

August 31, 2020

### **Is There A Divorce Tsunami Coming?**

The COVID-19 pandemic might prompt divorces due to the amount of time spouses have spent cooped up with each other. Done incorrectly, they can be financially devastating. Preliminary indications show a 25% increase in the divorce rate and an upswing in newlywed separations.

### **Mayor DeBlasio Snubs Minority Businesses**

Mayor DeBlasio who championed Black Lives Matter by having a photo op in unveiling a large yellow and black mural in front of Trump Tower and is defunding the NYPD, snubbed minority owned businesses when his Administration doled out \$3.4 billion in COVID-19 contracts during the pandemic, granting them just 5% of the money. A miniscule 1% of the bids went to businesses registered as Black owned according to data from the City Comptroller's office. The number rose only slightly to 1.3% for businesses registered as Latino-owned and to 2.5% for firms registered as Asian-owned. *Crain's NY Business* 7/13/20 p. 1.

### **Tax Credits For Buying Teslas and GM Plug Ins Have Ended**

For buyers of Teslas, the credit dropped to zero effective January 1, 2020. For GM plug-ins, the credit dropped to \$1,875 on October 1, 2019 and to zero on April 1, 2020.

### **Why?**

I have sat for several months and listened to President Trump's stilted and defensive responses at the White House pandemic briefings to the members of the Fourth Estate, and get the impression we are improvising a response to the pandemic and do not have a plan to deal with it. I sit and listen to the Press' questions and am reinforced in my belief we are improvising on the fly, and get upset because my government should be prepared with a plan. I would feel so much better if I knew we had a plan.

Imagine my surprise when I found out we HAVE A PLAN and we HAVE BEEN EXECUTING under the plan. I have enclosed my findings for your benefit.

In an article in the August 19, 2020 Wall Street Journal authored by Tomas Philipson and Dr. Joel Zinberg, the acting chairman and general counsel of the Council of Economic Advisors, respectively, they explained the administration was aware of a pandemic before the novel coronavirus emerged and these two helped develop a September 2019 White House Report "Managing the Impact of Pandemic Influenza Through Vaccine Innovation", which prompted immediate presidential action via Executive Order 13887, which created several initiatives to modernize flu vaccine production, including evaluation of "incentives for the development and production of vaccines by private manufacturers and public private partnerships".

The report and the order focused on improving vaccine production for influenza. Yet, when Covid-19 appeared, just a few months later, while the administration expeditiously applied the report's lessons in the value of public-private partnerships to speed vaccine innovation and production, no mention, was made by anyone, politicians, bureaucrats or scientists, of the Executive Order.

The report was produced by the Council of Economic Advisers at the request of the National Security Council's biodefense team. It detailed the large health and economic losses that could happen from flu pandemic in the U.S. The report discussed how the lack of private market incentives had led to an underinvestment in developing and using innovative technologies that can quickly produce vaccines for a new virus.

Influenza vaccines have historically been manufactured in chicken eggs for the past 70 years. The process is too slow to produce a new vaccine for a novel, unexpected virus and impairs the vaccine's efficiency against the flu. Public-private partnerships created under a 2006 statute led to the development of newer, faster manufacturing techniques, but these vaccines being more expensive had not been widely adopted.

The main issue was that vaccine developers were not rewarded for innovation. Their research and development costs for improved vaccines are only recovered through sales that occur in the unlikely event a pandemic occurs - there have only been 4 flu pandemics in the past 100 years. If there isn't a pandemic, the vaccine developers lose a lot of money.

To overcome the under-investment problem in rapidly produced vaccines, the CEA proposed public investment in public-private research and development partnerships to promote vaccine innovation and preferential government purchase of vaccines produced domestically from those partnerships.

On September 19, 2019, a few days after the CEA issued its report, Executive Order 13887 was signed.

On March 30, less than 3 weeks after the World Health Organization declared a pandemic, the government began investing with private vaccine developers through the plan known as Operation Warp Speed. Through Operation Warp Speed, the government assumed the economic risk of establishing mass-production capabilities while vaccines are still in development, rather than waiting until after approval to scale up production, exactly one of the CEA's suggestions.

The results of this public-private collaboration have been impressive. Vaccines for new viruses normally take years and billions of dollars to develop. Seven months after China shared the genetic sequence of the new virus on January 11, 2020, multiple vaccines are in advanced clinical trials. Moderna shipped its first batch of shots to the National Institutes of Health for Phase 1 trials in a record 44 days and recently started a Phase 3 trial, the last step before approval.

The government is also funding drugs to treat Covid-19.

The CEA knew that, while pandemics like SARS, MERS and Ebola were rare and unpredictable, sooner or later, we would face the need for rapid vaccine production with profound impact on the nation's health, economy and national security. The cost of Covid-19 from reduced economic activity is estimated at \$15 billion per day. *Wall Street Journal* 8/19/20 p. A17.

Now that I know we HAD a plan, and are EXECUTING on the plan, I feel better about my government. The Executive Order is public knowledge, so why doesn't the Media and Press report on it? Are the government's communication skills so poor that no one could mention this, not politicians, not scientists, not the head of the Center for Disease Control, not the head of the Food and Drug Administration, not the head of the National Institute of Health, the vaunted Dr. Anthony Fauci, not the heads of the government's Pandemic Response team, Secretary Azar, Vice President Pence, not the White House Communications Director and of course, President Trump?

And again finally, where is the Fourth Estate and where is Congress?

Thank heavens for my peace of mind, for the Wall Street Journal's article of August 19.

As always, if you have any questions about these or any other matters, do not hesitate to call us.