

The Coronal Virus and Challenge to Our State Organizations

Part 11
Friday April 3, 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

Cases In Texasⁱⁱ

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

Path of the Virus

We are now in the thick of the pandemic. Effective response must move from restricting travelers to restricting the spread from active carriers in each community. The emphasis is on individual quarantines and controlling movement in the community as well as wearing masks to protect others from one's breathing and coughing.

The primary mode of transmission is now thought to be from droplets that are expelled when an infected person sneezes, coughs or simply breaths out. Communities are practicing social distancing which is currently interpreted to keeping six feet between persons. That assumes moisture particles from an infected person will drop to the ground or decay in the air in a distance of six feet. On the other hand the virus may be in much smaller particles termed aerosols. Aerosols may float much greater distances, 25 feet or more, but it is not known if infection does occur or occur significantly from aerosols.

Transmission by close contact, less than 6 feet, is now assumed and resulting in efforts and legal orders to restrict human movement that would put people in close contact. Resultantly, offices and most retail establishments have closed. Travel is restricted to getting food, going to medical services, securing gas and other necessities. Large public gatherings are not advised or are illegal.

What Are The Virus Consequences

The immediate consequence has been sharp drops in travel, retail trade as well as heavy demand for medical and hospital services. It is assumed that such steps reduce the incidence of the infections and thus demands on health care, general sicknesses and death. Data still accumulate about how rapidly the virus spreads, its average fatality rates, specific treatments and the development of a vaccine.

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

- The Texas Workforce Agency is the state resource for applying for unemployment benefits. The agency reports that they have gone from several thousand calls a day to one and one half million in one 24-hour period this week.¹The agency has launched a chat bot to improve the agency's ability to respond to callers.
- The Texas Department of Criminal Justice and the Texas Juvenile Justice Department have large numbers of individuals remanded to their agencies from Texas courts. In a given year juvenile courts send more than 50,000 youth to the county juvenile system. Some are placed on probation and others are placed in juvenile detention facilities. The most serious offenders are sent to facilities of the Texas Juvenile Justice Department. In 2019 TJJD had 1,117 youth in its facilities and

¹ <https://cbsaustin.com/news/local/texans-overwhelm-state-unemployment-office>

there were a larger number in county facilities with 19,700 in facilities or on parole living at home or in a halfway house. Recently TJJJ has not accepted any youth or staff sent to its facilities that test positive for Covid-19.

- Adult authorities in criminal justice have far larger numbers. There are 146,000 in state prison facilities and tens of thousands in community supervision. As of Monday, two Texas prisoners and seven employees at TDCJ had tested positive for the virus at various facilities throughout the state, according to the department. Hundreds of inmates were being restricted because of possible exposure.
- Those in prison both adult and juvenile are persons very susceptible to Covid-19 and if ill can pose huge burdens on the staff and the system. Houston-Harris County facilities, such as jails, have initiated efforts to release non-violent offenders to address developing cases of the virus in opposition to Governor's orders.^{iiiiiv} All in all the spread of the virus places persons sentenced and those that work at the facilities at high risk and sheltering at home or social distancing are not viable strategies.

What We As Individuals and Members Of Our Organizations Can Do

We must be well informed about this epidemic, how it spreads and the risks to others. As a general rule self-isolate as much as possible. When with others, maintain at least 6 feet of distance. But a recent study advises that 27 feet is needed.² Be informed on the symptoms, how it spreads including its presence on surfaces like door handles, elevator buttons, hand rails, desks, telephones and paper. It is reported to remain infectious from a few hours to several days on some surfaces.

Each organization should have a website available to all that provides data about the virus and how to address prevention as well as reporting suspected infections. Think through agency procedures

² <https://jamanetwork.com/journals/jama/fullarticle/2763852?appId=scweb>

that could increase the risk of infection. Offices that serve the public or procedures that require coming to agency offices as much as possible should likely be replaced by the use of the telephone and internet access. Remember all that can be done to minimize social contact helps control spread.

