Case studies on re-opening of national economies, and what to expect in the U.S. and Massachusetts

By Rebekah Paxton

Massachusetts has been in a state of emergency since March 10. As of May 18, the new expiry date of Governor Baker's social distancing and business closure guidelines, non-essential businesses will have been closed for 8 weeks. The governor has released data that suggest signs of a plateau – as daily cases and percent of tests that are positive have started to decrease in the last few days. As the federal government struggles to keep up with demand for stimulus and bailout funds, the question remains: how can the U.S. and its individual states facilitate the reopening of businesses to slowly inject some life into the economy while mitigating the caseload of coronavirus patients on hospitals and other health facilities?

Voices like that of American Enterprise Institute Director of Economic Policy Studies Michael Strain and Resident Fellow Scott Gottlieb were early to call for a systematic plan for reopening that follows certain key assumptions about the future of the pandemic. The federal government has released a national overview of reopening the economy in phases, and provides some continued social distancing principles for guidance.

However, as governors issued executive orders to implement stay-at-home orders, it will ultimately be up to them to begin implementing their individual opening strategies. Some states, like Georgia, Tennessee, South Carolina, and Illinois, have already set forth reopening plans, or steps to begin this process. With Governor Baker's May 18 deadline approaching, the Commonwealth may also receive some indication of where the state is headed, in terms of state data on coronavirus cases and what that means for allowing businesses to gradually reopen.

The following study analyzes the measures taken in three countries that have been leaders in economic reopening plans, as well as plans that have been announced to date in various states. If Massachusetts follows suit, whether sooner or later, the steps to return to normalcy may resemble these examples.

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CASE STUDIES ON RE-OPENING OF NATIONAL ECONOMIES, AND WHAT TO EXPECT IN THE U.S. AND MASSACHUSETTS

**Austria**

One of the first European countries to present a plan to reopen its economy and society, Austria announced the first phase of reopening on April 6. Between April 1 and April 13, the nation saw an 82 percent decrease in daily cases. Since the first day of reopening on April 14, Austria has had a 58 percent decrease in daily cases, according to Johns Hopkins University COVID-19 dashboard.

The nation’s response to the pandemic began on March 10 with the closure of all universities and schools, and a ban on large events (outdoor events with over 500 participants outdoors and indoor events with over 100). A national stay-at-home order and curfew was established on March 16, allowing only “essential” activities, and closing non-essential businesses. Further national orders were made in the following days and weeks, including mandating all people to wear masks when entering a retail establishment and the announcement of random COVID-19 testing of Austrian residents by the government.

In the first phase of reopening the economy, Austria announced that any shop with retail space under 400 square meters would be able to open for business starting on April 14, including all hardware stores and garden centers. Additionally, all retail shops would be able to open after May 1, and pending continued reductions in COVID-19 case numbers, an announcement regarding food and accommodations establishments would be made in mid-May.

Upon reopening, masks are required inside all establishments, including public transportation. Additionally, reopened businesses must be able to comply with restrictions, including maintaining a 1 person per 20 square meter capacity.

The national government announced that large events would continue to be banned until after June 30. In addition, the government is considering implementing mass voluntary use of a Red Cross smartphone app that allows a user to track contacts and notify them if the user tests positive for COVID-19.

For Austria’s students, the government announced that distance learning would continue until mid-May, and the reopening of schools will be re-evaluated at that time. Universities will also continue to use digital learning, while important examinations and research will continue as scheduled, to the degree possible.

**Denmark**

Denmark is also among the first nations in the European Union (EU) to present a reopening plan. As in Austria, the plan was announced on April 6. Denmark seems to have hit its peak in daily cases around this date, but in the month of April prior to reopening (April 1-13), daily cases decreased by 43 percent overall. Since April 14, the first day of reopening, the decrease in daily cases was 33 percent, with some fluctuations in recent weeks.

