The global community is currently facing an unprecedented challenge based on the outbreak of a respiratory illness caused by a novel coronavirus known as COVID-19. Since the beginning of 2020, cases of COVID-19 have gradually spread across the world, creating a health crisis pandemic. The spread of COVID-19 and its economic effects, including the closure of all nonessential businesses, remains highly uncertain. Most of the world’s major economies are experiencing partial or even near complete lockdowns. As a result of the economic slowdown, the COVID-19 virus threatens a global economic crisis unlike any faced in our lifetimes.

This two-part article authored by O’Melveny’s global restructuring practice chair John Rapisardi and counsel Jacob Beiswenger explores the underlying risks to the US economy posed by the COVID-19 health crisis and how restructuring efforts can be utilized to facilitate a durable solution for the US economy. Part one discusses the current status of the US economy and examines historical foreign and domestic responses to dramatic economic crises over the last 40 years. Part two examines the unique challenges posed by the COVID-19 crisis that will require a new and innovative response to remedy underlying weaknesses in the US economy. Importantly, US restructurings—both in and out of court—will play a crucial role in realigning industries and right-sizing corporate balance sheets to successfully adjust the US economy to our new reality.

Access the full article here.