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APRIL 2020 NEWSLETTER

April has been an incredibly trying time for all Americans. Over the months and years ahead, we must prepare for seismic changes that will impact our nation and the world. At the same time, this is an opportunity to help those in need and carry forward the spirit of the Coast Guard Auxiliary as we navigate the “new normal” together.

COAST GUARD AUXILIARY
FLOTILLA 1-1 | DISTRICT 11SR





MESSAGE FROM THE COMMANDER

ROBERT YSLAS, FLOTILLA COMMANDER

Shipmates,

While many of us have been quarantined in our homes, practicing social distancing, and yearning for the days when we gathered and enjoyed the sun, take solace in the fact that our days of anxiously waiting will soon come to an end. Like you, I am very eager to return to my duties of engaging our public in our various missions, to include vessel exams, program visits, instruction and training opportunities, and recruiting. Each of you, as a member of the Auxiliary, are integral to the mission of providing service to our boating community. Additionally, we have a separate mission of promoting the Auxiliary to the general public. You were each attracted to the Coast Guard Auxiliary for a variety of reasons and each reason is validated in what you bring to the organization, to include your skills, knowledge, empathy, and dedication. These are trying times and our future may be changed by what we have encountered, but our mission will remain the same: helping and educating the public.

While we continue to heed the instructions from our government and Coast Guard Auxiliary leadership, we have a unique opportunity to grow. I don't necessarily mean in numbers per se, but rather growth in knowledge. In order to move forward with our mission, we have to take care of our own training, just like the active duty, in that we must ensure that our CORE training and Basic Qualification courses are complete. If you're bored at home, take this time to tackle a boating safety course offered through the state and, don't forget, take the Introduction to Risk Management if you are serving in a leadership position or if you are participating in any of our programs. While it seems tedious and a bit alien, rest assured that each plays an important part in forming who we are and what we do for the Coast Guard and Auxiliary. Let's take this unfortunate period of time to turn it into something productive, positive, and worthwhile. Our days in the sun will return...so let's be ready!

STAY ACTIVE AND ENGAGED

MENTAL HEALTH DURING THE SHUTDOWN

Undoubtedly, one of the toughest aspects of working through this period of quarantine and social distancing is maintaining our mental health. The stay-at-home order feels unnatural because it is. As both science and intuition have proven, we humans are social creatures.

Of course, we are living in an unprecedented period which requires collective sacrifices that this generation has never known. While we should all do our part to protect our communities, it's important to recognize strains on our mental health.

Therefore, I recommend using this time to stay regularly engaged with your friends, family and fellow Auxiliarists through phone and other communication platforms. And if you're feeling particularly stressed or pressured, please do not hesitate to reach out to a loved one or to use the resources available to you. We will get through this together!





COAST GUARD IN THE NEWS

KEEPING WATCH WHILE AMERICA IS IN QUARANTINE

As you know, the leadership of the Coast Guard Auxiliary has issued a stand-down order from all face-to-face Auxiliary operations. In light of the dramatic spread and perniciousness of Covid-19, this was the right call. Personally, I am heartened that the Auxiliary is first and foremost protecting our most cherished assets: America's volunteer Guardsmen.

That said, this is a great time to remind ourselves that the Coast Guard's active duty service members and reservists are still on the front lines, safeguarding our territorial waters from all threats. One of the starkest narratives driving the novel coronavirus pandemic is that these threats don't necessarily fly the flag of a belligerent entity.

Rather, the irony has not escaped me that the most powerful nations of the world have been quickly humbled by a microbiological threat, one that has no regard for any of the natural or artificial barriers that we humans deploy to differentiate ourselves. Further, we have very little understanding of this coronavirus, prompting various responses but lacking the confidence to know their efficacy.

Despite this chaotic environment, the Coast Guard has stood strong, tasked with the primary duty of protecting the American people. This was most evident when the maritime arm of the Department of Homeland Security efficiently managed the turmoil in our waterways as Covid-19 began spreading among multiple cruise line passengers.

