

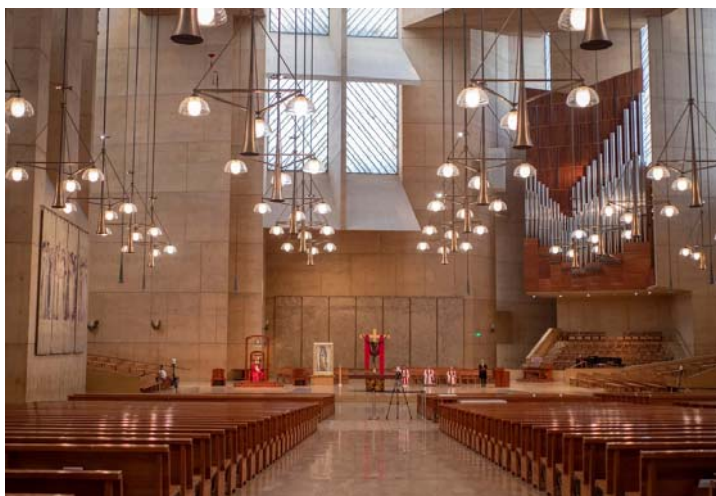
CALIFORNIA TODAY

What's Ahead for California's Economy?

Tuesday: Experts weigh in. Also: State leaders make good on Gov. Gavin Newsom's promise to set rules for reopening houses of worship.

By [Jill Cowan](#), [Tim Arango](#) and [Thomas Fuller](#)

May 26, 2020



The Cathedral of Our Lady of the Angels was without its congregation on Holy Friday in April. Damian Dovarganes/Pool, AP, via Associated Press

Good morning.

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On Monday, state public health officials announced that houses of worship could reopen across the state, following Gov. Gavin Newsom's reassurances Friday that guidelines for doing so were in the works.

That announcement came in apparent response to pressure from religious leaders and the president to allow in-person services.

The new guidelines say that religious or cultural ceremonies — including funerals — can take place with county health department approval, and in buildings limited to 25 percent capacity or 100 people, whichever is lower.

The guidance also requires that places of worship establish an infection prevention plan and try to minimize or eliminate, if possible, singing or group recitations, which can spread coronavirus droplets increasing others' risk.

In 21 days, officials said, the state will re-evaluate the restrictions.

Retail stores were also allowed to open their doors to customers statewide under the same guidelines that public health officials previously released for the counties moving more quickly through the reopening process.

[Read more about the stages of California's plan to [gradually reopen](#) .]



A laundromat along historic Route 66 on May 22 in Barstow. Mario Tama/Getty Images

Now, here's an update on the California economy from my colleagues [Tim Arango](#) and [Thomas Fuller](#) :

Many of the strengths of the California economy — its role as a hub for commerce, tourism and education in the Pacific Rim — have become liabilities during the pandemic-induced recession. That was one of the conclusions of an article we wrote about the tough road ahead for the California economy.

As part of our reporting we spoke to members of Governor Newsom's economic recovery task force. Some predicted that the economic damage would most likely provoke a debate about the state's tax structure. Many were concerned about the duration of the crisis and the consequences for people who were only just recovering financially from the previous recession.

[Read the full story about California's economic future here .]

Former Gov. **Jerry Brown** recalled his prediction, during his last budget presentation in 2018, for what lay ahead after so many years of economic expansion in California: "darkness, decline, uncertainty and recession."

Mr. Brown invoked the state's reliance on the earnings of wealthy residents, which means that in the face of a downturn, when the wealthy earn less from capital gains as markets tumble, tax revenues can drop suddenly.

[See how many coronavirus cases are in each California county .]

"Because of the heavy reliance on income tax from higher incomes, it's very volatile in California," Mr. Brown said. "The swings are pretty big."

Former governors **Gray Davis**, a Democrat, and **Pete Wilson**, a Republican, advised Mr. Newsom to expansively exercise his emergency powers to get things done quickly.

Mr. Wilson invoked the rebuilding of the I-10 freeway after the 1994 Northridge earthquake and what he said was the importance of suspending certain rules and bureaucracy for development.

Latest Updates: Coronavirus Outbreak in the U.S.

