

The Coronal Virus and Challenge to Our State Organizations

Part 12
Friday April 10, 2020

Month	World Virus Cases ⁱ	World Virus Deaths
January 31	10,017	120
February 7	30,000	700
February 14	65,000	1,400
February 21	77,000	2,250
February 28	84,000	3,000
March 6	101,000	3,408
March 13	136,000	5,000
March 20	250,000	10,000
March 27	550,000	25,000
April 3	1,010,000	54,000
April 10	1,615,000	96,000

Cases In Texasⁱⁱ

Date	Cases	Deaths
March 19	173	3
March 27	1,662	23
April 3	4,900	77
April 10	11,426	222

Path of the Virus

As we noted last week we are now in the depths of the pandemic. Limiting human movement and contact is the major strategy to controlling the spread of the disease. Medical resources including manpower, equipment, and pharmaceuticals are being marshaled to meet the needs of persons afflicted. Much remains unknown including about those most susceptible, the progress of the disease, potential seasonal variation, can people develop immunity, and if and when a vaccine may be available.

We focus this week on organizational, social and cultural impacts, as these are widespread and profound.

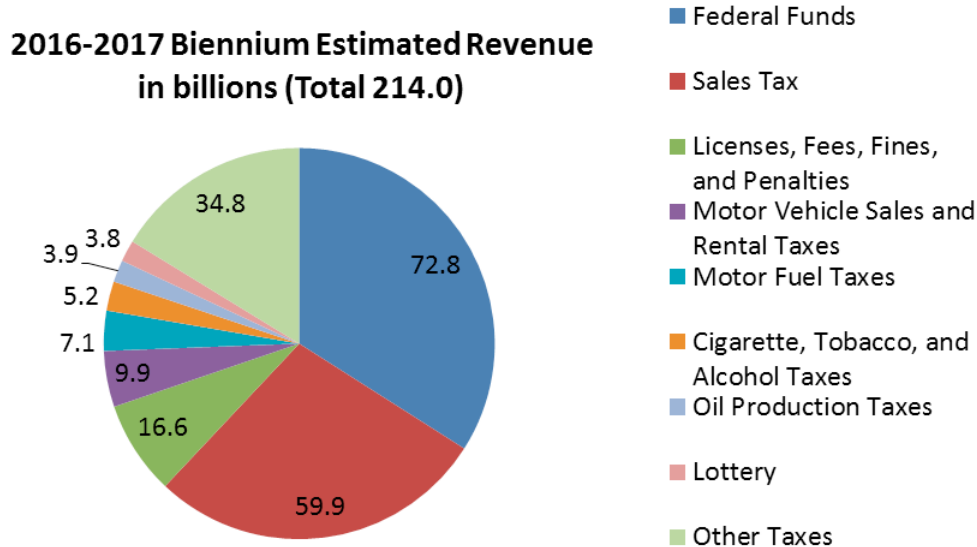
What Are The Consequences

The immediate consequence of the disease and responses has been sharp drops in travel, eating out, retail trade but heavy demand for

medical and hospital services. A simple measure of this general activity decline is gasoline consumption and the very low rate of activity has pushed prices down all across Texas. The state average is \$1.69 a gallon with the lowest being two stations in the Panhandle in Childress posting prices of \$1.06 and one along IH 35 in Salado of \$.99.

Nationally the count is 20 million out of work and unemployment is 15%. Texas Comptroller, Glenn Hagar in late March, estimated that unemployment will rise to 9%.ⁱⁱⁱ Crossing into the double digits would surpass Texas' worst-ever monthly unemployment rate — 9.2% in November 1986, according to the U.S. Bureau of Labor Statistics. Hagar has notified state agencies that they need to prepare to make budget cuts. The nosedive in oil and gas prices will also hurt the state's multibillion-dollar Economic Stabilization Fund, also known as the rainy day fund, which is funded in part through oil and gas severance taxes. Additionally, lowered business activity will drop sales tax receipts, the largest component of

revenue in the state's budget.



