of us of trying to wrestle this transmission of the pandemic to the ground, and then figure out how to lift the weight on the economy. We don’t have the advantages that Taiwan and Hong Kong, Singapore have had in acting very, very early with a sophisticated testing method and a health system that followed up at the local level with a very intensive screening, isolation, contact tracing, follow up. We’ve moved into full crisis mode. And I think that’s the prevailing view. And the governors are going to drive the decision process on this. It’s not going to be the president.

Stephanie Segal:

If I could just add to that too. I mean, I think the president’s comments were less a plan and much more a desire. But I think the experience thus far – global experience, but also the experience here in the U.S. – has been that a piecemeal approach certainly has its shortcomings, so to kind of suggest that we could take a similar piecemeal approach and undoing some of the restrictions raises some questions. The virus certainly doesn’t respect borders, whether they’re national borders or state borders. And so I think this all needs to fit in the context of what would be an actual plan. As Steve just mentioned, it would have to be a plan that actually can track – is capable of tracking people and understands kind of the transmission of the disease, understands who may have it and who doesn’t and who might have immunity because they have had it. Jude might know a bit more, but my understanding from China’s experience is that when they are allowing for the reduction in barriers and a reopening of previously restricted areas, it’s been done on the basis of pretty aggressive data collection, so knowing exactly who is it that is able to kind of go out and be unconstrained. So, again, I think that would have to take place in the context of a comprehensive plan of how we would actually go about reducing restrictions.

In the very, very near term I think the further downside of his announcement was to reintroduce uncertainty. I said on a call yesterday that the last few weeks, so at least end of February/kind of early March, was definitely marked by a high degree of uncertainty about what the plan was here in the U.S. And because of the work of Dr. Fauci and some others, I think we got to a point where we were kind of coming out of some of that uncertainty. And an announcement like the one yesterday just kind of brings that uncertainty back into the equation.

The last thing I’d say is that the international experience suggests that reducing restrictions is not, again, something that could be done on a single national basis – that the efforts to control this, kind of thinking just exclusively of what one national actor or in the case of what the president was proposing an individual state might do, is probably not sustainable, again, because the virus is not going to respect any borders.

Caleb Diamond:

Great. I think we can move on to the next question.
Operator: Thank you.

(Gives queuing instructions.)

Our next question, then, will come from the line of Angel Wei (sp). Please go ahead.

Q: Hi. This is Angel. So thank you so much for organizing the call.

I have two questions. First of all, since the global collaboration is so essential to contain the spread of the virus, under what circumstances the U.S. and China would collaborate to contain COVID-19? And the second part is, how will coronavirus epidemic could impact on the 2020 election? Thank you.

J. Stephen Morrison: I’m sorry, could you repeat the second question, please, Angel?

Q: Yeah, sure. So the second is how coronavirus epidemic could impact the 2020 election.

J. Stephen Morrison: All right. Why don’t some of my colleagues lead off and I’ll come in later on this? Jude, you want to talk about U.S.-China?

Jude Blanchette: Well, yeah, Steve, although I think on the – on the more narrow issue of sort of public-health collaboration I think that’s one that’s better suited to you than me, so I’ll step aside.

J. Stephen Morrison: OK. All right.

Well, we have a – as Jude mentioned, we have a framework of collaboration that’s been established between the U.S. and China that could be revitalized. We have a 40 years – 40-year relationship between the premier scientists and public-health experts in China and their counterparts here in the United States, and they have a very respectful, trusting, strong relationship. We witnessed that when we hosted the U.S.-China summit on health in the fall of 2017. It was very, very striking how strong those relationships are. Those could be revitalized if there were leadership at the top level opening the way for that to happen.

And how do we turn the corner? I think it’s going to be very, very difficult, given the state of the current bilateral relationship, the tensions, the compound tensions and stresses on that relationship, and the direction that things have taken in terms of vilifying one another and attempting to ascribe blame upon the other for what has happened here. That would require both sides deciding to call a truce and to come to their senses that the path out is going to require collaboration on multiple fronts.

