



**WEEKLY UPDATE
MARCH 29 - APRIL 4, 2020**

**EARLY WARNING UPDATE
SLO CITY “NON” GAS BAN PLANNED FOR THE
AGENDA OF APRIL 7, 2020 - BEING SLIPPED IN
LIKE A SNEAKY ENEMA**

The item is on the Council agenda for April 7th. But the City Manager states “*that staff’s recommendation for the April 7 item (Clean Energy Choice Program for New Buildings) will be to adopt several local amendments to the California Energy Code that apply to new buildings only: two of the amendments require new buildings with natural gas to be more efficient than the state minimum, another amendment requires electric appliance outlets in new residential buildings, and a final amendment requires solar energy generating systems to be installed on nonresidential new buildings. There is no natural gas ban as that has never been the case and remains so and the City’s approach is in-line with two dozen other local governments that have made similar local amendments to the California Energy Code with approval or pending approval from the California Energy Commission. It is expected that staff’s recommendation will also include the approval of an incentive program, which will support builders to select sensible and economically viable options.*”

Like Berkeley

“It is important to note that we have pared back staff’s recommendation substantially in light of COVID-19 and have removed the Carbon Offset Program (which included the direct offset and in-lieu fee component) from consideration at this time. It is also important to note that Council has already voted to approve the building code amendments and received substantial public input at the September 3 Public Hearing. This action would reintroduce the amendments for formal approval. The only change proposed since the September 3 Public Hearing is to provide an additional minor exemption to allow for natural gas appliances in new commercial kitchens and removal of the Carbon Offset Program.”

Not a ban but the same difference: They are using the power of the government to favor one energy source over another. Moreover, they are assuming that all the electricity that people use will be generated from non-fossil fuel sources. The people will be using electricity provided by PG&E, notwithstanding paper carbon offsets wielded by Monterey Bay Power. Currently the Diablo Nuclear Power Plant forestalls 8 million metric tonnes of CO₂. This will have to be replaced with largely gas generated electric power.

Finally, this is just the first step. In the end the City Council wishes to ban all fossil fuel power. This item should be removed from the agenda until after the current COVID-19 pandemic is over and its economic wreckage can be fully assessed. Again COLAB, the Central Coast Taxpayers, and people who believe in free markets and free choice ask that this item be taken off calendar.

THIS WEEK

NO BOS MEETING

NEXT MEETING SCHEDULED FOR APRIL 21ST

APRIL 7, 2020 BOARD MEETING ALSO CANCELED

SLOCOG ON APRIL 1ST

MANY TECHNICAL REPORTS AND ACTION DEADLINES

OTHER AGENCIES SHUT DOWN

LAST WEEK

BOARD OF SUPERVISORS TRUNCATED

LIVE PUBLIC ATTENDANCE BANNED

**BOARD WAS TO HIRE \$500K CONSULTANTS TO
PROMOTE BOND DEBT & AND NEW TAX**

ITEM WITHDRAWN & THEN DITCHED FOR GOOD

MORE CANNABIS & FEES PROPOSED

ITEM WITHDRAWN ON FRIDAY

**PLANNING COMMISSION CANCELED
ITEMS INCLUDING 2 CANNABIS GROW PERMITS POSTPONED
INDEFINITELY**

**SLO COLAB IN DEPTH
SEE PAGE 8**



LIKE DESPERADOS WAITING FOR A PLANE

BY MIKE BROWN

**EPIDEMIOLOGIST BEHIND HIGHLY-CITED
CORONAVIRUS MODEL
DRASTICALLY REVISES MODEL**

BY AMANDA PRESTIGIACOMO

**HOW TO HOBBLE THE ECONOMY—AND HOW
TO REVIVE IT**

BY DAVID R. HENDERSON

THIS WEEK'S HIGHLIGHTS

No Board of Supervisors Meeting of Tuesday, March 31, 2020 (Not Scheduled)

The next Board meeting is scheduled for Tuesday, April 21, 2020. The meeting that had been scheduled for Tuesday April 7, 2020 has been canceled.

San Luis Obispo County Council of Governments Meeting of Wednesday, April 1, 2020

Item IV-2: San Luis Obispo Countywide Regional Compact. This is SLOCOG's opportunity to endorse REACH (the former Hourglass Project) and the County's effort to coordinate infrastructure and housing.

LAST WEEK'S HIGHLIGHTS

Board of Supervisors Meeting of Tuesday, March 24, 2020 (Completed)

Item 4 - Request to authorize the use of previously approved General Fund Contingencies for Public Safety Power Shutoff (PSPS) emergency for COVID-19 response and authorize County Administrative Officer to approve purchases for COVID-19. The Board approved transfer of funds originally appropriated to deal with the fallout from emergency public power shutdowns has been re-allotted to deal with the COVID problem. Part of the write-up appears below:

On November 15, 2019 the Board of Supervisors approved the request by the Administrative office to use General Fund contingencies totaling up to \$500,000. The uses identified were \$395,856 (OES-PSPS Events), \$68,725 (IT-PSPS Prep) and \$35,419 (Public Works-reimbursement of expenses) to fund emergency expenses related to the preparation for a Public Safety Power Shutoff (PSPS) event. The Board also authorized the County Administrative Officer (CAO) to approve purchases related to PSPS.