Economic shutdown began in Denmark on March 13, when the national government ordered non-essential public workers to stay home for two weeks, and private employees were encouraged to work from home if possible. Three days later, all secondary education, universities, libraries, and similar institutions were mandated to close for two weeks. On March 18, shopping centers and any businesses with close personal contact (anything from hair dressers to nightclubs) were ordered closed, and restaurants were limited to takeout only. Businesses allowed to remain open were required to adhere to social distancing restrictions to ensure sufficient space between customers, and failure to comply with such restrictions was punishable by fine. These restrictions were originally imposed through April 13.

Prime Minister of Denmark Mette Frederiksen announced that private employees may return to physical workplaces beginning April 14.
previously implemented social distancing practices. Companies were encouraged to develop or maintain flexible work hours, work from home capabilities, and/or staggered schedules. Starting on April 20, hairdressers and “certain liberal professions” would be able to reopen. Such professions included beauty parlors, spas, various medical practices (occupational therapists, chiropractors, dieticians, opticians, dentists, private clinics, etc), and other services. In addition, the national government announced it would be consulting industry leaders and trade unions to develop further strategies to continue the reopening of the Danish economy. The official plan released by the national government also includes an adult vocational education program that will be implemented to help unemployed citizens become certified in new occupations.

Social restrictions were mostly extended until May 11, including a limit of 10 participants for in-person gatherings, and closures of larger shopping centers and indoor sports and recreation facilities. Large gatherings and activities have been banned through August 31. Denmark’s national website also announced the future launch of an app that will use Bluetooth to register anytime a person comes within one-to-two meters of another person who has also downloaded the app, and notify users if they have been within that distance of any other user who had tested positive for COVID-19.

The national plan also announced that nursery and primary schools would be able to open starting on April 15. Secondary and vocational schools, as well as higher education institutions, will remain physically closed until May 11, with some digital options for students taking qualifying examinations, and in-person programs for students in their final semester of study for certain professions deemed critical to the COVID-19 response, including in the health care sector.

Germany

Germany’s public health and economic response to the novel coronavirus pandemic is particularly of interest to inform potential U.S. reopening plans, due to the country’s strong system of federalism in which states have significant control over individual strategies to combat the virus. In April before reopening (April 1-19), Germany saw roughly a 70 percent reduction in daily cases. Since April 20, the first day of reopening, Germany has seen roughly a 32 percent reduction in daily cases.

The shutdown of German society and its economy began on March 10, when the federal government banned events with more than 1,000 participants. Shortly after, 14 of 16 German states closed their schools and nurseries, and several states limited public activities in food and leisure establishments. The week of March 16, Bavaria was the first German state to declare a state of emergency. It subsequently implemented a curfew and shut down all shops, restaurants, and personal services establishments such as hairdressers. By March 21, the German Protection against Infection Act expanded federal power to mandate and enforce restrictions related to the pandemic, and a day later the federal government banned gatherings of more than two people, implemented minimum distance requirements of 1.5 meters between people in public, and closed all restaurants and personal services establishments. These measures were then extended until April 19.

On April 15, a federal plan to begin the reopening of German society was released by Chancellor Angela Merkel. The plan allowed any shop with retail space of up to 800 square meters, as well as any book shop, bike store, or car dealership, to reopen beginning April 20. Any shop that reopens will be required to adhere to regulations related to proper hygiene and line formation outside the establishment. The plan encourages private companies to continue work from home strategies, if possible, although implementation of work from home has largely varied by state. This first phase also allows hair salons to open beginning on May 4.