Economic Issues

A separate consideration apart from the specifics of the virus, its prevention and treatment is how this is affecting the community and the economy. The immediate issues are levels of working and trade. Holding one's job is critical to survival but if one works with others then the risk of acquiring the virus is increased. The service economy including hotels, airlines, restaurants and bars has been greatly impacted. Manufacturing particularly those products that come from long lines of assembly and use overseas suppliers may have a lag time relative to services like travel and lodging but began in April to show stress. Dropping energy consumption is very evident and that is affecting several areas of the state.

Broad Economic Indicators of the Impact

Major indicators of economic activity across the nation continue to contract. Unemployment, nationally, is predicted to rise to 4% this quarter and a record number of persons, 3.2 million filed for unemployment last week and then on Thursday, April 2, 2020 a new record of 6.6 million filed. This is the highest ever with the previous record in 1982 of 695,000. Without jobs persons cannot pay rent or mortgages, auto payments, credit card purchases, purchase groceries, buy restaurant meals or pay utilities. Often health care is tied to employment and thus there is no means to pay medical and hospital bills.



Since February measures of the stock market like the Dow Jones Industrials have lost about a third of their value. Most central to the Texas economy is the price of oil. It has dropped as low as \$20 and closed Thursday, April 2, 2020 at \$25.60. Simply watch the price you pay for a gallon of gasoline. When it is below \$2, then critical implications are underway. It has begun affecting oil production, employment and capital investment in the Permian Basin.^v

Mexico, Texas' largest trading partner is sharply affected by the drops in oil consumption with the price of crude oil from its wells falling to \$10 a barrel. Without adequate refining capabilities, Mexico is dependent on oil being shipped to Texas for refinement and Texas shipping gasoline back to Mexico. The largest source of income and jobs in Mexico come from travel and tourism. Next in size are agricultural exports such as avocados, citrus fruits, fresh vegetables and fish. Fourth are manufactured products particularly the NAFTA factories in northern Mexico. Activity in all of these areas is sharply down and the average Mexican family like Ameri-

can families has very low levels of savings. As the virus now appears in Mexico, there is mounting fear and increased social disorder across the country. Nuevo Laredo and Juarez are two of the most visible border cities and both have been hit by high levels of crime with Juarez averaging in March about 5 homicides each day. The violence across the border creates challenges for public safety in Texas cities like El Paso and Laredo with the burden falling on city, county and state law enforcement.

Building organizational and personal resiliency is the critical response for all.

There is in the literature of economics, anthropology and political science as well as history, thinking that presents evolutionary changes that occur with some regularity.^{vi} Economists suggest there are four stages of the economic cycle referred to as the business cycle. These four stages are expansion, peak, contraction, and trough.

Evolutionary change has been part of the history of Texas. Raising cattle on ranches and then driving them in large herds to markets was a way of life that developed after 1860. It was a powerful economic activity for 30 to 40 years as railroads reached Kansas that would take cattle to feedlots and rendering plants in Kansas City and Chicago to be processed into beef to provide for markets on the east coast. But with railroads coming to Ft. Worth by 1890, large scale drives disappeared and cattle were sold at county auctions and then shipped to Ft Worth by train and then truck.

At the start of the 20th Century the economy of Texas was agriculture. The discovery of oil, first, in North Texas and then East Texas initiated a process of creating a new economy and then a new society. Over the next hundred years people moved from rural areas and small towns to cities and by 2000, Texas was urbanized. By 2010 Texas was one of the most promising places to live in the United States. It competed with California in growth and trade, but with a lower cost of living. With oil prices well over \$50 a barrel

and often reaching \$100, its natural resources provided great wealth. The efforts in computers and engineering earned it a title of the “Silicon Hills” to compare with California’s “Silicon Valley” and the engineering and manufacturing heights of New York and particularly, Boston, Mass.

