Material and commentaries published in the past may or may not be helpful in analyzing current economic or financial market activity. Please note publishing date when reviewing materials. Please email info@cumber.com for our current thoughts or to reach an advisor.



A Registered Investment Advisory Firm Since 1973

CLIENT LOGIN

The Covid-19 Blame Game, Part 1

David R. Kotok Fri May 1, 2020

As the SARS-CoV-2 coronavirus emerged in Wuhan, spread throughout China (as millions of Wuhan residents fled their city), and then found its way overseas to cause a global pandemic, pressure mounted on governments to justify their actions in response, and a blame game soon ensued, with the Chinese and US among the main players.



Initially, and just days after signing the Phase 1 trade deal, President Trump praised Chinese efforts to control the virus. On January 24, he said on Twitter,

"China has been working very hard to contain the Coronavirus. The United States greatly appreciates their efforts and transparency. It will all work out well. In particular, on behalf of the American People, I want to thank President Xi!"

And on February 7 Trump tweeted, "President Xi strongly leads what will be a very successful operation. We are working closely with China to help!"

However, on March 6, as the first US community-spread cases were appearing and Trump was still trying to label Covid-19 as a Chinese problem that had no real impact on the US, the president told reporters, "We just learned about [the virus] a very short while ago."

The following day the administration's own Centers for Disease Control and Prevention (CDC) hastened to mention that the US had "heard early on, at the beginning of – end of December – about this unusual illness that was taking place in Wuhan, China."

On March 11, White House National Security Adviser Robert O'Brien criticized China for covering up the Covid-19 outbreak. "It probably cost the world community two months to respond, during which we could have dramatically curtailed what happened both in China and what's now happening across the world," O'Brien intoned.

The next day, Chinese foreign ministry spokesman Zhao Lijian opined on Twitter that it might have been the US military that "brought the epidemic to Wuhan." He shared articles from a conspiratorial website to bolster his claim.

During the week that followed (March 17 to 23), President Trump repeatedly referred to SARS-CoV-2 as "the Chinese virus." The Chinese foreign ministry responded that it was "strongly indignant and opposed" to Trump's use of the term.

On March 21, after Trump imposed bans on travel to and from China and Europe, declared a national emergency, and invoked the Defense Production Act; after the rollout of the initial US testing program was declared "a failing" by Dr. Anthony Fauci; and after US cases exceeded 10,000, Trump mused, "I wish China would have told us more about what was going on in China, long prior to us reading about it, even though the news isn't exactly disseminated." A day later he added, "I wish they told us three months sooner that this was a problem. We didn't know about it. They knew about it and they should have told us. We could have saved a lot of lives throughout the world."

The Chinese foreign ministry spokesman then listed seven occasions between January and mid-March when the two countries had communicated about the outbreak, including phone conversations between the two presidents and with health officials on both sides, a US embassy briefing in China, and a nine-day China field trip that included two American experts. "China has kept the US informed of the situation since the epidemic broke out," the spokesman stated.

("Fact vs fiction: Timeline of a coronavirus war of words between Beijing and Washington," *South China Morning Post*, March 25, 2020, https://www.scmp.com/news/china/politics/article/3076800/fact-vs-fiction-timeline-coronavirus-war-words-between-beijing)

Meanwhile, as this high-level tit for tat was playing out, the *Global Times*, a daily tabloid newspaper that is a propaganda arm of the Chinese Communist Party, published an article about a Feb. 22 program that was broadcast on Japan's Asahi TV network, in which the suspicion was expressed that 14,000 Americans who had officially died of influenza might have actually succumbed to Covid-19.

"The Military World Games were held in Wuhan in October," the *Global Times* noted, adding, "Perhaps the US delegates brought the coronavirus to Wuhan, and some mutation occurred to the virus, making it more deadly and contagious, and causing a widespread outbreak this year."

("How China's fake news machine is rewriting the history of Covid-19, even as the pandemic unfolds," Politico, April 4, 2020, https://www.politico.com/news/magazine/2020/04/04/china-fake-news-coronavirus-164652)

The *Global Times* piece went viral overnight in China, on Feb. 23. The *Global Times* followed up with a second piece, in which it reported that the US CDC had told the *Global Times* that there was no evidence to support Asahi TV 's story. (Whether the CDC actually did so is of course open to question. There is no verifiable report of its having done so.) To its everlasting credit, the *Global Times* added, "TV Asahi's story on Saturday sparked various conspiracy theories on Chinese cyberspace."

The story was picked up by <u>GlobalResearch.ca</u>, a conspiracy website run by Prof. Michel Chossudovsky, professor emeritus of economics at the University of Ottawa and president and director of the Centre for Research on Globalization, which is much given to publishing conspiracy theories. In a March 4 article titled "China's Coronavirus: A Shocking Update. Did The Virus Originate in the US?" Global Research regurgitates the Chinese fake news about the virus's origins, and then cites and provides a screenshot of a "Taiwan virologist" supposedly delivering a lecture about the origins of the virus in Taipei. The "virologist" (who turns out to be a politician from the pro-Beijing New Party and a member of the Taipei City Council, who, before entering politics in 2002, was a pharmacology professor) goes on about Chinese, Russian, and Georgian defectors carrying American biowarfare secrets, and mosquitoes and bats developed by the US military for nefarious purposes.