In February, the rapid deterioration of the stricken [Diamond Princess cruise ship](#) which eventually docked in Japan provided a macabre blueprint of what could happen without effective mitigation procedures. Understanding this, at the beginning of April, the Coast Guard directed all cruise ships "to prepare to treat any sick passengers and crew on board while being [sequestered 'indefinitely' offshore](#) during the coronavirus pandemic."

On April 22, *CMV* reported that the [last ship belonging to a major cruise liner](#) had finally reached port, in this case, the Italian port of Genoa. As it pertains to the vacation-at-sea industry, the Coast Guard has admirably performed its duty, playing a substantial role in curbing the U.S. coronavirus infection rate.

However, true to its motto of *Semper Paratus*, the Coast Guard now has a new mission: oversee and manage the [massive influx of oil tankers](#), particularly near the ports of Los Angeles and Long Beach.

Why oil tankers? If you've been keeping up on business news, you'll now that in the commodities market, the May contract for oil futures fell almost \$40 below zero. According to *NPR*, this is the [first such occurrence in history](#).



Of course, this doesn't mean that you can now fill up your car for free. But what this dynamic implies is that oil demand is so deflated that nations would rather pay *not* to take delivery of oil for the month of May. Based on a report from the *New York Times*, the [world is running out of places](#) to store the once-extremely valuable commodity.

Peak oil? Today, our biggest threat is peak supply!

Negative oil prices, along with a litany of unprecedented economic and social flashpoints, are areas that I hope to cover and address for my fellow Auxiliarists. It's safe to say, though, that we are living in unprecedented times. Because of these extraordinary circumstances, it's understandable if any organization would lose focus.

But that's not how the Coast Guard operates. Irrespective of trials and tribulations, they are holding the line, protecting our people and the interests of this great nation. So, while we do our part to help each other and our communities, the active duty and reservists are tirelessly implementing the federal government's mitigation strategy.

It's no hyperbole to say that without the Coast Guard's unwavering commitment, the coronavirus would have become a far greater catastrophe. For that, we are all truly grateful.

TO OPEN OR NOT TO OPEN

SOME PERSPECTIVE ON A RISING NATIONAL DEBATE

With Californians and much of the U.S. having been in quarantine for at least a month, a surging restlessness appears to be breaking out in an inferno. Indeed, throughout the country, tens of thousands have protested their state governments' decision to continue imposing shelter-in-place orders.

As an independent contractor myself that provides consultation services to multiple corporations, I wholeheartedly understand the frustration. Without an economy, businesses don't operate, which translates into me not being able to work. And because I play an active role in the local economy – on any given week, I'm grocery shopping, eating out at a restaurant or catching a movie, among many other endeavors – other small businesses depend on my patronage.