In terms of general society, the federal plan outlines additional deadlines. Large and cultural events have been banned until August 31. The ban on gatherings larger than two people has been
extended until May 3. Religious gatherings continue to be banned.\textsuperscript{38} The plan recommends the use of protective masks, but does not make them mandatory in public spaces.\textsuperscript{39} German schools are permitted to begin reopening on May 4, pending local and state advisories. Germany has also announced implementation of the European Coronavirus app which uses Bluetooth technology to alert app users if they have been in close contact with any others who have downloaded the app and are positive for the virus.\textsuperscript{40}

A brief disseminated by the German National Academy of Sciences, Leopoldina, outlines strategic objectives that Germany is committing to in its reopening of the economy.\textsuperscript{41} It includes some interesting value language that informs the German plan to overcome the virus. First, in a section about the government response and support of the economy, the report reads: “Curtailments of fundamental rights must constantly be weighed against the protection which they are intended to achieve” (p. 10). This is followed by additional language emphasizing the major role of the federal government and state executives to mitigate social and economic crises as the fallout of the COVID-19 pandemic (p. 14). Finally, there exists some language about preserving “market-based economic order” by saying that the enhanced power of the federal government and government-imposed economic policies introduced in response to the COVID-19 crisis “must be reversed or modified as soon as possible” in order to go back to the economy’s free-market orientation (p. 17). While the writing indicates a desire to maintain a free-market economy, the brief acknowledges the difficulties of balancing government intervention in response to an unforeseen crisis with a free-market economic system.

**United States**

While coronavirus cases are still on the upswing in the United States, as states anticipate the flattening of the curve, some governors have announced measures to begin reopening their economies. Combined with other national cases, such strategies may inform the plan Governor Baker will implement to restart the Massachusetts economy.

Last week, Georgia Governor Brian Kemp announced his plan, amidst criticism, to begin the reopening process.\textsuperscript{42} He has extended the initial stay-at-home order and closure of most non-essential businesses until April 30. However, he outlined the opening of certain businesses, including gyms, tattoo shops, and hair salons, beginning Friday, April 24. Restaurants are permitted to open to dine-in customers on Monday, April 27. In addition, theaters will be allowed to open, and religious institutions will be allowed to hold services, as long as they are able to follow specific social distancing protocols.

On April 20, South Carolina Governor Henry McMaster also announced a plan to open retail stores selling furniture, books, music, flowers, clothing, accessories, department stores, sporting goods stores, and flea markets, provided they only open at 20 percent capacity or 5 people per 1000 square feet.\textsuperscript{43} In addition, he plans to reopen public beach access on Tuesday, April 28.

In Tennessee, the existing stay-at-home order will expire on Thursday, April 30. Governor Bill Lee has announced that most businesses will be allowed to reopen beginning May 1, and an “Economic Recovery Group” is working to potentially allow some businesses to begin operations on Monday, April 27.\textsuperscript{44}

On April 23, the Governor J.B. Pritzker extended the Illinois stay-at-home order into late May.\textsuperscript{45} However, he made modifications to the original order, effective May 1, that allow the reopening of some state parks and golf courses, under social distancing guidelines, including mandatory face coverings in public places and shops where a six-foot distance cannot be kept. In addition, greenhouses, garden centers, nurseries, and animal grooming service establishments have been included in the definition of “essential” businesses, and can now reopen. Retail stores may reopen for phone and online orders, and facilitate delivery or outdoor pickup. He also authorized that surgeries and procedures that had been delayed or postponed due to the COVID-19 response may begin to be rescheduled.
Conclusions

There are several commonalities among nations’ and states’ reopening plans that Massachusetts constituents could reasonably expect to see in a strategy for reopening the Bay State economy.

Governor Baker declared a state of emergency in response to the coronavirus pandemic on March 10, and issued a stay-at-home advisory beginning March 24, about a week or so later than similar actions were taken in the aforementioned European cases. Based on this basic analysis, announcements about reopening Massachusetts could come soon, and include some of the following:

- **Reopening the economy in distinct phases.** Most national strategies, including case studies from the European Union, have explicitly stated that the governments are cautious of the data indicating that the respective nations are on the downtrend in active daily cases, and the plans reinforce that the economy will not be set back to full swing on an artificial date. Each European country has started reopening by allowing a select set of businesses to return to in-person operations, and will continue to track COVID-19 data for spikes in the number of cases.