Then the man in the video mentions that the CDC had "suddenly and totally shut down" the US Army's Fort Detrick bio-weapons lab in September 2019, because "the facilities were insufficient to prevent loss of pathogens." Well, actually, the "virologist" doesn't mention Fort Detrick in his lecture – that's a Global Research contribution to the tale. The suggestion here is that nasty critters from Fort Detrick were spirited into Wuhan and released by US participants in the Military World Games in October.

("US CDC refutes TV Asahi story, claiming no evidence shows flu deaths in US were caused by coronavirus," *Global Times,* Feb. 22, 2020 [apparently back-dated], https://www.globaltimes.cn/content/1180415.shtml)

Unfortunately, the US Army had provided fuel for the conspiratorial flames, because the CDC did in fact shut down Fort Detrick, though in mid-July, not September. ("Army lab fights coronavirus and its own demons," *Roll Call,* March 26, 2020, https://www.rollcall.com/2020/03/26/army-lab-fights-coronavirus-and-its-own-demons/)

In any case, it was the Global Research hit piece that Zhao Lijian, the Chinese foreign ministry spokesman, cited nine days later, on March 12, when he suggested the US Army had delivered the virus to Wuhan.

(Incidentally, Fort Detrick was fully reopened in March 2020. ["Maryland lawmakers applaud CDC's decision to reopen Fort Detrick facility," Homeland Preparedness News, April 1, 2020, https://homelandprepnews.com/stories/46681-maryland-lawmakers-applaud-cdcs-decision-to-reopen-fort-detrick-facility/])

To demonstrate just how far Chinese state media were willing to go in the attempt to shift the blame for Covid-19 to the US, we will cite a report from MEMRI, the Middle East Media Research Institute (https://www.memri.org/) a Washington DC-based policy think tank that translates Middle Eastern language media into English. On April 17 MEMRI reported that CGTN Arabic, China's official Arabic language TV, had broadcast a program on March 17 which strongly suggested that Covid-19 had come from the United States.

MEMRI invited the host of the CGTN program, a Chinese vlogger called "Ms. V," onto their own "China Views" broadcast, and she dutifully rehashed all the conspiratorial claims from the *Global Times* and Global Research articles. Here is the link to the MEMRI program, featuring the "China Views" video: https://www.memri.org/reports/chinas-official-arabic-language-tv-covid-19-does-not-appear-have-originated-china-evidence.

MEMRI has a reputation for scrupulously sourcing and professionally citing each item it publishes. We consider it unfortunate that the organization gave so much play on this occasion to conspiratorial nonsense. But ultimately, the blame for this harmful dose of fake news rests with the Chinese government.

We continue to track the propaganda blame game for a reason. It tells us about rising geopolitical risk and that impacts financial markets. Those risks appear to be rising. We have rebalanced our aerospace/defense overweight position in our US stock market ETF strategy.

David R. Kotok

Chairman of the Board & Chief Investment Officer

Email | Bio

Links to other websites or electronic media controlled or offered by Third-Parties (non-affiliates of Cumberland Advisors) are provided only as a reference and courtesy to our users. Cumberland Advisors has no control over such websites, does not recommend or endorse any opinions, ideas, products, information, or content of such sites, and makes no warranties as to the accuracy, completeness, reliability or suitability of their content. Cumberland Advisors hereby disclaims liability for any information, materials, products or services posted or offered at any of the Third-Party websites. The Third-Party may have a privacy and/or security policy different from that of Cumberland Advisors. Therefore, please refer to the specific privacy and security policies of the Third-Party when accessing their websites.

Sign up for our FREE Cumberland Market Commentaries

Cumberland Advisors Market Commentaries offer insights and analysis on upcoming, important economic issues that potentially impact global financial markets. Our team shares their thinking on global economic developments, market news and other factors that often influence investment opportunities and strategies.

Cumberland Advisors is registered with the SEC under the Investment Advisers Act of 1940. All information contained herein is for informational purposes only and does not constitute a solicitation or offer to sell securities or investment advisory services. Such an offer can only be made in the states where Cumberland Advisors is either registered or is a notice filer or where an exemption from such registration or filing is available. This presentation does not purport to be a complete description of our investment services. Please feel free to forward our commentaries (with proper attribution) to others who may be interested. It is not our intention to state or imply in any manner that past results and profitability is an indication of future performance. All material presented is compiled from sources believed to be reliable. However, accuracy cannot be guaranteed.



ABOUT

Culture

Our Process

History

Community

Camp Kotok

CLIENTS

Advisors

Private Wealth

Institutional

INVESTMENTS

Philosophy
Fixed-Income Strategies

Equities Strategies

Balanced Strategies

MEDIA

In the News

Week in Review

Video Gallery

Market Commentary

OUR TEAM

Leadership

Advisors

Private Wealth

Institutional

Career Opportunities

DISCLOSURES

Privacy Policy

Terms of Use

Diversity Policy

Website Accessibility Policy

ADV Part 2 A

ADV Part 2 B

ADV Part 3

One Sarasota Tower

2 N. Tamiami Tr., Ste. 303 Sarasota, FL 34236 800.257.7013

Follow Us: ►