But since the spread of the coronavirus, the fragility of many of the economic structures of Texas is visible. All energy consumption, especially oil has fallen across the world. As it did in the 1970’s, Saudi Arabia is expanding its low-cost production to remove current competition. That hits all of Texas but especially the relatively new production areas based on injecting water and sand into geological structures resistant to traditional drilling. But this costs more and as a rule oil must be above \$50 to be profitable. Mexico and then China are the two largest trading partners of Texas. Both are in trouble. Electronics was one of the newest areas of the Texas economy but it is intertwined with China and other Asian countries, all in lockdown from the virus. From perhaps 1950 the growing emphasis in development was globalization. There has now been a pause and perhaps the movement to another paradigm as the economic cycle moves from contraction to trough.

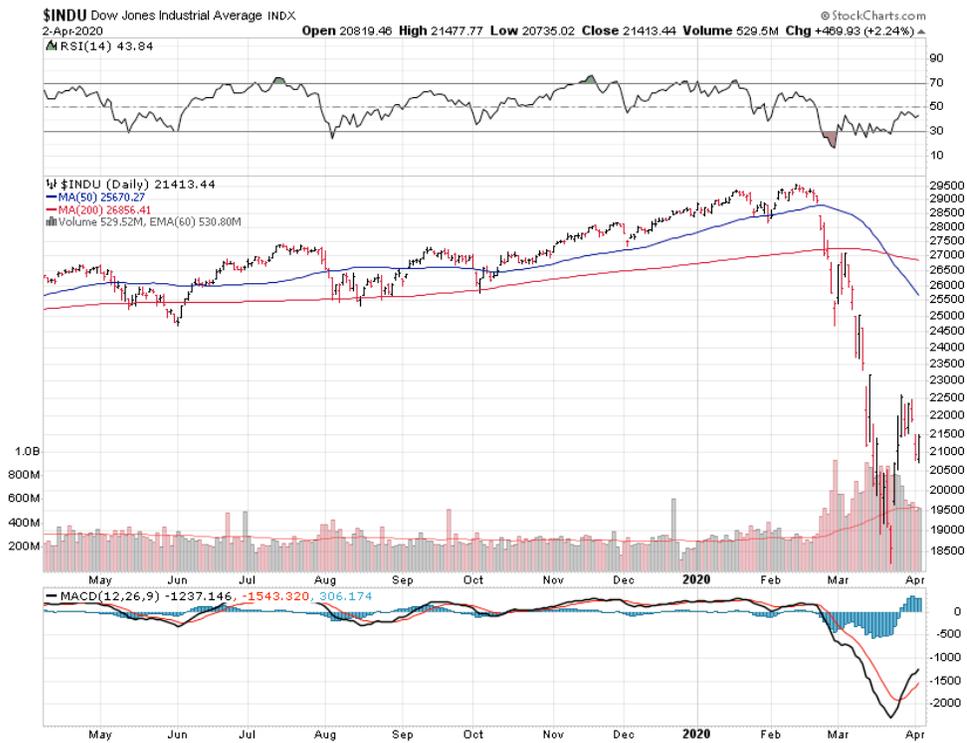
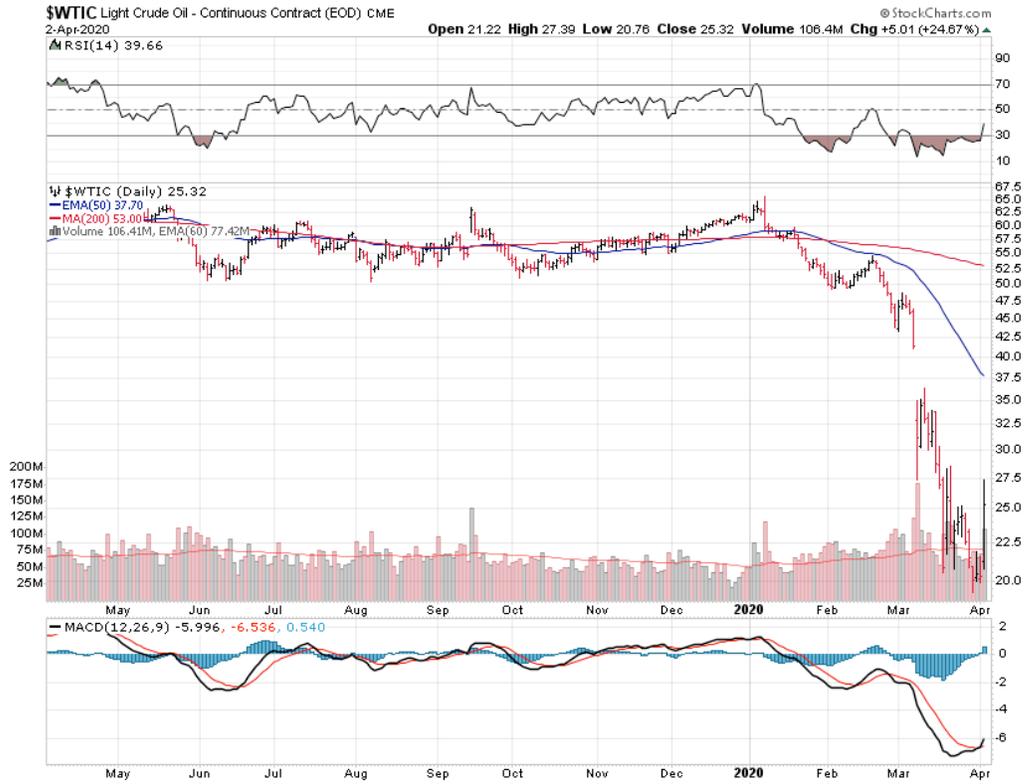
We are now entering a time of profound change and challenge for Texas. We may be facing a need to create a different economy less reliant on oil and less on the current long, complex chains of the current manufacturing paradigm.

