

PERSPECTIVE



U.S. airlines are on track to receive \$50 billion in government aid, while Boeing Co. and aerospace suppliers are seeking at least \$60 billion in assistance. Only one of those groups has shown any kind of self-sacrifice before putting its hand out.

Details started to trickle out last week on the Treasury Department's assistance proposal for an airline industry brought to its knees by a slew of border closings as the world desperately tries to stem the spread of the coronavirus. The package will consist of secured loans, rather than the mix of loans, grants and tax relief the industry had sought, Bloomberg News reported. This will come on top of a relief package passed by the Senate that provides paid sick leave and food assistance for vulnerable populations and financial help for

You would think super rich corporate CEOs and other executives would have to give up something in return for getting saved by taxpayers. But will they?

coronavirus testing.

Underscoring the urgency of the sector's needs, Delta Air Lines Inc. last week announced a stunning 70% reduction in flying capacity. Even that may not be enough: the current plans likely don't reflect a closing of the U.S.-Canadian border that was announced earlier, nor any limits on domestic travel, which President Donald Trump has said are possible. As a result, Delta is parking half of its fleet — more than 600 planes — and deferring nearly all capital spending, including new aircraft deliveries.

For the aerospace manufacturing sector, that means both significantly less maintenance work on existing

jets and a dramatic drop in demand for new planes, fueling their call — championed by Boeing — for assistance. Everyone has an argument for why they need a hand, but only the airlines have publicly demonstrated a willingness to make changes to the way they run their business and compensate their leadership.

Delta suspended its buyback program earlier this month. CEO Ed Bastian had already cut his salary to zero for the next six months and the board will now forgo its compensation as well. Officers and mid-level managers will take pay cuts. United Airlines Holdings Inc. and Southwest Airlines Co. have also announced spending

reductions that include salary cuts or freezes for their executives, while American Airlines Group Inc. CEO Doug Parker is paid only in stock.

"We are having constructive discussions with the White House and Congress and remain optimistic that our industry will receive support to help address this crisis," Delta CEO Bastian said in a note to employees on Wednesday. "That said, we have to continue to take all necessary self-help measures."

I'm not going to argue that the airlines are some beacon of corporate responsibility, and the reality is these cash preservation measures aren't going to be enough on their own to

save some of these companies if the worst-case scenario for the coronavirus pandemic is realized. But it's better than doing nothing and the symbolism is important for anyone who has their eyes on government cash. And the silence on this front from Boeing and its suppliers has been deafening.

GE's got the money

Not a single major U.S. aerospace manufacturing CEO has announced a pay cut to my knowledge. That includes Boeing's David Calhoun, who collected annual six-figure cash payouts during his decade on the board and then was awarded a \$1.4 million salary, a regular bonus that will pay out at a minimum of about \$2.5 million this year and the promise of a special \$7 million payout if he hits certain strategic milestones when he became CEO earlier this year.

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Our lives, interrupted



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This isn't what it was supposed to be like.

We've all seen the Hollywood version of the great pandemic. Chaos. Ambulances, sirens blaring, constantly screaming by our homes, transporting the afflicted. A car crashes, its driver overcome in mid-drive by the deadly virus. Looting, gangs, armed survivalists protecting their encampments.

What is making this so hard to process is that much remains deceptively ordinary. Some people have been directly touched by COVID-19, but not most of us. Yes, there are the empty shelves in the markets, the run on toilet paper, and the constant media updates.

But it is all largely in reaction to the virus threat, not directly caused by it. Our schools, restaurants, bars, entertainment venues, malls, sports, even our places of worship have been closed down not because of staggeringly high numbers of sick people, but in an effort to prevent the numbers of the stricken from growing exponentially, as the infectious disease experts warn us would happen if we continued life as normal.

It is quite the leap of scientific faith

folks are being asked to make. And it is hard. The small business owner, who through long hours of work and the willingness to take risks found modest success, suddenly doesn't have the revenue coming in to pay her workers or the bills. Those workers find themselves out of jobs.

