"Coronavirus Response Update"

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Good afternoon, everyone. Thanks for joining us today. I’m Caleb with the External Relations team at CSIS. Andrew Schwartz, our chief communications officer, is on the line as well.

You know, every week it seems like we’re in a new phase with the pandemic, and so this week we’ve seen a lot more discussion about what role the military can play, different regional impacts around the world, as well as the evolving public health and economic crises.

So we’ve got a great group of CSIS experts here today to break it all down. We’ll start off today with Steve Morrison. He’s director of the Global Health Policy Center. He’ll be followed by Kathleen Hicks, director of our International Security Program. Next, we’ll have Heather Conley, director of our Europe Program; followed by Judd Devermont, director of our Africa Program; and then we’ll close with Stephanie Segal, senior fellow and our Simon Chair in Political Economy. They’ll each deliver brief remarks and then we’ll open up for questions. With that, I’ll turn it over to Steve.

Thank you, Caleb, thank you, Andrew, and thanks to all of the journalists who’ve joined us here today. I’m Steve Morrison, CSIS. I’ll just offer a few quick remarks and then turn over to my colleagues.

As of today, we’re at 1 million cases, 50,000 deaths, the United States far out in the lead – 217,000 cases, 5,000 deaths. Just about, roughly, half of our caseload New York, New Jersey. What we’re seeing now is the threat of a next wave of migration into multiple urban centers around the United States: Michigan, Florida, Massachusetts, Pennsylvania, Louisiana, Illinois, Washington State, Georgia, Texas. A slightly lower level of numbers: Connecticut, Colorado, Indiana. These are – these sites are growing rapidly and the prospect here is that we were – we’re going to enter another phase in which we have multiple concurrent explosive outbreaks. We also, I should add, are seeing fragile progress in Seattle and San Francisco that is encouraging.

If we enter a phase of this type, I think it’s fair to say that this will change, fundamentally, the perception that Americans have of the scope and gravity of this pandemic and it will change, fundamentally, the politics undergirding it. It will involve major problems unfolding in deep red states – Florida, Georgia, Texas, Louisiana – and battleground states essential to the electoral outcomes in the fall.

So that’s my first point is stay tuned if this – we’re on the edge of this possibility. We’re now struggling with one major Wuhan, but we’re seeing the arrival and prospect that we could have 10 to 12 major urban outbreaks unfold, not all at the same moment but in proximity to one another. And that could change the entire complexion of this outbreak in the United States, push it on to another plane and change the politics and outlook about what needs to happen.
We put out yesterday a brief paper, about 2,500 words, entitled, “Which COVID Future Will We Choose?” I did this jointly with my colleague, Anna Carroll. We look at the principal drivers in terms of the virus itself in unity, seasonality, and the mutations, the factors around the government response and factors around technology as to the ability to get therapeutics and vaccines forward, and we come up with three broad scenarios, which I won’t go into. I can go into greater depth or you can go take a look at it.

But there’s an optimistic scenario of rather rapid recovery, which is what up to now has been the hoped for outcome. In the near term, there’s a mixed case roller coaster option, which is looking more and more like what we are heading into, and then there is a decline in catastrophe, a scenario which is if all does fail what we’re likely to be seeing. We put some fairly stark fatality numbers against those scenarios.

I’ll just add a couple of more points, very briefly. One is we are facing the reality that our supply chain in the United States for protective gear, testing kits, skilled personnel, ventilators, may be broken to such a degree that it becomes a causal factor. The brokenness is a direct causal factor of harm to our health providers and a deep and damaging weakening of our health system, with rising fatality rates associated with that. The Strategic National Stockpile is empty. We have no plan. There is no coordinated – no effective, centralized coordinated effort to deconflict markets and direct scarce resources to the hot zones. Price gouging is abounding. We are exporting much of our product while attempting to get the Chinese and the Russians to bring in air bridges.

And the danger here is that this becomes a decisive factor in this next phase, determining outcomes if we cannot guarantee the safety, if we cannot protect our workforce, and it has crippling impact upon our health system. We’re staring at a situation like Spain and Italy, where mortality rates have risen up in the range of 10 percent and where the health workforce accounts for a very high proportion of those who have passed.