The Administrative office does not anticipate that all of these funds will be used on PSPS events and is requesting that the Board approve the request to use the previously approved contingency

funds on expenses related to COVID-19 preparation and response in addition to PSPS related events, and authorize the CAO to approve purchases related to COVID-19.

Item 10 - Staff Proposes Allocation of \$494,000 to Promote Housing and Library Bond Issues. The item was removed from the agenda. Supposedly the issue is dead for now due to the massive cost implications of the economic shutdown.

Background: Fortunately and late on Friday, the staff withdrew the item due to the COVID-19 issues. The write-up indicates that it will be resubmitted sometime in the future. There is a significant problem, in any case, which the staff and Board need to contemplate.

The County was planning to contract with 2-ballot measure consulting firms, Moss LLC and EMC Research, to ostensibly do polling to determine how to artificially enhance the chances of the measure passing next November. The work is cast as research. This is bunk. The very fact that they are spending taxpayer money to ask voters under what circumstances they might approve the bonds is a form of prompting. Moreover, the consulting reports provide valuable free information to the proponents on how to secure approval. Detailed demographic information, voting district information, voting propensity, etc., is generated.

The entire exercise is frontloaded and biased to see how to get the bonds approved. Shouldn't \$494,000 also be allocated to groups opposed to the bonds, new debt, and a tax hike?

What A Racket: First, they hire consultants to conduct a poll on whether the bonds could pass. They come back with results which state that there is insufficient support. But, then they say if there were an education campaign, the bond issue might pass. Then they get a big fat contract at taxpayer expense to help figure out how to get the bonds to pass.

See last week's Weekly Update for the gory details of how these consulting firms work in their own words.

Item 16 - State Groundwater Management Act Progress (SGMA) Update. The report was received on the consent calendar without comment by the Board.

Background: The staff provides the Board with quarterly updates on the status of the groundwater management plans for each of the County's 8 basins subject to SGMA.

- **Cuyama Valley (DWR No. 3-013, "Cuyama")**

- Salinas Valley – Paso Robles Area (DWR No. 3-004.06, “Paso”)
- Salinas Valley – Atascadero Area (DWR No. 3-004.11, “Atascadero”)
- San Luis Obispo Valley (DWR No. 3-009, “San Luis Obispo”)
- Los Osos Valley – Los Osos Area (DWR No. 3-008.1, “Los Osos”)
- Los Osos Valley – Warden Creek (DWR No. 3-008.2, “Warden Creek”)
- Santa Maria River Valley – Santa Maria (DWR No. 3-012.01, “Santa Maria”)
- Santa Maria River Valley – Arroyo Grande (DWR No. 3-012.02, “Arroyo Grande”)

The write-up states in part:

Groundwater Sustainability Plans (GSP) for both the Paso Basin and Cuyama Basin were submitted to DWR by the State’s deadline of January 31, 2020.2 The next SGMA deadline is for the GSAs in the remaining priority basins to develop and adopt a groundwater sustainability plan (GSP) by 2022. Given that the County is either the GSA or a member of a GSA in all eight basins, it is critical to keep the Board informed of the progress within each basin to develop a GSP. Staff anticipates providing SGMA Program updates through quarterly report consent items and periodic board business items.

Item 31 - A request to receive and file a report on the County Cannabis Program and provide staff direction as necessary. The item has been canceled and will be rescheduled to a future meeting. This is an extensive report on the County’s workload related to cannabis permitting, inspection, enforcement, and prosecution. The bottom line is that it calls for additional staffing and higher fees to support the staffing.

Planning Commission Meeting of Thursday, March 26, 2020 (Scheduled, then Canceled)

On Friday March 20, 2020, the County announced cancellation of the meeting:

San Luis Obispo County is currently under a Mandatory Order to Shelter at Home (Shelter in Place) to limit the spread of COVID-19 or coronavirus. Effective immediately, all Department of Planning and Building hearings that are deemed non-essential, meaning anything that is not necessary to protect the health, safety and welfare of our community, will be postponed until further notice. This includes items scheduled for Planning Department Hearings, Planning Commission, Subdivision Review Board, Cannabis Hearing Officer, Agricultural Preserve Review Committee, and Airport Land Use Commission. This also includes all Department of Planning and Building items scheduled for the Board of Supervisors.

Supervisor Hill Speculation & Box Score – A Continuing Mystery

Last Week: Supervisor Hill did not attend the March 26 Board meeting. Recent news reports indicate that his home was also raided by FBI agents simultaneously with his office back on March 11th. Staffers reportedly attempted to locate him to sign an emergency Declaration as Board Chairman but were unsuccessful.