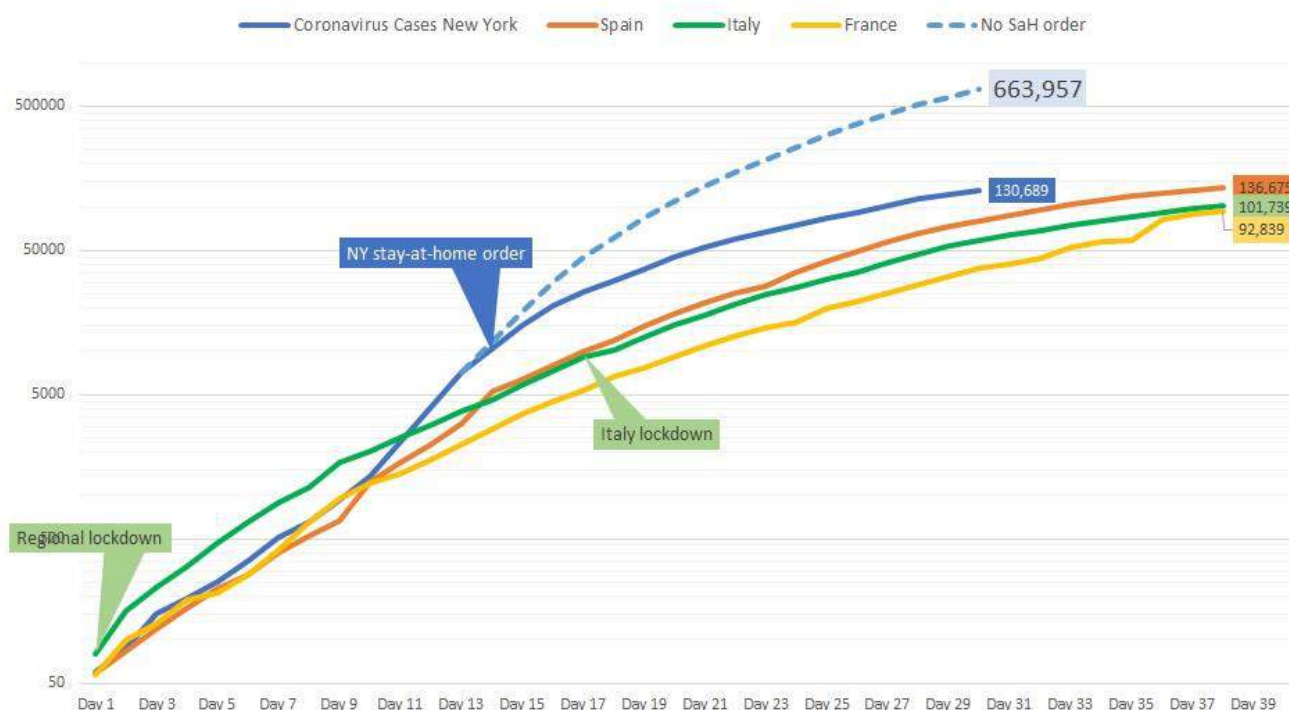
Multiply that by the size of the U.S. labor force ([163.54 million people](#) in 2019) and you get an idea of just how devastating a prolonged shutdown would be.

Not surprisingly, many Americans have had enough. Recently, protests erupted in Encinitas, with Sheriff's deputies [arresting multiple people](#) for violating California's stay-at-home order. Again, I understand this exasperation, as do many people who are watching their livelihoods go down the drain.

Obviously, generals don't fight battles expecting every one of their soldiers to return home safely. It's as unreasonable as expecting to play a competitive chess match with all of your pieces on the board at the end of it. Eventually, you would imagine that tough decisions must be made at the top.

However, we must also realize that every crisis is unique. Regarding the coronavirus that causes Covid-19, we just don't know enough about it to make wholesale policies. A great example is the devastation that occurred in the state of New York, which has become the pandemic's global epicenter.

Comparing New York Coronavirus Cases to Euro Nations



What many people don't realize is that on day 14 since major community spread sparked in the Empire State, the prior three days' daily growth rate of coronavirus cases (days 11, 12, and 13) averaged a whopping 72.91%. No other country that I have analyzed showed a growth rate that consistently explosive two weeks following major community spread.

To put this into further perspective, on days 11 – 13 following community spread in coronavirus hotspots Spain, Italy and France, these European countries averaged a daily case growth rate of 28%. That's steep but nowhere close to what New York suffered.

Performing statistical analysis, I estimate that had New York Governor Andrew Cuomo not implemented a stay-at-home order on day 14 – which corresponds to March 20 – his state would have seen nearly 700,000 cases by early April.

Even with Governor Cuomo's unprecedented actions, at time of writing, New York coronavirus cases are quickly approaching the 300,000 mark. Among them, nearly 22,000 have succumbed to Covid-19.

Furthermore, you must consider that New York was on the verge of imploding into racial violence. As Covid-19 began spreading aggressively in the U.S., [hate crimes against Asian Americans escalated](#). This was particularly pronounced in New York City.