- **The first phase of reopening may include smaller companies and businesses that minimize person-to-person contact.** The model provided in Austria and Germany suggests that other entities, possibly including Massachusetts, may begin reopening by allowing companies of a certain physical facility size to open. In addition, businesses that do not rely on in-person service or person-to-person contact may be able to open sooner. Personal services and other in-person business establishments should be able to reopen as long as they can maintain social distancing requirements.

- **Businesses allowed to open in the first and subsequent phases must comply with social distancing guidelines currently in place.** Increased requirements in public spaces, including business establishments, may be implemented to account for more employees returning to work. For example, newly reopened businesses may be required to comply with mandated use of masks or facial coverings in establishments and public transportation, line forming policies outside business establishments, cleaning and hygiene regimens, and certain reduced capacity requirements (to allow customers and employees to maintain the six-foot distance), among other possible guidelines.

- **Private companies will be encouraged to extend work-from-home and flexible work policies, where possible.** Private and public entities that are able to operate on mostly virtual and from-home work should continue to operate in this fashion for as long as possible. For employees who cannot work remotely, entities that can continue operating with flexible hours and staggered shifts should implement such policies to reduce capacity in physical office spaces.

- **Reopening of food and accommodations establishments may be in a later phase, pending success of the first wave of business openings.** In the German, Austrian, and Danish cases, reopening restaurants, cafes, and other businesses that operate based on consumption at the point of sale comes slightly later than other small businesses. In Austria, the national plan announced in early April indicates that the opening of smaller businesses not related to dining will be analyzed to ensure there is not a related spike in coronavirus cases. If there is no such spike, food and accommodations businesses should be able to reopen shortly after.

- **Large gatherings – including concerts, cultural events, and sporting events with fans – may be banned through the summer, and possibly into Fall 2020.** European countries have varied the size definition of “large” gatherings. However Germany, Austria, and Denmark, as well as other U.S. states, have limited the size of public gatherings and banned “large” events until June 2020 at the earliest, with Germany and Denmark banning their largest events until the end of August 2020.

- **Delayed physical reopening of schools until September 2020 at the earliest, with the possibility of continuing some virtual education into the fall.** While the European cases listed here have varied on the possibility of reopening schools this semester depending on grade levels, Governor Baker announced on April 22 that all Massachusetts public schools would
remain physically closed through the remainder of the 2019–2020 academic year. Many private schools and universities have also announced closures for the rest of the semester. Depending on the mitigation of coronavirus cases through the summer, some universities, like Harvard\textsuperscript{46}, are discussing retaining virtual classes and distance learning through the fall semester, and K-12 schools may continue to implement some distance learning methods if the cases do not reach reasonably low levels by then, or if there is a second spike in coronavirus cases.

* Voluntary contact tracing may be introduced as more people return to physical workplaces. According to the Centers for Disease Control, contact tracing can refer to a number of measures that attempt to identify and notify every person that has been in contact with an infected patient during their contagious period.\textsuperscript{47} Contact tracing measures aim to protect patient privacy while attempting to mitigate the spread of a contagious disease like COVID-19. Many countries, including the ones analyzed here, are using some form of a phone application that monitors a user’s contact with officially registered COVID-positive individuals, usually via Bluetooth technology. For example, in the case of Denmark’s application, a user who downloads the app will get a notification if they come within one-to-two meters of someone who is considered positive for COVID-19 and has also downloaded the app. Thus far, the use of such programs is described as voluntary, but has been announced as countries expect more people to be engaging in public spaces and returning to work. This would be a controversial strategy in the United States, but such a tactic has already been discussed by the CDC.\textsuperscript{48}
## Case studies on re-opening of national economies