Two Weeks Ago: As of Saturday, March 21, no new information had been provided. The County's top of the list website public information posting, other than COVID-19, concerned an airline that has cancelled service to Las Vegas.

Three Weeks Ago: So far (and as of Saturday March 14, 2020), the County had provided no official explanation of what happened to its Board Chairman, his medical condition, his whereabouts, when he might return to duty, or anything else. A spokesperson simply stated that he had been released from the hospital and was currently under a physician's care. The County justifies this lack of information on the basis of privacy concerns. This is bizarre, as Hill is the Chairman of the Board of Supervisors (the highest elected local official in the County) and has demonstrated successive episodes of erratic behavior over the years. Once someone takes on the mantle of visible public office, he or she forsakes the usual confidentiality customs. Hill is not exactly a Typist I in a remote office.

As a result there is much speculation.

Background: Reportedly FBI agents arrived at the County Administration building before opening hour and tossed Hills's office. Later that day medical units were dispatched to Hill's residence. It is alleged that the police had to break the door down to enter, and the Hill was found unconscious, a suspected suicide attempt.

You would think that the County would have access to the presenting diagnosis by the paramedics, and, Health Information Privacy Act concerns aside, it would inform the public of the status of its chief elected official.

County leadership and the SLO Tribune (which has gone out of its way to provide air cover for Hill for years) are going along as if he had an appendicitis or wrist fracture.

Meanwhile speculation about a successor has ramped up with the notion that if the position were to become vacant, Pismo City Councilman and Coastal Commissioner Eric Howell would be a likely pick for appointment by Governor Newsom. On the other hand folks could walk into the next Board meeting and find Hill smiling and glad-handing as if nothing had ever happened. It is of course unknown if the FBI will make a case or if arrests and indictments will come down.

COLAB IN DEPTH

IN FIGHTING THE TROUBLESOME, LOCAL DAY-TO-DAY ASSAULTS ON OUR FREEDOM AND PROPERTY, IT IS ALSO IMPORTANT TO KEEP IN MIND THE LARGER UNDERLYING IDEOLOGICAL, POLITICAL, AND ECONOMIC CAUSES



LIKE DESPERADOS WAITING FOR A PLANE

BY MIKE BROWN

One facet of living on the central coast is the high altitude flyovers of large jet transports heading northwest to Asia. The 777s, Airbuses, and 747s form a constant parade and leave scores of contrails per day. In some quieter places such as the Santa Ynez Valley or Pozo one can often hear a faint ongoing background of jet noise. The planes come off the 2 runways every 2 or 3 minutes at LAX, turn northwest over the Ocean, and intercept the coast around Santa Barbara, gaining altitude slowly as they conserve fuel for the long flights.

Since the COVID-19 lockdown, the parade of jets has almost completely disappeared as most of the flights are prohibited and/or canceled. Now instead of jet noise in many rural and suburban areas, there is a cacophony of bird noise, especially during the morning and early evening. You can experience this if you abandon Fox News, Netflix, and your streaming music service and sit outside. It's almost as if time was rolled back to the late 1940s and early 50s, when those of us who are old enough can remember far greater numbers of birds and bird noise.

As pleasant as this symbolic interlude is, the question of how long the Corona Virus shutdown and its deepening economic wreckage will last is of critical importance as millions of Americans lose their jobs, at least temporarily, and perhaps forever. On Saturday the City of Santa Barbara announced that it was examining layoffs of up to 300 employees because its sales tax and transient occupancy taxes have crashed. Who would have thought that this would take place in an extreme left municipality which often maintains reserves of 100% in many of its structural accounting funds and gives gushing praise to its highly compensated workforce.

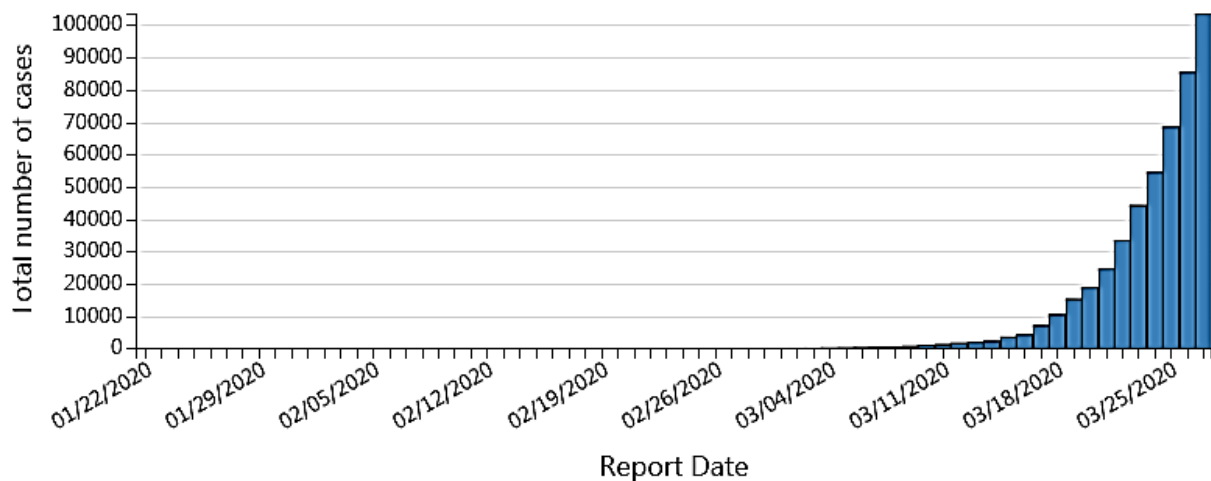
We have not yet heard from the City of SLO or SLO County with respect to emerging revenue impacts. The County is particularly busy as the frontline agency of first and last resort dealing with the pandemic. No matter what path the disease takes and no matter what the Feds and State do, it will be the counties and local hospitals which maintain and marshal the frontline soldiers.