- [The White House sets conditions on testifying before Congress as the virus's partisan divide widens.](#)
- [Inside an extraordinary G.O.P. event in South Carolina, where there were few masks and no social distancing.](#)
- [New York City moves toward reopening.](#)

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For **Tom Steyer**, the former presidential candidate who is heading Mr. Newsom's task force, California faces a crisis very distinct from the recession caused by the 2008 housing collapse.

“We are just at the front end of this,” Mr. Steyer said of the current crisis. “2008 was a bank-leveraged-based recession. And here we are talking about something completely different. It’s an economic free-fall. To compare the two is comparing apples and oranges.”

[Read a conversation with Tom Steyer .]

The current recession will have a “permanent impact,” Mr. Steyer said. “It accelerates trends that were in place and it breaks things,” he said referring to inequalities that worsened over the past decade

Mr. Steyer sees California relying both on its people and technology to emerge from the recession

“I think we’re going to be well positioned based on our ability to have the strongest work force in the world and the strongest information technology in the world,” he said.

Janet Yellen , the former chair of the Federal Reserve (as well as former head of the San Francisco Fed), said she was skeptical of the view that the economy will “snap back.”

“I personally don’t think that’s what’s likely to happen,” she said.

What will be crucial both for California and the country as a whole is the duration of the pandemic, she said.

“If this lasts a long time, bad things happen,” Ms. Yellen said, referring to the banking system and the ability of companies to weather the downturn.

Ann O’Leary , chief of staff to Mr. Newsom who is also co-chair of the economic recovery task force, said the recession would reveal the “leaks” in California’s safety net.

The Coronavirus Outbreak >

Today’s Question: My state is reopening. Is it safe to go out?

States are reopening bit by bit . This means that more public spaces are available for use and more and more businesses are being allowed to open again. The federal government is largely leaving the decision up to states, and some state leaders are leaving the decision up to local authorities. Even if you aren’t being told to stay at home, it’s still a good idea to limit trips outside and your interaction with other people.

“People could not afford to live in California and now they are impacted all the more,” she said.

[Read more about who’s likely to become unemployed as a result of the pandemic.]

It was a point also made by **Manuel Pastor** , another member of the task force and a professor of sociology and economics at the University of Southern California.

“This disease has revealed our sickness, meaning all the pre-existing conditions of a lack of health insurance, of precarity in the economy, the insecurity of legal status in the country,” Professor Pastor said.

“This is clearly an opportunity to both address what we need to do in the short term, but also to think not so much about recovery, although that’s the name of the task force, but how do we reimagine a more equitable, inclusive and sustainable economy?”

Here’s what else you may have missed over the weekend

We often link to sites that limit access for nonsubscribers. We appreciate your reading Times coverage, but we also encourage you to support local news if you can.

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The New York Times

- Imagine a city of 100,000 that was here on New Year’s Day now almost completely wiped off the map. On Sunday, **The Times printed just some of the names of the nearly 100,000 Americans who have died in the pandemic** . Spend some time learning about them. [The New York Times]
- Americans hit the beaches **for a subdued Memorial Day** . [The New York Times]
- What does the pandemic tell us about the political map? **More people are dying where Democrats live.** [The New York Times]
- **Are the SAT and the ACT tests useful yardsticks** or a “proxy for privilege?” Dig into the debate. The New York Times]
- **Mayors of almost all of Orange County’s 34 cities plan to ask county supervisors to let cities dole out \$75 million in federal money** to help small businesses. County officials have denied them once before. [The Orange County Register]
- A four-alarm blaze that drew 150 firefighters **destroyed a quarter of the structures on San Francisco’s Pier 45** early on Saturday morning. [The New York Times]
- **Restaurants and delivery apps are fighting over fees** . Some cities, like Los Angeles, are capping them. [Marketplace]
- Bar doormen using contact-tracing apps, private dining rooms, food delivery with branded restaurant swag **Experts talk through the speculative future of drinking and dining** . [The San Francisco Chronicle]
- Though **it would be easy to categorize House Speaker Nancy Pelosi’s masks — coordinated with her suits** — as just fun, the statement is more nuanced. [The New York Times]

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Jill Cowan grew up in Orange County, went to school at U.C. Berkeley and has reported all over the state, including the Bay Area, Bakersfield and Los Angeles — but she always wants to see more. Follow along [here](#) or on [Twitter](#) .

California Today is edited by Julie Bloom, who grew up in Los Angeles and graduated from U.C. Berkeley.

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