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<tr>
<td>AUSTRIA</td>
<td>March 16</td>
<td>April 6</td>
<td><strong>April 14:</strong> Retail shops &lt; 400 sq. m&lt;br&gt;<strong>May 1:</strong> All retail shops&lt;br&gt;<strong>Mid-May:</strong> Dine-in/ accommodations establishments</td>
<td><strong>Mid-May</strong> (tentative)</td>
<td>Yes, mandatory in all establishments and public transportation</td>
<td>Yes, 1 person per 20 sq m in establishments</td>
<td>Starting July 1</td>
<td>Voluntary</td>
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<td>DENMARK</td>
<td>March 18</td>
<td>April 6</td>
<td><strong>April 14:</strong> Private businesses&lt;br&gt;<strong>April 20:</strong> Personal services &amp; medical services</td>
<td><strong>April 15:</strong> Nurseries, primary schools only</td>
<td>No</td>
<td>Yes, 1–2m person-to-person distance</td>
<td>Starting September 1</td>
<td>Voluntary</td>
</tr>
<tr>
<td>GERMANY</td>
<td>March 22</td>
<td>April 15</td>
<td><strong>April 20:</strong> Retail shops &lt; 800 sq. m, book shops, bike stores, car dealers&lt;br&gt;<strong>May 4:</strong> Hair salons &amp; similar</td>
<td><strong>May 4</strong></td>
<td>Recommended</td>
<td>Yes, 1.5m person-to-person distance</td>
<td>Starting September 1</td>
<td>Voluntary</td>
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<tr>
<td>GEORGIA (US)</td>
<td>April 3</td>
<td>April 20</td>
<td><strong>April 24:</strong> Some personal services businesses&lt;br&gt;<strong>April 27:</strong> Restaurants, theaters, religious institutions</td>
<td><strong>K–12:</strong> Closed through end of school year&lt;br&gt;<strong>Universities:</strong> online through Summer 2020</td>
<td>Recommended</td>
<td>Yes, 10 customers per 500 square feet in restaurants, recommend general 6ft person-to-person distance</td>
<td>TBD</td>
<td>TBD</td>
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<tr>
<td>TENNESSEE (US)</td>
<td>March 31</td>
<td>April 20</td>
<td><strong>May 1:</strong> Majority of businesses</td>
<td><strong>K–12:</strong> Closed through the end of school year</td>
<td>Recommended</td>
<td>Yes, recommend 6ft person-to-person distance</td>
<td>TBD</td>
<td>TBD</td>
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<tr>
<td>SOUTH CAROLINA (US)</td>
<td>April 7</td>
<td>April 20</td>
<td><strong>April 21:</strong> Retail stores</td>
<td><strong>K–12:</strong> Closed through the end of school year</td>
<td>Recommended</td>
<td>Yes, recommend 6ft person-to-person distance</td>
<td>TBD</td>
<td>TBD</td>
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<tr>
<td>ILLINOIS (US)</td>
<td>March 21</td>
<td>April 23</td>
<td><strong>May 1:</strong> Nurseries, garden centers, pet-grooming, retail open to curbside pickup or delivery</td>
<td>All in-person instruction: suspended until end of school year</td>
<td>Yes, in public</td>
<td>Yes, recommend 6ft person-to-person distance</td>
<td>TBD</td>
<td>TBD</td>
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<tr>
<td>MASSACHUSETTS (US)</td>
<td>March 24</td>
<td>TBD</td>
<td><strong>TBD</strong></td>
<td><strong>All public and private schools</strong>: closed through end of school year</td>
<td>Recommended</td>
<td>Recommended: 6ft person-to-person</td>
<td>TBD</td>
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Endnotes


12 Coronavirus sample test: only chance decides. (2020, March 31). Retrieved from Austria Presse Agentur: https://science.apa.at/site/natur_und_technik/detailFkey=SCI_20200331_SCI193731351253973320


15 (New Regulations: Details on the opening of trade and the obligation to wear a mask, 2020)


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40 Research and companies will soon be cooperating with the European Corona App. (2020, April 1). Retrieved from NTV: https://www.n-tv.de/technik/Europaische-Corona-App-bald-bereit-article21685994.html
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