To that end, SLO County is fortunate that its administrative leader (Wade Horton) is a Civil Engineer, strong project manager (and leader of project managers), and Navy Reserve Lt. Commander with substantial field expertise. It turns out that he has tapped retired former Air Force Lieutenant Colonel Andrew Hackleman, who possesses vast logistical expertise, as his Special Assistant to reinforce the COVID operations. Hackleman's day job is Vice-President of the recently formed Reach Project (former Hourglass Project), designed to mobilize SLO and Santa Barbara Counties to address the negative economic multipliers engendered by the announced closure of the Diablo Nuclear Power Plant.

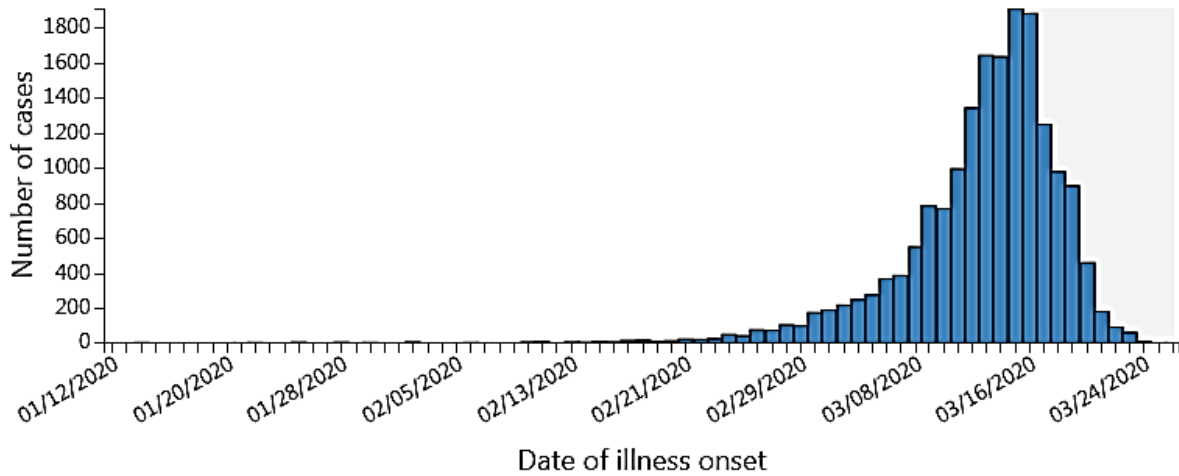
Parenthetically, in the case of Diablo and given the economic damage which will result from the COVID-19, our local elected officials should petition the Governor to request that President Trump order the preservation of Diablo for at least the ten years after 2025 and request expedited relicensing. He could do this under the economic powers he is beginning to use under the War Powers Act. Why should the region suffer from a double economic disaster of the pandemic and the closure of Diablo?

In the meantime, Commander Horton and Colonel Hackleman are focused on how to manage should the virus infection grow to the point where it exceeds the capacity of the local health system to care for sick and dying people (let alone sick and injured people from non-COVID 19 causes).

In the background is data for the total US infection rate provided by the Centers For Disease Control (CDC) that show over 139,000 accumulative cases so far in the US as of March 29th.