Restoring activity is the fundamental challenge of our times

The greater and longer-term consequences of this virus are cultural and economic. The data about those consequences are now appearing. At the level of Texas State Agencies, here are some representative critical issues deriving from specific agency responsibilities and the impact of the virus:

- The Texas Workforce Agency is the state resource for applying for unemployment benefits. It continues to be the state agency most directly affected by economic issues as persons seek to file for unemployment assistance. Every part of the state is experiencing rapid job loss and at high levels. About April 2, the agency reported receiving 3,000,000 calls in one 24-hour period!^{iv}
- The Texas Department of Health and Human Services operates 13 residential sites for persons with developmental disa-

bilities and 10 residential facilities for adults and youth with mental health issues. Like state facilities in corrections, residents are in close contact and served by employees from the community. These are almost ideal conditions for airborne infections like COVID-19 to spread and pose a continual challenge to the over 50,000 employees and the 4,500 persons in the state living centers and 2,400+ beds in state mental hospitals.^v

- Public schools, university classrooms and dormitories are another state structure that presents very large numbers of persons in close quarters.^{vi} The 1.5 million college students pose challenges and like the public schools, classes have been ended and efforts are being undertaken to use technology for remote learning.^{vii} But moving to “on-line” technologies in public education and higher education will have many unanticipated consequences, though this preventive step is required to lessen risks of person-to-person transmission.^{viiiix}

Communication and access to resources are critical and, as the example of the high level of requests to the Workforce Commission illustrates, efforts to provide communication and services are important organizational challenges. Access to health resources are critical for the survival of a community and explosive demand for such resources in a community and then aggravated by viral spread in state facilities such as corrections, hospitals and schools result in loss of life and with economic decline less support for government services.

Economic Challenges And Issues Of Cultural Continuity

The world, national and state impact of the virus brings into question if the current arrangement of producing goods and services heavily characterized by globalization and high specialization and the resulting patterns of community life are still viable.

History provides us some answers on previous cultures that did end. From the collapse of ancient Rome to the fall of the Mayan, Aztec

empires, to more recent empires like those of Spain, Portugal and Holland in the 15th to 18th Centuries to the decline of the British empire in the 1930's through the collapse of the Soviet Union in 1991, evidence suggests that at least seven factors, one or more, have been involved in the collapse of civilizations:

1. uncontrollable population movements;
2. new epidemic diseases;
3. failing states leading to increased warfare;
4. collapse of trade routes leading to famine;
5. exhaustion of natural and human-created resources;
6. innovative technologies that disrupt; and
7. climate change.

We are clearly dealing with one of the factors that cause the loss of a civilization: a new epidemic disease. The pattern of the disease in the United States could mean a breakdown of local, state and federal resources and control.

The most profound disruption and challenge to the culture is the inability of persons to secure employment, food and shelter. This is where the “sheltering at home” directives come very close to the line. At some point probably by July, such directives will need to be relaxed. People must secure food and must find work. Italy was two months ahead of Texas and this article illustrates how the economy collapses after the worst of the virus has passed.^x Suffice it to say the worst in Italy is for the informal workers: construction, food service, repairmen, seasonal employees, etc. They have no government programs and are living day to day from handouts.

Hopefully by July most people will have adopted cautions such as covering one's face, maintaining hand and facial hygiene and avoiding large crowds to permit the easing of restrictions on travel and working. By then many of the most vulnerable may have been infected and rates of infection and deaths will start to move horizontal or decline. This is currently the best outcome.

But there will be other critical threats to the culture of the nation and the state. One will be how rapidly the economy can move the manufacture of critical elements into our own country and state. Pharmaceuticals, previously discussed, are critical with dozens of items only produced in China and India. While the discoveries come from the United States and Europe, drug companies moved the production to low wage nations to increase profits. This pattern is replicated in much of manufacturing including your automobile, your appliances, your computer and phone, etc. These highly complex and specialized chains of production are a substantial part of the very difficult circumstances we find ourselves in. We are now entering a time of profound change and challenge for Texas. We are facing a need to create a different economy less reliant on oil and less on the current long, complex chains of the current manufacturing paradigm.

Creating a new cultural paradigm can only be done with intelligent, dedicated and creative people. This is the monumental challenge of our times. It is a challenge for all of Texas and clearly for all of our agencies.

Uncontrollable Population Movements

One last threat to Texas comes from its border with Mexico and the fact that Mexico is the land gateway to Latin America.

Two generations ago Mexico was a land where most persons lived in families and on land where they grew whatever they would eat. There were always chickens, a milk cow or goat and a garden. Pigs were common as well. Mexico was rural not urban and the only urban setting was Mexico City with about a million people.