Families are under stress, with the kids home and schools closed indefinitely. Kitchen tables and spare rooms have turned into makeshift home offices. Parents fight with teens intent on hanging out with friends. Incomes have been interrupted, while 401(k) retirement savings dive with the markets.

So much pressure, so much uncertainty. And so much of the economy shut down.

As of Friday, the number of confirmed cases in Connecticut was zooming toward 200 and there had been three virus-related deaths, all elderly. The numbers are hardly overwhelming when measured against the death and disease of our normal, mortal existence.

But, we are told, the number of infected people out there is much higher than the confirmed cases, perhaps by many magnitude. How much higher, even the experts don't know because the availability of testing has so far fallen far below the need. We are asked to prepare for the worse, to take these drastic steps, because if we don't the growing number of COVID-19 cases could explode, overwhelming the ability of our hospitals to handle it.

How long will we have to hunker down? When can the businesses

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I am a small business owner. The CDC order is a death sentence.

By CATHY MERRILL

I believe in science, trust experts, and have spent the past week self-quarantining and yelling at my kids to wash their hands. But I was still floored when the Centers for Disease Control and Prevention announced that gatherings should be put off until May 15.

I am a small-business owner with roughly 75 employees. Like most of my business-owner friends, I had hope last week that we could all hunker down and get through this crisis quickly. But that hope has been extinguished by the restrictions on gatherings urged, and in some cases imposed, by the administration, the CDC and state governors.

May 15 is eight weeks away. How many of the officials setting emergency policy have ever run a small business? Very few, I suspect. To be clear: Two months is not a hiatus; it is a death sentence for small business.

How can the government help? Emergency-related decisions need to be revisited in shorter and predictable periods of time as the science dictates. Mass testing for coronavirus will become available. We need to recalibrate for the facts as they develop.

Let's all keep social distancing, as the experts say it will reduce spread, but let's revisit curfews and gathering restrictions in two-week segments. Give us businesses hope that we might reopen before May

15. Give parents hope that their children will go back to school before the end of the academic year.

Americans can do anything for a week or two, but 60 days is a lifetime. Businesses will go under, and kids will go on unsanctioned play dates. And let's not even talk about teens and young adults who are supposed to forgo social life and dating for that long.

The math is simple. There are roughly 30 million small businesses (firms with fewer than 500 employees) in the United States, representing 49% of private-sector jobs. Most have a profit margin of roughly 10% to 20% (if they are lucky). A two-month hiatus means their profit is gone for the year. So, say we aim to break even. But to break even, we must rebound fully after the two-month "hiatus." Who believes that will happen? None of my small-business CEO friends.

So now we are faced with a loss. What to do? Take a small-business loan? Why would I create more debt in uncertain times? Think about it: For restaurant owners, the biggest expense after employees is rent. Are they going to borrow money so they can just pay the landlord? Why not close shop and declare bankruptcy? Maybe start again with a much lower lease if the economy revs back up a year from now.

If you are near retirement or near the end of your lease, this decision is easier: Quit now while you still have a little cash left. Layoffs, which

are already happening, will be enormous and widespread by the beginning of next week. Bankruptcies are certain to follow.

As Elon Musk told Tesla employees, coronavirus panic is worse than the virus itself. Virus infections can at least, eventually, be quantified. But who is going to quantify the number of deaths from unemployment stress, food insecurity, depression or lost health insurance — plus the spike in suicide rates and heart angina from the stress of being laid off or furloughed?

Without fast action, our country is going to experience record unemployment levels, possibly higher than even those in the Great Depression. Government needs to act quickly, but it also needs to be able to revise quickly. Set policies, and then amend as conditions warrant. The notion that the nation will be able to freeze small business in place for two months and restart it with ease is preposterous.

While I believe that the United States has the smartest scientists in the world, I don't believe anyone can predict where the country will be 60 days from now. Let's not try. Let's leave the door open to revise policy and loosen restrictions.

Cathy Merrill is chief executive and owner of Washingtonian Magazine, a monthly magazine distributed in Washington D.C. She wrote this for The Washington Post.