Either restoring the old paradigm or creating a new one 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. Put an emphasis on using technology to avoid meetings but increase communication among people. Examine all core functions to find ways to get the work done that lessens direct person to person contact. Find alternative ways to meet core functions. Here is an example:

Crime rates vary over the decades. The 1960's saw rising neighborhood crime and many areas did not have the resources to rapidly increase police and patrols. The Neighborhood Crime Watch was created.^{vii} It asked neighbors to get to know each other, work routines and what cars were owned. A neighbor would serve as a coordinator and would circulate a list of all neighbors and how they could be contacted. People became more in contact with each other and watchful of strangers traveling in the neighborhood. Cities and counties would detail an officer to assist neighborhoods in creating such watches.^{viii} Today several Internet applications exist to extend the concept of the Neighborhood Watch.^{ix} Historically such watches can be traced back to Medieval Times such as the 1300's in rural areas of England.^x

The bottom line is that when vast challenges occur for the individual and the community, **group and organizational communication is the best resource for meeting such challenges both through increasing existing approaches and finding new ones.** We are facing a challenge now greater than for example what occurred after the bombing at Pearl Harbor in 1941 or at 9/11 in 2001 when the country was attacked.

Key Economic Indicators: Oil and Stock Market



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- ⁱ <https://www.worldometers.info/coronavirus/>
 - ⁱⁱ <https://www.livescience.com/coronavirus-updates-united-states.html>
 - ⁱⁱⁱ <https://www.khou.com/article/news/health/coronavirus/harris-county-extends-stay-at-home-order-through-april-30-citing-alarming-accelertion-of-covid-19-cases/285-46fda6df-572e-48e3-930b-92eade3f68ec>
 - ^{iv} <https://www.texastribune.org/2020/03/31/jail-coronavirus-harris-county-judges-greg-abbott/>
 - ^v <https://oilprice.com/Energy/Crude-Oil/The-Permian-Boom-Is-Going-Bust.html>
 - ^{vi} <https://corporatefinanceinstitute.com/resources/knowledge/economics/kondratieff-wave/>
 - ^{vii} <https://www.nnw.org/what-neighborhood-watch>
 - ^{viii} <https://www.austintexas.gov/faq/how-do-i-start-neighborhood-watch>
 - ^{ix} <https://www.nytimes.com/2019/05/29/technology/personaltech/neighborhood-crime-apps.html>
 - ^x <https://www.nationalarchives.gov.uk/education/candp/prevention/g02/default.htm>