Here is an example of Mexico in transition from a trip I made in September of 1984 to Acapulco from Mexico City and back. I was driving with three Mexican University faculty colleagues returning

to Mexico City from a World Congress of Psychology that had met in Acapulco and sponsored by Mexico's National University (UNAM). I had been engaged in research with my colleagues and Mexican Federal agencies and we had presented findings at the Congress. We were looking at dimensions like health care, housing, educational levels and establishing computerized data files to track health, education, housing and population trends. NAFTA was rapidly getting underway moving manufacturing jobs from the United States to the Mexican border and Mexico was adding 1,000 new residents from rural villages to Mexico City each day! These data we were securing were helping Mexico to plan for utilities, education, hospitals, transportation and other components of urban life.

As I drove north on the 4-lane highway from Acapulco to Mexico City, I saw a very small village with a roadside café on the left. I pulled into a graveled parking lot, woke my colleagues and said, "Let's check breakfast!" I walked past the empty tables to the restrooms and by the kitchen. I looked carefully and saw that everything was very clean with a large bottle of Clorox sitting on one of the kitchen tables. Up the hill from the café, I saw a cornfield, vegetable garden and milk cow grazing. When I joined my three colleagues at the table they had sat around, I said to the cook/waiter that I wanted an order of eggs with cheese, corn tortillas and coffee. I ordered in Spanish, "migas con coffee!"

My Mexican friends looked surprised and said, "Miguel, are you out of your mind! That is a sure way to get Montezuma's revenge!" I replied, "No. This is the old Mexico where everything you eat is grown right on the hillside! The owner is cautious and takes care of his customers. I know not to order that in a roadside café in Mexico City, but here it's safe!" We all knew that the greatest health problem Mexico was having in those years was gastrointestinal problems coming from water and food that were contaminated. But here in this traditional village, we had a delightful breakfast. Then we listened to the mayor on the village loudspeaker calling all to

get out and pick up their front yards as this was the weekly clean up day for the village.

This was the Mexico that was before the Mexico of today. What people ate, they grew. Much of what they wore, they made it themselves. Population then was 50 million rather than the 130 million of today. Average education was about the 4th grade and health care very inadequate. But rural isolation lessened communicable diseases and people supported each other and welcomed visitors like us.

Now in 2020 Mexico is an urban nation with 50 million people living just within 100 miles of Mexico City. Millions more live in the coastal resort areas on the Caribbean and Pacific, in Tijuana, Juarez and from Nuevo Laredo to Matamoros and Reynosa.

Sixty percent of Mexicans hold jobs in the informal sector including hotel and restaurant work, open stalls in the cities that sell food, clothing, etc. The largest source of the service jobs comes from tourism. The next largest source of income in the country is remittances sent by Mexicans living and working in other countries. Probably 90% of those are working in the United States mainly in agriculture and their work is critical to the food supply in America. The immigrant laborers depend on the strong American economy for their jobs and money they send back to Mexico. Estimates are about 3 million workers, mainly in agriculture and working mainly in the states of California, Washington, Texas and Florida.^{xi} First and foremost if tourists do not visit Mexico, joblessness will skyrocket. Unemployment and health insurance are meager and most individuals and families have only savings that will last a week. Distressingly, the country is continually pressured by far poorer and less educated people seeking to migrate in from Central America.

As wealthy societies like Taiwan, South Korea, Singapore, Italy, France, Germany, England and now the United States struggle with the cases of the virus and also the collapse of their economy, Mexico must be watched carefully. If the virus hits in Mexico, at the rate the United States is now enduring, health and economic systems will collapse and millions will try to leave facing starvation.

This report from the NY Times on Wednesday from the capitol of Ecuador suggests what may come in more of Latin America.

“QUITO, Ecuador — Bodies left out on sidewalks. The authorities struggling to keep track of deaths. Funeral parlors, out of coffins, using cardboard boxes made by companies that usually package bananas and shrimp.

The calamity unfolding in Ecuador’s business capital, Guayaquil, offers an ominous look at how officials’ ability to respond to the coronavirus pandemic in Latin America can be dangerously hamstrung by the inequality, weak public services and fragile economies that mark much of the region.

“What we’re seeing in Guayaquil is what can happen in most of South America’s large cities, where pockets of cosmopolitan richness coexist with widespread poverty,” said Alexandra Moncada, who directs activities in Ecuador for the international aid organization CARE.