I want to say a few things about testing and then I’m going to be done here. One second, please.

(Pause.)

Testing has improved. We’re up to about a hundred thousand per day. We hit the hundred – we hit the 1 million mark, but we are very, very far from where we need to be. The quantity of testing required in order to be able to ultimately know what is happening across this vast county is vastly greater than 100,000 per day. We need to find a method in order to multiply that many, many times.
The rapid deployment of commercial tests without a stringent FDA review process means that some of the tests, we’re discovering, are quite faulty. The sensitivity of tests are proving to be much lower than similar tests. We are also seeing backlogs. It’s becoming clear that moving towards – overwhelmingly towards private delivery like Quest and its overpromises is leading to great backlogs and dislocations in the – in the testing process itself.

In recent days it was interesting that Tony Fauci was permitted, starting on Sunday, to begin putting down markers in terms of fatality numbers. That was, I think, a dramatic shift. It put a metric against what is happening here in the United States and focused a debate that has become a centerpiece of the debate at the same time that that debate is increasingly wrapped into the daily campaign event that has become the daily White House taskforce meetings. And it’s – and it’s becoming more and more difficult to extract meaningful data from those sessions – daily sessions as to what’s really going on on the ground.

Thank you.

KATHLEEN H. HICKS: So this is Kath Hicks. I’ll jump in on the military piece, which is being very well-reported. So I’ll kind of try to hit the high notes, I think.

I think the overall picture at DOD is very strong emphasis on limited and SecDef-level communication and no corresponding strength in command and control being demonstrated. Doesn’t mean it’s not there, but because they are so silent and moving toward more classification, all the things that we would normally see from DOD in terms of its approach and its communications about its command and control aren’t there. And so that’s deeply, deeply disturbing.

I think that there might be a little more bandwidth on the Hill in the coming weeks, particularly as cases mount of military health issues. And some of the governors’ demands will broaden – it will broadly be done; for instance, New York. So I think you’re going to start to get a little more engagement from Capitol Hill on issues, as you’re already seeing on the Defense Production Act.

So let me walk through some of the elements of that topline. First, a big struggle inside DOD, putting aside for just a moment the defense support of civil authority piece, is this health versus readiness relationship. Sometimes those are in tension, meaning if you stop a training because you’re worried about health that’s a tension between health of the joint force and readiness. But of course, you need a healthy force to have a ready force, so also they can be mutually reinforcing. The healthier your force is, the more it looks ready, the more it should deter others.

So DOD’s approach on this to date appears to have been to emphasize the readiness piece more than I think was warranted given the – and earlier it
was particularly focused on readiness and signaling readiness. So they are adjusting belatedly. The medical screening DOD has a strong understanding of and attention to infectious disease. You have support that focuses on combat trauma, but it’s not like infectious disease is an unknown concern for the military health community. So I don’t think the issues we’re seeing are generated from that health community, the issues in terms of – (inaudible).

I think, though, of course, this is on a scale that is happening in multiple types of platforms and locations globally, and obviously at an infection rate well beyond what they’ve seen in recent years. So that’s a huge challenge, you know, absolutely no doubt. So this is the week where you’ve seen the first U.S. servicemember die from COVID-19. This is the week in which you’ve seen Parris Island shut down to recruits. And of course, most noticeably in the press, you’ve seen the case of the Teddy Roosevelt, now in Guam, with the release of the letter from the Navy – the Navy captain, the captain of the Teddy Roosevelt, calling on the Navy’s leadership to take decisive action.

And so you’re seeing all of those things play out in real time really more than anything because they – even though DOD is faster than the rest of the federal government. So you have things like Secretary Esper’s praising of troops and DOD movements for happening before the federal government writ large did the same. It still didn’t happen until the 25th of March. Happy to go back to some of those specifics.