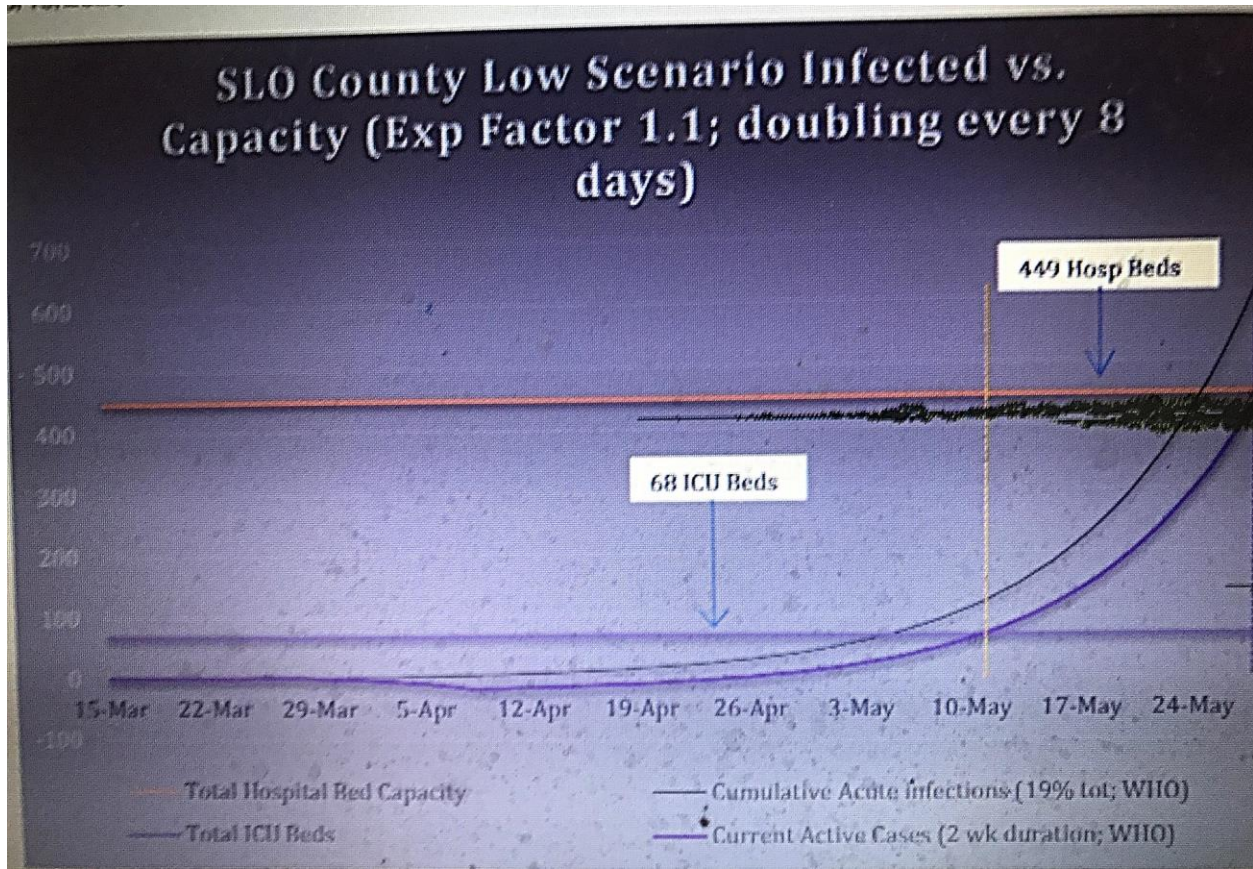
CDC also shows that the rate of infection may have peaked around March 20th, although data from New York, New Jersey, and lower Connecticut seem to indicate a rapid expansion.



There is no chart that shows how many of the infected people are being declared cured each day. There is also uncertainty about whether those patients who got better remain carriers who can infect other people. For these and other similar reasons, it is difficult to ascertain whether things are getting better or worse. Watching TV, listening to NY Governor Andrew Cuomo, looking at local preparations, listening to Governor Newsom, and seeing the experience in Italy, one could conclude that this is the beginning of a major and prolonged siege, of which we are witnesses to a first wave that could be followed over the years by future waves. On Sunday March 29, 2020, President Trump announced that the lockdown should continue until at least April 30th.

The County has undertaken some scenario modeling to determine at what rate of infection its hospitals, ICUs, ventilators, and other resources would become overtaxed. The chart below displays the data for a scenario under which the infection rate doubles every 8 days.

Continued on the next page.



Sorry for the quality, but we had to photograph it. The original appears to have been encrypted against PDF reproduction. Note that if the number of patients doubles every 8 days, the County would run out of ICU beds around May 10th and hospital beds around May 20th.

The next week or two are likely to reveal the short-term trends, after which we should have a better understanding of whether the situation is stabilizing or growing. In the meantime we are like lone desperados waiting for more plane contrails which could signal a reopening of the economy. Hope we won't be reduced to eating the birds.

EPIDEMIOLOGIST BEHIND HIGHLY-CITED CORONAVIRUS MODEL DRASTICALLY REVISES MODEL

BY AMANDA PRESTIGIACOMO

Epidemiologist Neil Ferguson, who created the highly-cited Imperial College London Coronavirus model, which has been cited by organizations like The New York Times and has been instrumental in governmental policy decision-making, offered a massive revision to his model on Wednesday.

Ferguson's model projected 2.2 million dead people in the United States and 500,000 in the U.K. from COVID-19 if no action were taken to slow the virus and blunt its curve.

However, after just one day of ordered lockdowns in the U.K., Ferguson is presenting drastically downgraded estimates, revealing that far more people likely have the virus than his team figured. Now, the epidemiologist predicts, hospitals will be just fine taking on COVID-19 patients and estimates 20,000 or far fewer people will die from the virus itself or from its agitation of other ailments, as reported by New Scientist Wednesday.