As Stephanie said, you know, you can’t begin to imagine the measures of rolling things back unless you’re sharing best practices and the approaches. We know that what the Chinese are doing in rolling back the social-distancing measures is
a very sophisticated, very intensive and very costly set of practices, down to the individual level and the individual household in terms of data, monitoring, surveillance and enforcement. There’s much that can be learned, I believe, in their experience that’s going to be very relevant here in the United States.

I would add one other thing, which is we have many, many acute shortages today that are going to have – if they cannot be – if those gaps cannot be covered, it’s going to have devastating impacts in terms of mortality levels and extreme illness in the United States in this next phase.

The Chinese are bringing back onto production, as a first top priority, the health sector. That includes pharmaceuticals as well as production of ventilators, production of protective gear, other commodities. So they’re coming back into production.

One thing that we see is that individual governors are already going out to the Chinese and striking arrangements in order to secure access to some of that. That could become a much more fruitful exercise if it were done in a less ad hoc and state-by-state basis in order to try and allow the Chinese to help us through this phase. But that would require opening the door to admitting the Chinese have something to give us in helping get through this crisis.

Stephanie Segal:

And just to add on the part of your question about the relationship and the 2020 election. I think the conventional wisdom – and someone had alluded to the comments yesterday being driven by concern about what the economic impacts are of the restrictions. So the conventional wisdom would be that the weak economy – weak being an understatement – is going to then influence outcomes for the 2020 election.

I think that is kind of an obvious point, and I think it holds in more normal times that the economy would be a good indicator of performance in the election. But I think the greater test now is actually competence in handling the crisis. It’s inescapable that there is going to be a deep economic impact that’s going to carry through, at least when looking at full-year growth numbers. So I think it’s inevitable at this point that we’re going to be looking at negative growth through the end of the year.

I think the bigger test is actually going to be on the ability to respond to the health crisis. And that’s just a function of people are going to see in very real and practical ways that they cannot get loved ones the medical care that they need. And so that’s – I think that probably trumps the economic pace, in some respects.

And then, just to tie it to what Jude had mentioned before, I think because of that, because it’s really an impossible situation in some respects – there’s no good outcome here – I think that’s why you do see this return to more kind of nationalistic approaches, and frankly just blaming both the Chinese and in the U.S. They’re looking for someone else to blame for where we are. I think that is, in some ways, driven by the political realities that these are bad outcomes and there will be political consequences for them.
J. Stephen Morrison: May I add one thing, that, you know, we’re already seeing – we can already pretty confidently say that in this election cycle the response to and the recovery from this pandemic is going to be the dominant focus now, going forward, and so there’s going to be the constant debate up until some point in the summer or later when things may turn. As we get in – beyond the convention period into the full cycle there’s – between now and then there’s going to – the fight’s going to be about all of the things that we need that we’re not getting and why are we not getting it.

As we get – as we get, hopefully, into a more stable position in the fall it’s going to be a question of what happened, who – what are the lessons learned, who’s to blame, and how are we going to make sure this never happens again and what are the capacities that are going to be required in strengthening our health security preparedness in order to preserve our economy and preserve our society. So I think that’s fair to say.

I think the pandemic is going to – it’s already changing radically the way the election campaigns and elections themselves will be held and part of that, I would say also, is given that you can’t be campaigning and the like, things like the daily press briefing are becoming campaign events. The HIV – White House HIV Task Force are taking on this quality of being campaign events. We have now Vice President Biden broadcasting from his home and attempting to get his voice out there around his perspective on these issues, too. So there’s point-counterpoint going on over the airwaves.

Caleb Diamond: Great. And at this time it doesn’t look like we have any more questions and it looks like our time is running out, so I think we’ll end it here. Thanks again for calling in. I’ll send out a transcript shortly and it’ll also be posted on our website. And please reach out to us if you’d like to set up a one-on-one interview. We’d be happy to set that up. And once again, thanks to our experts for joining us today. Thank you.

(END)