On the readiness side, if you – you know, readiness is always a difficult – in the best of times a difficult subject to explain and quantify. What I would say here is most of the readiness concerns really are downstream and they layer, so I don’t think we’re seeing any serious readiness issues that are – you know, truly degrade at this moment the ability of the Department of Defense to execute the nation’s defense. But I think first of all, again, we’re early in this cycle, so we may see some of that. The Teddy Roosevelt being a carrier in the Pacific is a significant example of if you saw that across multiple carriers that would be a problem beyond the health of the force, on the readiness of the force. So I think there is a strong potential we’re going to see, you know, readiness issues.

And then at the recruit training depots and places like that, those are concerns for further down the road. They should have stopped those earlier. That they have stopped them may generate readiness concerns four or five years down the road, but there are ways to mitigate that, and happy to talk through that.

So defense support of civil authorities, this is what most Americans really are interested in, which is can you walk and chew gum. And the answer is the Department of Defense has always had a mission for defense support of civil authorities, and absolutely it’s a requirement to be able to both ensure readiness of the force and protect the force’s health and be
able to provide support with its special abilities – special capabilities. And that’s a lot of supply chain and logistics capability. There are some specialized capabilities; I’ll talk a little bit about that.

But more than anything, as I mentioned upfront, what we’re not really seeing is a special, dedicated command-and-control structure standup. That would normally be something like a three-star joint taskforce under NORTHCOM. You’ve seen that kind of approach in every disaster we’ve had, and they have – it appears that they are purposely not proceeding on that approach. What that means is that you’re noticing a lot of this disjointed federal approach play out in DOD, where no one knows exactly where those ventilators were shipped, or are they shipped, or where should they ship. No one seems to be able to cross-level demands coming from different adjutant generals and governors to DOD or coming through FEMA. So that’s really delaying, I think, and hurting the ability of DOD to do the walk and chew gum effectively.

So some of the areas you are seeing National Guard mobilizations all 50 states, Puerto Rico, Guam, U.S. Virgin Islands. We see all of them have activated Army Guard. You, of course, had the hospital ships, and then on top of that even more timely is the field hospitals. So those are – those are good moves that are happening.

You have the Corps of Engineers, which doesn’t build stuff itself. It has a lot of contracting capacity being leveraged with all that contacting capacity, basically, being used, particularly in New York, to do generation of makeshift hospitals and other kinds of facilities.

And I think I’ll just end on this issue of the Defense Production Act where you seem to have had a combination of the administration’s desire to push responsibility down to governors for political reasons with the Chamber of Commerce’s desire to let the free market and companies decide, working in a voluntary status with the government.

Again, if you had an effective command and control communication approach and they did just this week stand up under Ellen Lord, the undersecretary for acquisition, something like a taskforce, then I think that kind of approach could have worked. But that’s not what happened and it’s not where we are, and it’s clear that the Hill is starting to move, particularly among Democrats, to a requirement of leveraging the authorities under DPA.

Those are important today, of course, for things like ventilators, masks, PPE, beds, you name it, but I really want to stress that it’s important going forward. There’s not like a point at which DPA no longer matters. We are going to need that authority as we look two months, three months, six months, a year down the road to start generating the supply through federal contracts that we need.
So I’m going to stop there.

HEATHER A. CONLEY: Thanks, Kath. This is Heather Conley, director of the Europe Program. Just three points on Europe and the impact of COVID-19. Clearly, the European Union has really struggled through the first very difficult weeks of the crisis and really demonstrated that it wasn’t up to the task. Individual member states were not immediately responsive to requests for assistance from Italy and elsewhere.

In fact, European Commission President Ursula von der Leyen basically apologized today to the Italian government, to the Italian people for that slow response, and what you’ve been seeing now is an uptick in member states providing PPE to the – particularly the stricken south. You also have shipments both from China and Russia, humanitarian supplies, as well as from Turkey, which NATO has just recently facilitated. NATO foreign ministers met virtually today and NATO has been playing a more active role in that emergency disaster coordination response.

But the challenge for the EU, going forward, is sort of where we were on March 26th and this is where Europe is going to have to make some future decisions – I don’t think they’re going to be made anytime soon – on whether the magnitude of this crisis will require the EU and particularly for some member states – Germany, Austria, the Netherlands, and others – to agree to debt mutualization.