Ferguson thus dropped his prediction from 500,000 dead to 20,000.

Author and former New York Times reporter Alex Berenson broke down the bombshell report via Twitter on Thursday morning (view Twitter thread below).

“This is a remarkable turn from Neil Ferguson, who led the [Imperial College] authors who warned of 500,000 UK deaths — and who has now he tested positive for #COVID,” started Berenson.

“He now says both that the U.K. should have enough ICU beds and that the coronavirus will probably kill fewer than 20,000 people in the U.K. — more than 1/2 of who would have died by the end of the year in any case [because] they were so old and sick,” he wrote.

To put this number in context, there are usually thousands of deaths from the flu each year in the U.K. Here is some information from the University of Oxford on deaths ranging from 600-13,000 per year:

Influenza (flu) is a very common, highly infectious disease caused by a virus. It can be very dangerous, causing serious complications and death, especially for people in risk groups. In rare cases flu can kill people who are otherwise healthy. In the UK it is estimated that an average of 600 people a year die from complications of flu. In some years it is estimated that this can rise to over 10,000 deaths (see for example this UK study from 2013, which estimated over 13,000 deaths resulting from flu in 2008-09). Flu leads to hundreds of thousands of GP visits and tens of thousands of hospital

stays a year.

Berenson continued: “Essentially, what has happened is that estimates of the viruses transmissibility have increased — which implies that many more people have already gotten it than we realize — which in turn implies it is less dangerous.”

“Ferguson now predicts that the epidemic in the U.K. will peak and subside within ‘two to three weeks’ — last week’s paper said 18+ months of quarantine would be necessary,” the former reporter highlighted.

“One last point here: Ferguson gives the lockdown credit, which is *interesting* — the UK only began [its] lockdown 2 days ago, and the theory is that lockdowns take 2 weeks or more to work,” stressed Berenson. “Not surprisingly, this testimony has received no attention in the US — I found it only in UK papers. Team Apocalypse is not interested.”

Ferguson’s change of tune comes days after Oxford epidemiologist Sunetra Gupta criticized the professor’s model.

“I am surprised that there has been such unqualified acceptance of the Imperial model,” Gupta said, according to the Financial Times.

Professor Gupta led a team of researchers at Oxford in a modeling study which suggests that the virus has been invisibly spreading for at least a month earlier than suspected, concluding that as many as half of the people in the United Kingdom have already been infected by COVID-19.

If her model is accurate, fewer than one in a thousand who’ve been infected with COVID-19 become sick enough to need hospitalization, leaving the vast majority with mild cases or free of symptoms.

In other words, Ferguson’s highly influential initial model was off by orders of magnitude. He now says both that the U.K. should have enough ICU beds and that the coronavirus will probably kill under 20,000 people in the U.K. - more than 1/2 of whom would have died by the end of the year in any case because they were so old and sick.

HOW TO HOBBLE THE ECONOMY—AND HOW TO REVIVE IT

BY DAVID R. HENDERSON



I live in California, whose governor, Gavin Newsom, last week issued [Executive Order N-33-20](#). The order requires Californians to shelter at home unless they are involved in any of 16 different infrastructure sectors—or seeking medical care, or buying food or prescription drugs. Although Newsom did not specify other exceptions in his executive order, the state government’s Web site lists banks, laundromats, and gasoline stations as businesses that are allowed to remain open. The executive order is in place indefinitely.

While people like me are fortunate that we work mainly in front of a computer and can do so at home, the majority of Californians are not so lucky. Other retailers are shut down, and those include bars and restaurants, with restaurants (mercifully) allowed to do take-out. Governors of Illinois, New York, Louisiana, Pennsylvania, Michigan, Connecticut, Oregon, New Jersey, Delaware, Nevada, Kentucky, Massachusetts, Ohio, and Indiana have imposed similar restrictions. Interestingly, of the 15 states with such orders, 12 have Democratic governors. Only three—Massachusetts, Ohio, and Indiana—are Republican. (The nationwide split is 24 Democratic governors and 26 Republican.)

These governors have badly overreacted. There is good, if arguable, evidence for the view that the risk of the coronavirus is much smaller than Newsom and other government officials have claimed. But there is no uncertainty about the fact that the damage these restrictions will do to the U.S. economy is huge. And remember that while “the economy” is an abstract concept, 330 million humans are not. The damage to them is already real, and will increase. There are good and bad ways to recover from the recession that is almost certainly upon us as a consequence. Fortunately, the Federal Reserve looks as if it will engage mainly in the good ways. Unfortunately, many of the solutions being proposed by Congress and President Trump at the time of this writing (March 24), look to be mainly bad.