A country of 17 million, Ecuador has one of the highest official rates of coronavirus infections, and deaths, per capita in Latin America.”^{xii}

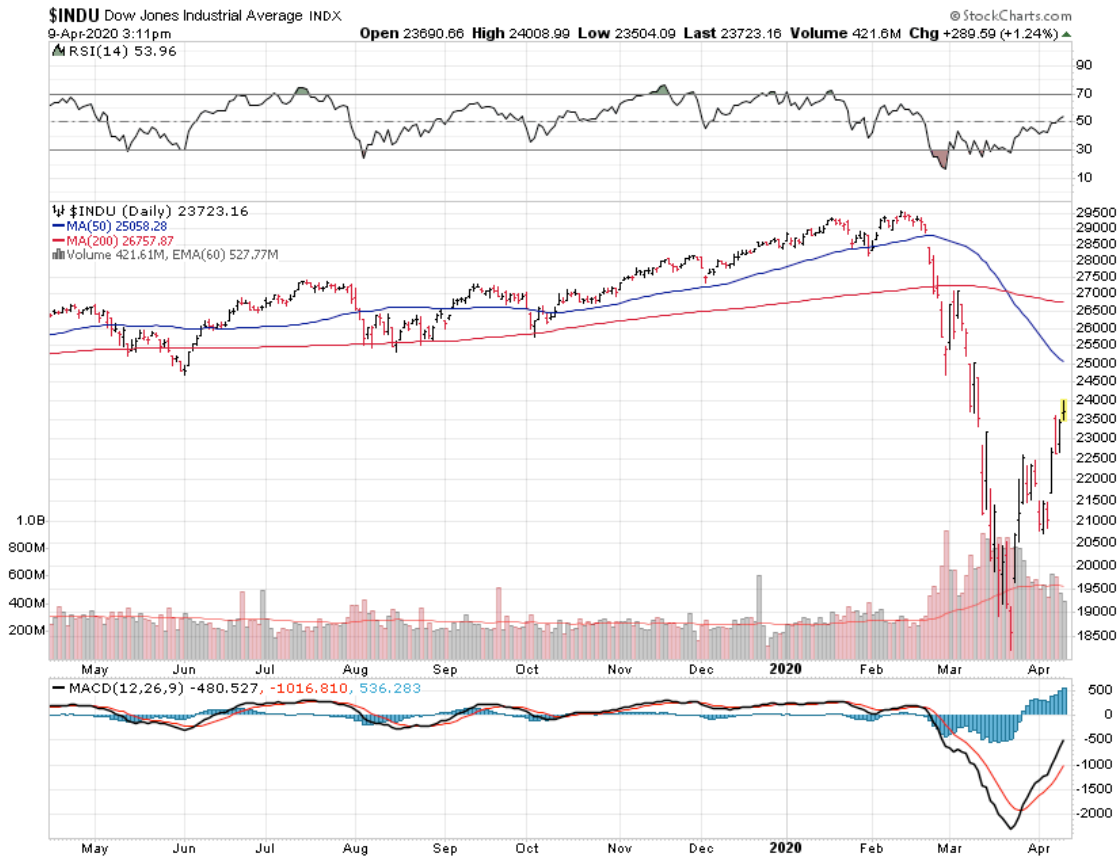
An open border with Mexico has brought prosperity to Texas and Mexico during the last three decades. Mexico is Texas’ largest trading partner by far. Millions of Texans have family and friends in Mexico. But the future is cloudy. As the Covid-19 shutdown of economies continues, the risk of mass immigrations looms large. They have begun in Europe and the risk is they can begin in Texas. Brownsville to El Paso along the 1250-mile border with Mexico is the migration zone as millions will be fleeing disease, starvation and disorder. The level of social disorder is reflected in the nation-

al homicide rate. The reality is that the current year in Mexico, 2020, has the highest rate of murders ever^{xiii}

Key Economic Indicators: Oil and Stock Market

West Texas Intermediate Crude is the oil the United States produces. It competes with oil produced in many countries with Saudi Arabia being the largest world oil producer. The price remains below \$50 and the consequences are negative. It is a measure of activity in the nation's economy and a critical part of paying for government in Texas. The Dow Jones Industrial is a summary of the nation's major companies.





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