

A Seven-Point Checklist for Reopening the Economy

There will be setbacks, and Congress has to commit to propping up the economy over the long term.

By [Michael R. Strain](#) April 14, 2020, 11:30 AM EDT

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Despite the rapidly growing damage to the economy, workers and people's emotional well-being, surveys have shown a high degree of popular support for the coronavirus lockdown. Patience is limited, however, and public sentiment could turn on a dime, particularly as the economic toll deepens. The political right, concerned about the outcome of the 2020 presidential election, will clamor even louder to get back to normal life.

President Donald Trump's council for planning the reopening of the economy has disappointed many for not going heavy on public-health experts or research and business economists. More and more governors are taking the lead, annoying Trump, who claims that only he has the authority to decide when the lockdowns end. For all this intrigue, the U.S. has nothing close to a concrete economic strategy for moving forward, and it needs one.

Here are seven principles to guide that effort.

First, *acknowledge that the shutdown was the right thing to do*. Morally, society's first obligation is to the most vulnerable. Shutting down the country protected those most at risk from the virus. Economically, this strategy surely preserved more productive capacity than has been lost in income at this point by businesses and workers. But a shutdown this severe must be short.

Then *the U.S. needs to decide what its goals are* as it tries to get the economy back on track. Should the objective be to stamp out the virus? Or that new cases be steady or declining? Should the aim be to have as much economic activity as possible, provided that hospitals are able to handle the number of sick patients? Or to have as much normalcy in daily life as possible, provided the share of vacant ICU beds is above some threshold?

Different goals have different implications for how quickly to lift the lockdown. For example, it looks as if New York City's hospitals will be able to handle the peak without running out of ventilators and beds. Using a metric of hospital capacity suggests New York could begin the process of at least partially reopening soon, despite a high overall caseload.

So far, the U.S. has focused on minimizing the number of infections to stop the spread of the virus. As the nation emerges from its self-imposed coma, . Different *policy makers need to be comfortable discussing the trade-off between lives and economic outcomes* goals and metrics have different implications for defining this trade-off, and the decision to reopen faster would likely result in more coronavirus cases. In the truest sense, every life is precious and of inestimable value, but government routinely makes this trade-off, in everything from setting speed limits to writing pharmaceutical regulations.

The fourth principle: *The U.S. will need to act without having all the necessary information.* A group of prominent university-based economists was polled last week on whether a "massive increase in testing capacity" for the virus is "required" for an economic restart; 93% of them said it was.

It is a scandal that testing at this scale will likely be unavailable. Increasing that capability should be a top priority of Congress. But inadequate testing can't block the economy from restarting, because public sentiment may not be that patient. It's time to consider other metrics, like the ones discussed above.

A regional opening strategy can depend on governors. It was startling to see many of them took control as the coronavirus spread, and some parts of the country will be ready to emerge from the shutdown sooner than others. Massachusetts, Utah and North Dakota are among the states ramping up their ability for testing and contact tracing with an eye toward reopening their economies. Texas Governor Greg Abbott said on Friday that he would announce a plan soon to restart his state's businesses. Governors of three Western states and six Northeast states, including New York, have formed alliances to plan for regional reopenings, though the timeline is unclear.

The sixth principle is to *accept the ebbs and flows of progress.* There is debate on whether the economic recovery will follow a "V" or a "U" shape. I'm still optimistic about a "V," but think a "W" is more likely than a "U." For

example, we could see economic activity pick up later this spring and summer, decline in the fall if there are fresh Covid-19 outbreaks, and then increase again next year.

It's hard to predict, but people — including investors — should get comfortable with a recovery that might be three steps forward, one step back. A specific metric — like hospital capacity — would help inform decisions about social distancing. If there are troubling signs based on that figure in a particular region of the country, public-health measures should ramp up social distancing on the least critical parts of economic and social life first.

Finally, Congress should be prepared to continue its attempts to rescue the economy over the longer term. During the last recession it took about two years for the unemployment rate to double from 5% (December 2007) to its peak of 10% (October 2009). Contrast that with the speed of economic decline in this crisis: The unemployment rate in February 2020 was 3.5%. Two months later, it is likely over 15%.

The fast increase in unemployment could be followed by a relatively rapid decrease. But even if we see significant economic progress next winter — for example, the unemployment rate returning to the single digits — conditions could still be far from healthy. In particular, over the longer term, Congress should ensure that the safety net is adequate, and that public policy remains aggressive in helping the unemployed get back to work.

Let's hope these measures won't be necessary. As I mentioned in my last column, a therapy (not a vaccine) that would reduce the severity of the disease would be a game changer. Fingers crossed on that.

Other countries are reopening in a gradual way that could build confidence. In Austria, small shops will resume normal activity on this week, larger stores on May 1, restaurants, hotels and schools in the middle of next month, and public events can resume in July. In Denmark, nursery and primary schools might open this week. Professional baseball teams in South Korea are playing intra-squad games with an eye toward starting the official season in early May. Some shops in the Czech Republic have already been allowed to reopen. Kindergartens in Norway will be back next week.

The U.S. should be getting back on track, too — and soon.