Of course, how much damage the state governments' restrictions will do depends mainly on how long they last. On April 3, the Bureau of Labor Statistics will report the March unemployment rate, and the unemployment rate is probably the most important indicator of economic conditions. But because the extreme restrictions started last week, and because the BLS collects data in approximately the middle of the month, we won't see the full effect. So we might see an unemployment rate of about 4 percent for March, up from 3.5 percent in February. But if the "shelter in place" restrictions are not lifted by, say, April 10, that month's unemployment rate will likely top 8 percent. Even if it jumped to "only" 7 percent, that would be the [biggest one-month jump in the unemployment rate](#) since the federal government started tracking the monthly rate in the 1930s.

Many commentators are saying that even if such grim statistics turn out to be right, it's worth it because without these measures a large percent of us will be infected. And even if 1 percent of the infected died, that would mean over 1 million American deaths. Is that close to likely? No. Let's look at some evidence.

When Governor Newsom announced his executive order, he claimed that without his measures, [56 percent of Californians](#) would have the COVID-19 disease within eight weeks. He was vague about how he reached that number, but presumably he was doing what various epidemiologists have been doing for the last month: noting that the number of people infected seems to double every five to seven days. Here's how George Mason University economist Tyler Cowen put it in a March 18 [EconTalk interview](#) with Russ Roberts:

One striking fact about all of these events is: I think it really drives home the difficulty for people in thinking in exponential terms. So, you and I have both talked about the importance of economic growth, compounding returns over time, having an economy growing at 3% is much, much better over time than having an economy growing at 1%: how hard it is for people to grasp that. That's old news to the two of us.

And, here we have a totally new event where, by some estimates the number of actual cases is doubling say every 5-7 days in many parts of the country or world. Yet, right now it doesn't actually "look" that terrible, and there are many people who have coronavirus but no symptoms, and they'll probably just be fine.

But, nonetheless, if something is doubling every 5-7 days, some very bad events are not so far away. But, because they're not vivid, people, including a lot of economists I know, they're not able to make that mental leap. And, I think my background with thinking about economic growth is a significant reason why I think I've seen some of the dangers here coming.

I'm surprised that Cowen knows economists who can't make a "mental leap" from one kind of compounding to a different kind: the math is the same and is not complicated. But one of the most important words in the last-quoted paragraph above is "if." It is absolutely true that *if* the incidence of the coronavirus doubles every five to seven days, we will be in serious trouble. But there is strong evidence that far fewer than 50 percent of Americans will get the virus. My own estimate is that it won't exceed eight percent.

Here's why. There's a strong piece of evidence hidden in plain sight that is as close to a laboratory experiment as we're likely to get quickly: the case of the Diamond Princess cruise ship. On February 4, 10 passengers on that ship were diagnosed with COVID-19. That same day, the ship was quarantined in Yokohama, Japan, and apparently all 3,711 passengers and crew were tested. The result: As of March 16, [at least 716 of those aboard](#) had tested positive. (I don't understand why Wikipedia says "at least." Is it many more? I don't know.) Of those who tested positive, only 8 people have died so far. That means that about 20 percent of those on board were infected and that 1.1 percent of those people died. Recall that when one gets the coronavirus, there are no symptoms for at least a few days. Recall also that when you have 3,711 people on even a large ship, they're living in close quarters. So whoever got the virus first on that ship had a chance to infect other people and those other people had a chance to infect others and so on, before the disease was spotted. The Diamond Princess was, in effect, a floating Petri dish.

What that means is that in our normal society, even with just voluntary social distancing, which Newsom and the other governors hardly gave a chance, the rate is likely to be well under 20 percent. Let's say it's eight percent, which I think is high. How about the fatality rate for those who get the disease? People who go on such cruises in late January and early February are likely to be on the elderly side. The crew is probably young, but probably constitutes no more than 25 percent of the people on board. We know that the fatality rate for the 60s and up who get the disease is a multiple of the rate for people under 40. And the median age in the United States is 38.2. So the fatality rate among people who get the disease in our larger society is likely to be well under the 1.1 percent for the ship's passengers. Let's say it's 0.5 percent. Applying those numbers to the U.S. population of 330 million, we get 26.4 million people with the disease and 132,000 deaths. That's large. But put it in perspective. It's not even twice an atrocious flu season. The worst we had in the last four decades was [80,000 American deaths](#) from the flu in the winter of 2017-18. Did you think of "sheltering in place" that winter? I didn't either.

The sooner the mandatory sheltering is ended, the better. Those of us who are on the elderly side—I'm 69 and my wife is 70—should, to be sure, be super-cautious for at least the first few weeks. Others will be too. It's simply absurd to think that the vast majority of people will choose to go for the next few months without any precautions. Meanwhile, these people, especially younger people, need to be allowed to get on with their lives.

Let's say you're unconvinced. Notice that if the numbers are as bad as the extreme advocates say, then sheltering in place doesn't do much anyway: it just "flattens the curve," so that the health care system is not overrun. But wait. That's crazy. A standard principle in economics, operations analysis, and, I bet, engineering is that if you have a bottleneck, you go after the bottleneck.