Right now, there is no consensus on that. But the EU is looking at opportunities to provide additional financial assistance and support to Italy and to Spain, and we should see some of that coming out in the next week or so. But there are deep, deep divisions regarding that and you’re seeing where all the old wounds from the eurozone crisis are coming back into play.

Perhaps the greatest casualty of COVID-19 that happened this week for Europe was on Monday in Hungary. I think – I mark March 30th as the day that democracy ended in Hungary when the – with the permission of the Hungarian Parliament Hungary provided an emergency decree without any time horizon. This gives the Hungarian government absolutely unfettered ability to completely dictate the future terms of Hungary. There is no effective oversight and checks and balances by the Hungarian Parliament.

Over the last decade, the Hungarian government has completely neutered the court system. There is no judicial recourse. And what we’ve already been seeing over the last two days is the Hungarian government is taking this emergency decree out for a run. You know, no transparency over major infrastructure deals. China is constructing a major highway between Budapest and Belgrade. They’re going to be using this more and more.
And, unfortunately, the European Union has been critical of the fact that the emergency decree has no sunset clause or does not end but has not really focused on Hungary or Prime Minister Viktor Orbán and demanding any changes. So this, to me, is certainly a very strong indication that democracies and Hungary over the last decade had a whole lot of preexisting conditions.

They've changed their constitution five times. There is really a very, very limited free press, no court system. Parliament is totally under control and we are going to see some abuses of power. So that was one very dramatic implication of the – of the pandemic.

Finally, we are – we’re seeing mixed signals, quite frankly, politically. Spain, which, as Steve mentioned, has, certainly, a very high mortality rate and, certainly, the health care workforce has suffered enormously. The strain of the pandemic is really straining the politics in Spain. This is a government that it took three elections for it to form. It just formed three months ago and it is really straining under the crisis – lots of criticism by opposition parties of the government’s handling of this – and is also exacerbating tensions between Madrid and the regions, particularly Catalonia, which, of course, was already a source of great political tension.

In Italy, Prime Minister Conte seems to be quite popular. But, again, this lack of response from the European Union has opened the door for opposition forces like Matteo Salvini and the League Party and the Brothers of Italy to pounce on this issue that Europe is abandoning Italy and, certainly, we have to keep our eyes on that as well.

In the U.K., also Prime Minister Johnson coming under great sort of universal criticism in the press about the handling of the crisis and, of course, he has been – he has tested positive and is stricken with coronavirus, and we’re just going to have to see how the U.K. manages that as it continues to try to negotiate with the EU on their future trade relationship.

So lots of things to watch structurally within the European Union but, particularly, how individual EU countries are managing or not managing this crisis is going to be something that tells us a lot about how countries will come through this crisis and how they will change.

And I’ll stop there and pass the baton.

JUDD DEVERMONT: Hi, this is Judd Devermont. I’m the director of the Africa Program.

The way that I think about this it’s not just a health emergency. It’s also an economic catastrophe and a political crisis for the countries in Africa. Right now, we have about 6,000 cases in 50 out of 54 countries. But we haven’t seen the worst of it. In fact, only 18 – excuse me, 18 countries
still just have imported cases. They don’t have local transmission. And so in the coming weeks we will see more countries look like South Africa, which has over a thousand cases, and less like the countries that have one or two, largely, foreigners or globalized Africans who travelled back to the continent.

And the continent just isn’t prepared. They’ve not invested in health infrastructure. Nigeria has only put 5 percent of its budget year after year into their health infrastructure. There’s very low testing capacity across the continent, although some countries, like South Africa and Senegal, are trying to ramp up, and is very limited in the way of equipment. The country of Central African Republic only has three ventilators for 5 million people.

But I also think this is going to be an economic crisis. The conservative estimate says 1 (percent) to 2 percent loss of GDP. Others, including the Guinean foreign minister, are saying between 5 (percent) and 10 percent loss of GDP, and this is because the supply chains that they depended on from China and the rest of the world are broken. Inter-African trade, which has always been globally low compared to other regions, about 17 percent, that’s completely halted. And with most countries, 20 or so with partial or full shutdowns, there’s no more economic activity.