Taking the unreal surge in coronavirus cases, along with evidence of social fracturing, I sincerely believe that Governor Cuomo acted in the best manner possible with the available information he had.

Does that mean that the rest of the country must remain shuttered? Without getting political, all I can say is that this is an incredibly tricky and divisive issue. While it's important to protect American lives, we cannot let a health crisis devolve into an economic crisis. As the *Harvard Gazette* implied, [mental health issues](#) during this coronavirus pandemic is being silently ignored out of necessity.

If we fall into a prolonged recession, that mental health pressure will only exacerbate. Naturally, this could lead to a host of domestic and societal problems, eventually making the cure worse than the disease.

Unfortunately, there is not much I can provide in terms of actionable guidance. However, these three points come to mind:

- Examine all sides of the argument before supporting a particular policy
- Use this time to exercise your rights as an American citizen, such as expressing your concerns to your elected officials
- Vote for the individuals you believe are best equipped to serve our communities and our country

Above all else, this is a time to count your blessings. If you're fortunate enough to be working, consider supporting small local businesses. For instance, while restaurants' dining areas are closed, most are offering takeout and delivery services.

Or, if you happen to have extra supplies of essential goods, you may wish to donate them to people in need. And always, an encouraging word can go a very long way, especially in this trying time.

Perhaps this is the most important lesson of this pandemic – even if our economies are closed, it doesn't mean that our hearts have to be.



WE ARE SEMPER PARATUS

SUPPORTING THE CAUSE WHILE ON STAND-DOWN

Beyond the loss of employment and business opportunities, one of the most difficult aspects of our new normal has been the disruption to our social networks. For millions of Americans of faith, this has come in the form of church closures. Though live streaming has helped lessen the loss, nothing can replace the power and substance in face-to-face communication. That's to say nothing of the [devastating financial impact](#) that faith-based institutions face.

For those of us in the Coast Guard Auxiliary, the stay-at-home order has been especially trying. Since the first time I visited our flotilla, I was struck at how engaged our members were and the enthusiasm with which they conducted their operations. Clearly, we're raring to go out in the field once we get the green light. And this sentiment is not unique to our flotilla.

While we must stand down for the health and security of our nation, I'm reminded of an ethics training session that I attended last year. One of the key messages from the discussion was that when we are in uniform, we are representing the Coast Guard, the Auxiliary and ultimately, our country. But even outside of our duties, we must remember that we are serving a purpose that is higher than ourselves.

True, everyone in the Auxiliary would much rather serve via an official capacity. But this time of quarantine is also an opportunity to organically promote the values and principles of our volunteer organization.



What does that look like in practical terms? For many, it could simply come down to encouraging our friends and families to bear the unknown and the associated frustration for just a little while longer. Understandably, many Americans have become extremely agitated over this mass-scale disruption. Of course, we will have a national debate over this topic, something that will likely dominate the political landscape for years to come.



Right now, though, the focus is on getting through this storm together. No, we are not operating in the field as Auxiliaries. But we can still help our fellow Americans, particularly those who cannot help themselves. This is a great time to check in with elderly neighbors – while practicing social distancing and common-sense protocols – asking if they need help with grocery shopping or with any other service.

By doing this, we keep the spirit of our all-volunteer Auxiliary alive and well, in addition to being a force of good at a time when our communities desperately need it.

A CHANGING OF THE TIDE



PREPARING FOR THE ECONOMIC CHALLENGES AHEAD



A few days ago on April 23, the Department of Labor released a staggering report: another [4.4 million Americans filed for unemployment benefits](#). Over a five-week period, at least 26 million workers have made jobless claims.

Despite this awful statistic, it's surely an understatement. Utilizing yesteryear technology for their benefits processing, most if not all states find themselves overwhelmed from the cascading wave of the desperately jobless.

Of course, no one is blaming the state institutions. For one thing, the labor market has been improving – at least on paper – for the last few years. Moreover, during the trailing ten years, the [unemployment rate](#) has nearly reached but never exceeded 10%.

