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## Reckoning

In an email sometime in the last six months, long-time friend Larry Siegel took issue with Your Blogger's characterization of a pandemic as a large tax, by arguing that it was more like a war, but without the "spoils of war." As the United States, Western Europe, and many other more economically wealthy parts of the world round out fifteen-plus months of pandemic, and enter Summer 2021 with an uncertain, but considerably brighter summer in front of them than in Summer 2020, it is worth a reckoning on this war and its costs.

Although the topic merits far more scholarly attention, according to [Wikipedia](#), the terms World War I and II date from the late 1930s (links from [Wikipedia](#)).

The term "World War I" was coined by *Time* magazine on page 28b of its June 12, 1939 issue. In the same article, on page 32, the term "World War II" was first used speculatively to describe the upcoming war. The first use for the actual war came in its issue of September 11, 1939.<sup>1</sup> One week earlier, on September 4, the day after France and the United Kingdom declared war on Germany, the Danish newspaper *Kristeligt Dagblad* used the term on its front page, saying "The Second World War broke out yesterday at 11 a.m."<sup>2</sup>

One could argue that the Spanish Flu, or the Black Death, in this context, constituted World Wars. YB will argue here that COVID-19 has similar characteristics.

That it is a World War is obvious, and its toll is also apparent. As of today, May 31, 2021, over 600,000 people in the United States have died from COVID-19, exceeding (in 15 months) our total deaths from all of our wars. The world toll (which is almost certainly underestimated) is almost 3.6 million.<sup>3</sup> It is also entirely likely that the world totals are grossly undercounted. Enormous portions of the adult populations outside of the United States and Western Europe are as yet unvaccinated, implying the likelihood of millions of more deaths. International travel was largely halted in mid-2020, and remains severely limited. Global supply chains have been severely disrupted.

We have severely run down our capital stock in the United States around the world. To win World War II, the United States ran their rail stock 24/7 (certainly an anachronism) without replacement or repair. Industries and transportation routes elsewhere in the world were decimated or destroyed. The

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<sup>1</sup> [Grey Friday: TIME Reports on World War II Beginning](#)". *TIME*. September 11, 1939. Retrieved 20 October 2014. World War II began last week at 5:20 a. m. (Polish time) Friday, September 1, when a German bombing plane dropped a projectile on Puck, fishing village and airbase in the armpit of the Hel Peninsula.

<sup>2</sup> "Den anden Verdenskrig udbrød i Gaar Middags Kl. 11", *Kristeligt Dagblad*, September 4, 1939, Extra edition.

<sup>3</sup> Both the US and World totals from <https://www.worldometers.info/coronavirus/> .

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United States could rebuild in the late 1940s and early 1950s from its own resources which had largely remained intact. Our Allies needed help through the Marshall Plan and other aid. Our World War II enemies (Germany, Italy, and Japan) also got financial aid.

Without unduly straining analogies, the fifteen months of COVID-19 have had a war-time impact on the US way of living:

- 600,000 deaths at the very least as well as millions of lives threatened by COVID-19.
- The destruction of millions of person-years of human capital investment for some students who had to forego training almost entirely (including musicians or athletes) or millions of others who had to substitute online instruction for classroom participation, often to the detriment of both the students and those teaching them. *The New York Times* (<https://www.nytimes.com/2021/05/13/magazine/high-school-students-coronavirus-pandemic.html>) has a particularly poignant characterization of such economic dislocation.
- The sudden obsolescence, or at least necessary rebuilding of millions of square feet of buildings in this era of social distancing, and renewed attention on germ control, as well as the decisions by workers leave their central offices to work at home more often or perhaps permanently.

To be sure, some do well in wartime. Our great technology companies have become greater still. Amazon, Apple, Microsoft, Netflix, and Google have prospered by catering to both consumer and worker sentiments. Others have not. Great merchandisers such as Nieman-Marcus and J.C. Penney, perhaps weakened before the pandemic, filed for bankruptcy. Thousands of small businesses, at the edge before illness and lockdowns, closed and did not reopen. At this writing, several million women have left the labor force, with the women's Labor Force Participation Rate (the percentage of the working age population that is in the workforce) hitting a 33-year low in January 2021

(<https://www.cnbc.com/2021/02/08/womens-labor-force-participation-rate-hit-33-year-low-in-january-2021.html>) .

We are also seeing at least a temporary housing boom, fueled largely by increased demand in particular location for a (short-term) constrained housing supply, and continued low interest rate. This price run-up (unlike 2005-2007) is not fueled by "liars' loans" or fraudulent assessments, but it is difficult to know how long or how high it will go.

Travel, and travel-based businesses are squeamish about the future. Will business-based travel and/or conventions return ... soon? Who will board cruise ships, without worrying about one or more infected passenger's infecting others? City downtowns, with entertainment and restaurant districts, only recently potentially fueling the rejuvenation of our great central cities, face uncertain

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futures. Gambling establishments seem to be doing well, but a lot of that is fueled by online bettors who do not buy drinks at the casino. The WeWork® model of shared offices space appears to be moribund.

As this war seems to abate, at least in the United States and the wealthier countries, and at least for now, a reckoning is in order to determine how policy-makers will respond? Some believe that the bounce-back is occurring, and that future efforts to stimulate the economy and to alleviate the wreckage, are unnecessary and will lead to inflation. Others (YB included) believe that the damage is potentially more widespread and deeper, and that it requires large-scale, and continued intervention.

Perhaps an improved economic model of pandemic is necessary, which looks at the major impacts as far more than simply tax increases. This one seems to have been a war, with the human and economic destruction that war brings.

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