And in sub-Saharan Africa you have the additional problem of the low oil prices, which is throttling the economies of countries like Nigeria and Angola who depend on it. UNDP thinks that half of the formal-sector jobs may be lost because of this crisis, and we’re seeing calls from the Africans for debt relief, for $100 billion in assistance. And I think that that call will get louder as the crisis – the health element of the crisis worsens.

I’ve been spending a lot of time thinking about the political ramifications. With 54 countries you have 54 responses. And they verge from draconian, where there’s a full shutdown and people are being arrested or shot if they violate it, to absolute denial. Tanzania continues to let most of daily life continue, including churches, where the president believes that attending a church service will purify oneself and protect him from the disease.

Some countries have been exceptional about their internal communication. I think South Africa, President Ramaphosa has risen to the occasion, talking about why this is a key moment for them, reaching across the aisle. Other countries have been very good in terms of communicating to the international community about the assistance they need. And I would point Prime Minister Abiy Ahmed of Nigeria (sic; Ethiopia) or President Akufo-Addo of Ghana. And some countries have barely spoken. Nigeria’s President Buhari has finally made a couple of statements, but he’s been reluctant to communicate to the regular – to the general public.
There’s also been some instances of a heavy-handed approach. Kenya and South Africa, there have been attacks on civilians who are not adhering to the quarantines and the shutdowns.

And if you look across this region, at least in sub-Saharan Africa you see a leadership that is being sidelined by this disease. Out of the 49 leaders in sub-Saharan Africa, 20 of them – 23 of them, excuse me, have underlying conditions: they’re over 65, experienced strokes, they are drastically overweight. And so we’re seeing some leaders already self-isolating. So yesterday three chiefs of state – a prime minister, a president, and the king of Swaziland – were self-isolating. In Nigeria, the president’s chief of staff has tested positive for coronavirus. He is the key gatekeeper for the presidency, and so he’s out of the picture. And then we have three governors that are – tested positive and another three that are self-isolating, out of 36. In Burkina Faso, six ministers have tested positive. So at a time when leadership is critical, many of them are in quarantine, self-isolating, or dealing with the effects.

I think as Heather mentioned this is also a test for democracy in this region. We have another dozen elections ahead of them between now and the end of the year, and there’s big questions about whether countries are willing to endure the risk of spreading the virus or continue on and observe the constitution. I think countries that are autocratic, like we just saw in Guinea, are going to use the coronavirus to bank on low turnout so they can push through unpopular referendums and decisions. I think countries that are worried about having the election at all because the incumbent may lose may delay it. That is likely or could be the case in Malawi. Other countries will make better decisions, to delay the election or to use proper social distancing to do this election in the right way. I think that Prime Minister Abiy’s decision a couple days ago to delay the election was the right decision. That country was not prepared to have this critical transformative election in August. And critically, he got the support of the opposition and of the institutions, which I think is the key moment – the key, decisive factor to having a good process when you’re trying to balance democratic imperatives and health.

And then, finally, I just want to say one thing about foreign policy and how Africa’s international partners are reacting to this crisis. A big winner has been Jack Ma and China. They have been able to be on the front cover of most African papers, to get gratitude from African leaders, whether on Twitter or in public statements. And the U.S. has been slow to respond. I think in the last couple days we’ve finally seen the U.S. share what it’s actually doing and to reach out to African leaders, but it just doesn’t – pale in comparison to an announcement from Jack Ma of 100,000 masks and 20,000 testing kits and a thousand protective gear. And then when that – items land in whatever the country is, they get additional press. And so the U.S. really needs to step up and be more creative about how it’s leading here, otherwise, you know, China’s going
to reap the benefits of the crisis that they, you know, are – that started in their country. And I’ll stop there.