Based on the latest jobless claims, our unemployment rate is currently 16%. However, some economists who have factored in other circumstances – such as workers being unable to reach their state unemployment offices – have pegged an unemployment rate of 20%.

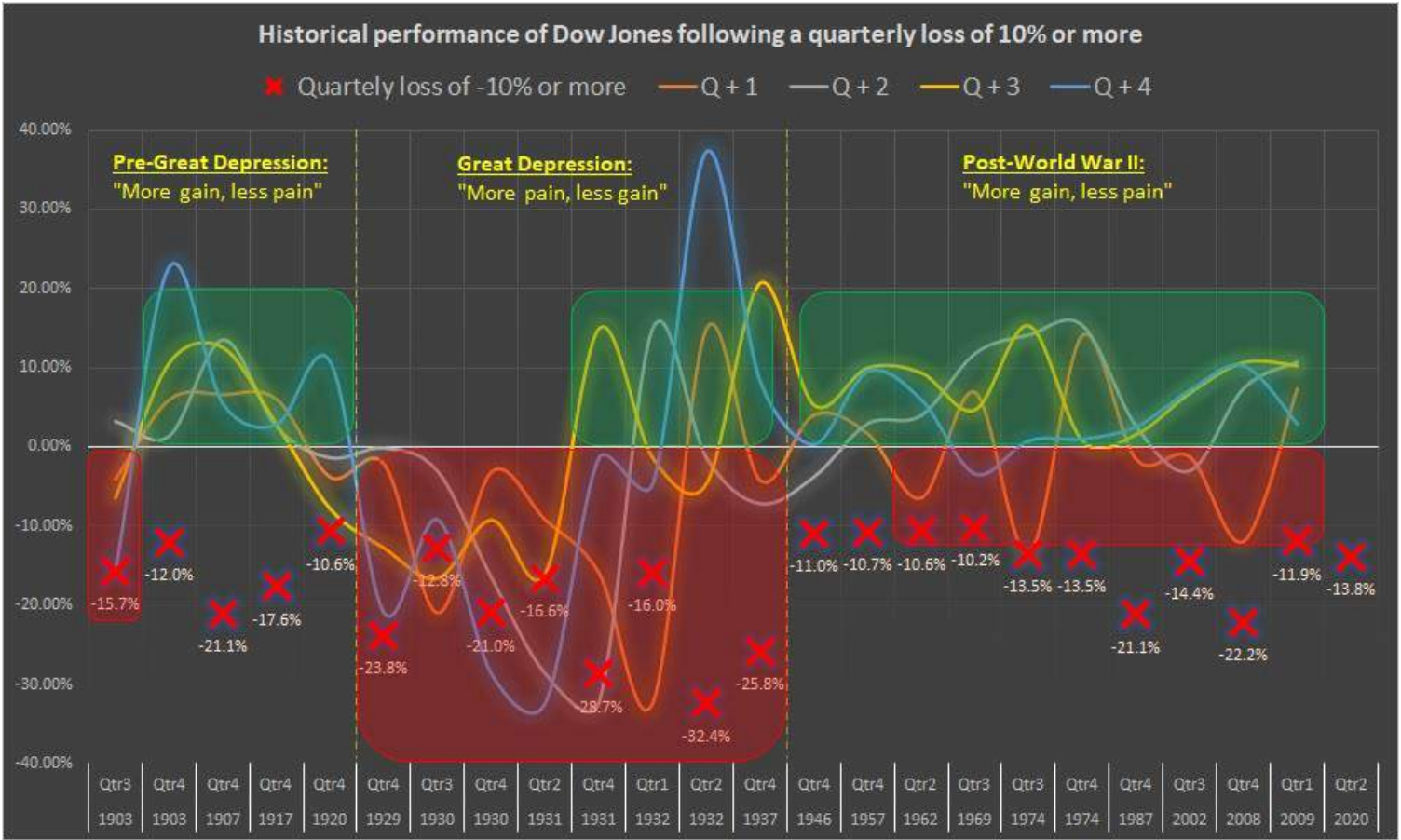
Even that doesn't begin to cover the coronavirus' devastation. According to a report from the University of Southern California, [more than half of Los Angeles is unemployed](#). In an estimate of San Diego unemployment, it's likely that [300,000 of our neighbors are now jobless](#). With a labor force of [nearly 1.6 million](#), we're talking an unemployment rate of almost 19%.