Is the problem that we don't have enough testing kits so we can know who has the disease? Then produce more testing kits, which is easy if you get the Centers for Disease Control out of the way. The [CDC delayed the kits](#) for at least a month, which is a crucial loss of time. Also, President Trump should override the FDA's fatal decision to bar at-home testing kits, for reasons that George Mason University economist [Alex Tabarrok cogently explains](#).

Is the problem that we don't have enough ventilators? Then produce more. And one thing to clearly avoid is what President Trump did on Tuesday: sign an [executive order](#) making higher-than-usual prices—which he and others call "price gouging"—a crime. Ironically, the executive order also goes after hoarding, which, of course, is what many people will do if they can't charge higher prices. We need people to make a profit producing face masks and ventilators. The good news is that [3M, Ford, and GE Healthcare](#) are working to produce respirators. Their public-spiritedness, which, wonderfully, seems to have become the norm for U.S. firms during this crisis, will probably carry us through despite Trump's price controls. But when the problem is too little production of an item, it rarely makes sense to prevent people from making other items, which is what "shelter in place" entails.

Which brings me to those other items. If we end the social confinement, how do we kickstart the economy? Millions of businesses are on the edge financially in normal times, having a cushion of one or two months of funds to carry them through slow periods. It's quite conceivable that a million or more businesses will go under. That means that the supply of goods and services might be slow to respond. That, in economics, is called a problem of aggregate supply.

What about aggregate demand? First, the problem is not one of aggregate demand when governments have dramatically reduced supply. Second, if aggregate demand does need to be pumped up, the Federal Reserve can do that by printing money. I'm not saying that it should. But if it prints money, it doesn't give it away: instead, it gets bonds in return.

By contrast, a large part of the bill currently wending its way through Congress gives people money. If the reason is to pump up aggregate demand, as Jason Furman, formerly chairman of

President Obama's Council of Economic Advisers, [advocated](#) earlier this month, that makes no sense. There might be other reasons for the feds to give people money, but maintaining aggregate demand is not one of them. We already have a huge and growing federal debt. The parts of the bill that lend money to companies might make sense. At least the government will get a fair amount repaid, as it did after the 2008 financial crisis.

If the government wants to help individuals, a better way would be to announce that it will lend individuals up to 60 percent of the federal income taxes they paid in 2018. This will also help small businesses, many of which are individual proprietorships. The interest rate could be five percent, with accumulated interest until one year from now, and then six years to make payments after that. Some individuals would default. But the IRS is a pretty effective collection agency. Lending rather than giving money would cause each potential borrower to ask, "Do I really need this money? Is this a good idea?"

Put at its simplest: The coronavirus has caused a lot of hardship and tragedy. But in our desire to make things better, we shouldn't forget basic economics.

David R. Henderson is a research fellow with the Hoover Institution. He is also a professor of economics at the Naval Postgraduate School in Monterey, California.

Henderson's writing focuses on public policy. His specialty is in making economic issues and analyses clear and interesting to general audiences. Two themes emerge from his writing: (1) that the unintended consequences of government regulation and spending are usually worse than the problems they are supposed to solve and (2) that freedom and free markets work to solve people's problems.

David Henderson is the editor of [The Concise Encyclopedia of Economics](#) (Warner Books, 2007), a book that communicates to a general audience what and how economists think. The [Wall Street Journal](#) commented, "His brainchild is a tribute to the power of the short, declarative sentence." The encyclopedia went through three printings and was translated into Spanish and Portuguese. It is now online at the [Library of Economics and Liberty](#). He coauthored [Making Great Decisions in Business and Life](#) (2006). Henderson's book, [The Joy of Freedom: An Economist's Odyssey](#) (Financial Times Prentice Hall, 2001), has been translated into Russian. Henderson also writes frequently for the [Wall Street Journal](#) and [Fortune](#) and, from 1997 to 2000, was a monthly columnist with [Red Herring](#), an information technology magazine. He currently serves as an adviser to [LifeSharers](#), a nonprofit network of organ and tissue donors.

Henderson has been on the faculty of the Naval Postgraduate School since 1984 and a research fellow with Hoover since 1990. He was the John M. Olin Visiting Professor with the Center for the Study of American Business at Washington University in St. Louis in 1994; a senior economist for energy and health policy with the President's Council of Economic Advisers from 1982 to 1984; a visiting professor at the University of Santa Clara from 1980 to 1981; a senior

policy analyst with the Cato Institute from 1979 to 1980; and an assistant professor at the University of Rochester's Graduate School of Management from 1975 to 1979.

In 1997, he received the Rear Admiral John Jay Schieffelin Award for excellence in teaching from the Naval Postgraduate School. In 1984, he won the Mencken Award for best investigative journalism article for his Fortune article "The Myth of MITI."

Henderson has written for the New York Times, Barron's, Fortune, the Los Angeles Times, the Chicago Tribune, Public Interest, the Christian Science Monitor, National Review, the New York Daily News, the Dallas Morning News, and Reason. He has also written scholarly articles for the Journal of Policy Analysis and Management, the Journal of Monetary Economics, Cato Journal, Regulation, Contemporary Policy Issues, and Energy Journal.

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