**STEPHANIE SEGAL:** All right. It’s Stephanie Segal with our political economy program. And I think I’m the last of the speakers, so I’ll round out what’s been a series of pretty sobering presentations with a sobering comment or two of my own on the economic outlook. So we had weekly jobless claims data that came out for the United States with 6.6 million, a new record, breaking the record for claims set last week at 3.3 million, which means in the last two weeks alone we’ve got 10 million new jobless claims. So to say that these are records is an understatement. It basically blows away anything that we’ve seen previously. The previous record before last week’s announcement was back in the early 1980s, and in the neighborhood of 600,000 – just to give a sense for where we are.

And also, just relative to what had been expected. Folks knew that the announcement today was going to be a big number. But the estimates were in the range of 3-3.5 million. So for the data to come out actually close to double that just gives a sense for the pace of deceleration of the economy, which then speaks to then the policy response. And for folks that have been on these calls that we’ve been doing over the last month or so, the Fed and the administration working with Congress have actually been very quick to respond, and also to respond with force as far as the size of the programs that have been announced. The Federal Reserve has essentially dusted off a number of programs that they innovated with the global financial crisis, and then have actually been building on those initiatives, announcing some new facilities, specifically facilities to keep dollar liquidity following to the global economy.

On the fiscal side, we know that we’ve had the CARES Act that was signed into law just on Friday, at over 2 trillion (dollars). So in terms of the timing that it took for that to be passed into law, as well as the size of the program at close to 10 percent of GDP, are both massive policy responses. I should say that they are not inconsistent with what we’ve seen in other countries. So there has been a massive, if uncoordinated, global policy response. But the question is still: Will that be enough? So despite these unprecedented efforts, given what I said about the jobless claims, and the fact that not just in the U.S. but globally we’re looking at what is essentially a sudden stop in the global economy, the question is are these efforts going to be sufficient?

And here, the answer very much lies in what Steve referenced in his work with Anna, in looking at what are the various scenarios for the pandemic itself. So the economic and financial outcomes are going to follow on what are the health and the virus trajectory. We’re starting to see this perspective, I guess, in how forecasts are being presented. It really is – I don’t want to say pointless – but when we look at how forecasts have been revised downward consistently, nearly on a daily basis – folks actually just don’t know where the bottom is. So we’re starting to see in
forecasts a moving away from any type of point estimate, and instead looking at a range of potential outcomes. And those ranges of outcomes actually line up with the various scenarios – like, what Steve described. And those scenarios are then related very much to the policy responses and how effective they are in shaping the arc of the virus itself.

Just to finish up a bit on what we can expect to see in the way of policy responses to come, I do think folks before – we’re going to see another big wave of stimulus. There’s a lot of talk about a fourth package in the U.S. Some question about timing of that. I think the question about the magnitude of that needs to be answered before we can start to think in more concrete terms of what a fourth package might actually contain. I will say that up until now a lot of the effort has been focused on maintaining, we’ll call it liquidity, but a lot of what we’ve seen both on the Fed side and the fiscal response has been keeping economic actors basically in place, making sure that there’s income support going to individuals, making sure that companies are able to continue to roll over their credit.

I think at a certain point, and depending on the duration of the downturn, what is being characterized very much as a liquidity issue stemming from the sudden stop could then become a solvency issue. And once we’re in that world, I think you’re talking about the need to think much more creatively about what potential solutions are to solvency issues. But as I said before, I think we need to understand better what of the trajectory of the virus before we can know what’s needed in the way of additional relief. I’ll stop there.

MR. DIAMOND: Great. Well, thank you for everyone. Thanks, everyone for speaking. And I think now we’ll open it up for questions.

OPERATOR: (Gives queuing instructions.)

One moment for a question. Danila Galperovich.

Q: Hello. I hope you hear me. This is Danila Galperovich from the Voice of America Russian Service.

And I have – I have a question to Heather Conley about this development where the Russian flight was of help to United States, which was confirmed by State Department yesterday. So what do you make of it? And do you think that the development, I mean, of the news is rather suspicious? First we hear President Trump was saying about it, then Russian TV channels confused about it, and then eventually plane arrives and United States sees some help from Moscow.

MS. CONLEY: Well, thank you. I’m happy to answer the politics of that, and perhaps turn to Steve for the actual sort of humanitarian impact, the medical component of that.
Q: Yes. Yes, please.

