

Shut ALL down, Do it NOW!

The Health of the People Goes together with That of the Economy

By Luca Paolazzi



Once upon a time there was the arduous choice. The British call it aseptically «trade-off». But how can you remain indifferent if you have to decide who or what to save? Human lives or the economy, the present or the future?

Until a few days ago everyone thought that it was necessary to decide between the two. Hence the shilly-shallying, the playing for time, the linguistic twirling, the entrusting to the conscience of the individual, to the civic sense, to close without ordering the closure, to social-distance but go to work. To make what and for whom, as nobody buys?

Now it's clear: saving lives comes first. And it goes hand in hand with saving the economy. The sooner we take the painful decision to order the total shut-down and the «everyone at home», with the army to make us obey, if necessary, the more lives we save and the more economy we save.

Why? Simple: one by one the sectors are anyway going out, but it is a slow and long agony. And whoever had to shut-down first, due to legal law or strict economic law (anyway it is *dura lex sed lex*, hard law but law), suffers more and gets closer to the brink of bankruptcy. We think of hotels and airlines, just to name two of a long and dark list.

While if we decree the immediate closure, as China did, of every activity, we shorten the time of the standstill and approach the moment of the restart. Which, let's face it, will not be a "V", a daring descent and an ascent, nor even a "U", which between the descending and ascending phases puts a pause for reflection. If it is all right, it will be an inverted "J", where the recovery will be partial and gradual.

Why? For seven reasons, as the latest *Ceresio investors* newsletter explains:

1. people will not trust to immediately start the existence they led before (and if by chance there was only one coronavirus left around and infecting me?)
2. the restrictive measures will be gradually relaxed (to see the effect it has)
3. the international trips of people will remain limited, to avoid importing the epidemic again
4. the factories will slowly reopen, in line with the semi-finished products available and the incoming orders
5. the current fall in income is so steep that it affects future spending power
6. the collapse of the stock exchanges will force us to be thrifty to replenish the lost savings

7. the countries first exiting from the epidemic will move headwinds because others lagging behind and still shutting-down.

So it is, like it or not. The important thing is to avoid an "L": depression after recession. And this is the aim of the economic policies which are launched and continuously adjusted to the need.

It is not, unfortunately, a *reculer pur mieux sauter*, a run-up to take a higher jump. But please, now that human life and economic life are completely reconciled, shut-down everything. NOW!