In recent weeks, I've heard talk about the possibility of a V-shaped recovery in the economy; that is, we'll see a sharp downturn followed by a quick upturn as the economy goes back online. While I obviously want such an outcome for all of us, I just don't think it's realistic.

That's not to say that you should give up all hope. Economies tend to move in broad cycles, much like the seasons of the year. Typically, periods of extraordinary growth and bullishness incur a "digestion" process where some of the excesses of capitalism run amok are filtered out and removed.

So long as we have humans, we will always have financial speculation. And that is one of the reasons why our economy and capital markets incur periods of extreme swings across the sentiment spectrum.

Prior to the stock market crash of October 1929 that lit the fuse for the Great Depression, the Dow Jones witnessed severe volatility, which I define as sequential quarter-to-quarter losses of 10% or greater. Yet each time this occurred in the pre-Great Depression era, bullish speculation helped lift the stock market – in other words, there was much more bullish activity than bearish.



Following October 1929, the narrative flipped. Understandably pessimistic, the Dow Jones incurred more bearish activity than bullish. Again, one of the reasons for this dynamic was that the market was filtering out the excess enthusiasm of the early 20th century. Investors had to go through significant pain before the stock market reached its equilibrium.

Interestingly, it wasn't until *after* World War II that the stock market fully recovered. And during this post-war era, the economic engine of the U.S. came alive as the baby boomer generation came of age. However, this period also saw economic and market turbulence, particularly the late 1960s/early 1970s, along with the 2000 tech bubble implosion and the 2008 global financial crisis.

But rather than allowing free market forces to naturally find their equilibrium, various presidential administrations experimented with fiscal engineering. These tools allowed us to mitigate recessions; that's why our downturns, such as the Great Recession, have been very short compared to what Depression-era Americans suffered.

Unfortunately, I believe our fiscal engineers have “tweaked” the economy so much that we’re now facing a severe correction from misguided policies of past decades. Therefore, while I would love for everything to bounce back to the “old normal,” I’m afraid this path has a very low probability of occurring.

I say this not to frighten but to warn you that the light at the end of the tunnel may be from an oncoming train. At the same time, I stress that this period of economic hardship would have happened whether the coronavirus pandemic occurred or not. In my view, Covid-19 merely accelerated the inevitable.

Historically, economies have always ebbed and flowed. Frankly, just because we’re Americans does not exempt us from powerful human forces that have impacted every other country.

To that end, I highly recommend taking the following actions to protect yourself against the challenging times ahead:

- Recognize and come to terms with the fact that what can be given can be taken away.
- Limit your exposure to consumer debt and large-scale risks.
- Use whatever time left with our shelter-in-place protocol to educate yourself on relevant skills and knowledge, particularly cloud computing.
- For those in the work force, consider updating your resume and reestablishing professional contacts through platforms like LinkedIn.
- For those who have been recently laid off, consider teaching your marketable skills – such as a foreign language or even personal passions like sewing – via online education services, such as [Outschool.com](https://www.outschool.com).

Above all, keep fighting. As someone who has been on both ends of the pink slip, I can tell you that losing your job or business opportunity just plain stinks – there’s no other way around it. But as my high school football coach loved to say to us, tough times don’t last but tough people do.

While I can’t promise that our nation will look the same five years from now, you don’t have to let exterior circumstances define you or your life’s trajectory. With the right attitude and some basic preparations, you can give yourself the highest probability of success.

Please send any written experiences about your assignments (and of course any photos!) to me, Josh Enomoto FSO-PB at JYEfinancial@gmail.com.