MS. CONLEY: So you’re absolutely right. I mean, in some ways we were learning through bits and pieces of President Trump’s call with President Putin earlier this week, both on facilitating a dialogue on the price of oil between Saudi Arabia and Russia, and certainly that seems to still be a state of confusion, with Mr. Peskov countering what President Trump tweeted out this morning about whether there will be a dialogue between Saudi Arabia and Russia.

But you’re absolutely right. Certainly this humanitarian delivery and the very public display of the flight touching down in New York will certainly be used by the Kremlin for its own opportunities – both as opening a door to improving U.S.-Russian relations when countries and nations are having an emergency. Usually those offers of good will are designed to try to create a better environment. But on the other hand, the Kremlin could certainly use this as demonstrating that the United States is not managing the crisis very well. It needed outside help. And suggesting that Russia is managing the crisis, the pandemic, much better.

I think we have a lot of questions about, in fact, how Russia is being impacted by COVID-19. And certainly concerns about the leadership itself and their interaction potentially with the coronavirus. So this really bears watching, how both Russia and China are using this tactical opportunity to both provide countries with needed relief, but also using that to – in some ways a different approach to great-power competition through use of soft power. And I think we have to watch how this unfolds. And I’ll turn to Steve, if he wants to offer any other thoughts about Russia and China providing emergency PPE to the United States.

MR. MORRISON: Thank you. Thank you, Heather.

On the Russian case – on the Russian case, you know, Heather captures it quite well. It’s largely a symbolic measure. It brings some memory back of 9/11 in New York City and people coming to the aid and rising above the occasion. Putin has had a very slow response to the pandemic and has only recently sort of swung into action. It’s not particularly popular internally to be exporting goods of this kind.

I would say that the optics of it are that we are failing as a national government to have a plan and have a mechanism for managing markets, for getting – for using the DPA, as Kath Hicks talked about, using the DPA to good effect to make sure that the – we are satisfying our own requirements and getting them to the high-demand hot spots.

Here we have governors and mayors basically on their own, to a large extent, our own national stockpiles depleted, and the White House not coming up with any mechanisms that are particularly effective. So it’s
chaotic. And in a chaotic situation like this, governors and mayors are going to, in desperation, cut deals with those outside our country wherever they can find a source. And so it’s welcome what’s coming in.

The – I would say that the – on the Chinese side, the Chinese account for 50 percent of mask – of the production of medical masks in the world. Their production is coming back on stream. It’s important to see, are they truly able to meet the gap in protective gear in other critical inputs? Are they able to help with the critical gaps in reagents for testing? Are they able to come up with the goggles, the gowns, the masks? I don’t know. I’m not sure that we fully quantified that.

I think, actually, in the timeframe that we’re talking about, the urgent timeframe that we’re talking about today, I’m skeptical. The Russian and Chinese and other external inputs certainly will be welcome and certainly will help, but I don’t think it’s going to cover the gap, the huge gap that we’re now confronting here in the United States.

Q: Thank you very much.

OPERATOR: Thank you.

And our next question will come from Deirdre Shesgreen. Please go ahead.

Q: Hi. I have a similar question but just wanted to frame it a little bit differently to see if you could talk about the reversal of roles for the U.S., which is normally seen as, you know, the world’s most generous foreign-aid donor, now to become, you know, scrambling to get supplies from other countries.

And then, just as a follow-up to that, do you think the U.S. should be offering foreign aid to other countries right now, or should we be sort of hording our own supplies?

MR. MORRISON: Well, certainly the nature of pandemics, which we don’t experience very often, is that it strikes – it strikes the world. It’s a planetary event. It’s a planetary catastrophe. And so you’re going to have powers that have been accustomed to having hegemonic influence and being leaders suddenly facing an internal crisis that has to consume their time and energy in the first instance.

And so I don’t think the U.S. is exceptional or alone in finding itself in that – in this position. I think you could look to some of the other major donors as well. Of course, the United States has been moving off the stage of being a traditional leader in foreign assistance and in global health and other related matters in recent years.
Should we be offering foreign aid? I do believe that as we get deeper into this crisis, the argument that is going to surface is that we have to take—we have to attend to the crises that we face at home, which we know what that requires, at the same time that we attend to the crises, the wildfires that are burning outside our borders, which, if those are not arrested, will only mean that those places are unstable and are sources of reintroduction of the virus into the United States.

So I don’t think you can escape the logic of what it takes to roll back a pandemic that is having such a crushing impact on economies across the world. And as we’ve heard from my colleagues, those crushing impacts are felt disproportionately among the most vulnerable, the lowest-income countries, and those with the least preparedness for this, and so the consequences there are going to be extreme.

MS. SEGAL: If I could just add on to the foreign aid point—it’s Stephanie Segal again—I do think the advantage that advanced economies have in this crisis, and the U.S. in particular, is a lender of last resort, which has basically supported our efforts to push out as much fiscal support as we can at this point. Not every country has that same advantage, and in particular many of the emerging-market and low-income countries don’t have that option at all. And so this might be a more kind of near- and medium-term issue, but I think the idea of having additional donor support for lower-income countries is going to be essential to addressing the crisis.

Q: Thank you.

OPERATOR: Our next question will come from Brett Samuels. Please go ahead.

Q: (Off mic)–this call. There was some talk earlier about the breakdown in the national stockpile and the lack of sort of a centralized process to get resources. I was wondering what people would say is sort of the root cause of that issue, whether it’s a problem of leaving too much to states to fight for themselves or if it’s the result of having kind of a scattered approach from the federal government where it’s unclear kind of who’s in charge. I was just hoping you guys could kind of elaborate on what the causes of that might be.

MR. MORRISON: This is Steve Morrison. The approach that’s been taken at the White House with respect to critical inputs—protective gear, testing kits, ventilators, reagents, skilled personnel—there has—there has never been a clear plan. There is a—there has been a neuralgia about having a plan. There’s been a neuralgia about having a command structure that would authoritatively make use of the powers that exist for the president and those around him to shape—to shape and dominate the marketplace in order to drive the critically important products to where they need to be. And the alternative has been a very haphazard patchwork approach that has gone from overpromising and underdelivering multiple times and left the states on their own. That’s been the language used by the president at
different points. It’s left them in a desperate competition, a sort of zero-sum kind of Hobbesian universe of scrambling after scarce resources, and suffering price gouging, and having themselves competing against the federal government for vendors, and competing against external markets where U.S. product is being shipped outside of the United States in the midst of this crisis because of the lack of regularity. And the claims made by the attorney general that there would be strict enforcement around gouging, I see no proof of that really being carried out.

MS. HICKS: Yeah, this is Kath Hicks. I just want to add a little to Steve’s excellent point. I really do think it’s a perfect storm.

You had, first of all, a very small inventory to begin with because prior efforts at planning that had pointed to the need for a greater national inventory in many of these areas – the PPE, you know, the ventilators, all of it – those items had not been stockpiled as had been recommended.

And then on top of that you had a dimension earlier of sort of this view that the federal government ought not to be – sort of philosophically ought not to be leading.

And then, you know, kind of living that out, you had a very late declaration of a national emergency which led to the standup of the FEMA process, so that starting late.

And then I’m just going to add, fourth, of course, the DOD piece. There’s no institution that has more capability for global logistics and supply-chain management that it could lend the expertise – which can be civilian, by the way; it doesn’t have to be uniformed. But it can lend that federal expertise to the federal response. And that was just stood up last week, and that that’s Joint Acquisition Task Force under Ellen Lord.

So very late, building on a rocky foundation because you didn’t have inventory, and that strong – continued strong preference for the federal government to dodge this issue and leave it to the states.

OPERATOR: Thank you. And we have no further questions in queue at this time.

MR. DIAMOND: So if there are no further questions, I think we’ll end it here. We’ll be sure to send out a transcript. It’ll also be posted on our website. We’re also happy to set up one-on-one interviews with our experts if you’d like, just – if you talk to us directly. Thanks again for calling in, and also thanks to our experts for joining us today.

(END)