

Coronavirus: when and how should we reopen

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The virus, after originating in and sweeping through China, has now resulted in serious damage in the United States, and especially in Europe. Without a known cure or vaccine, it has already resulted in over one hundred thousand dead, and 1.7 million infected with serious symptoms. With light or no symptoms infections running nine times as many, we are already at over 17 million infections.

Almost all countries have imposed “stay home” and social distancing restrictions and closed shops and factories. Some started early, like Greece, others delayed like Italy. The United States stopped travel from China early but delayed stopping travel from Europe. The authorities of NY State and City failed to in close schools and businesses early. So, despite the stay home restrictions from March 22, there are over 2600 deaths and 180 thousand cases in New York, the vast majority of which were infected before the imposition of the stay home policy.

In spite of all the gloom, there are good news from NY. New hospital admissions fell precipitously to just two hundred on Wednesday and eighty on Friday, in comparison with over eleven hundred a week ago. This means that New York has passed the peak of the epidemic! As long as the restrictions are on, there will be fewer new infections, fewer new hospital admissions, and eventually fewer deaths.

However, the closing of businesses has created a significant economic crisis, with a 20% or larger reduction in US GDP in the second and third quarter. The Fed offered unlimited liquidity and bought over \$1 trillion treasury bonds. US passed a stimulus package of about \$2 trillion (10% of GDP), and it is likely that it will be enhanced by a new package of 5-10% of GDP. The economic situation has been stabilized, and the stock market increased by 13% this week. But the United States needs to reopen.

Having passed the worst in New York, the United States has to decide on when and how to reopen. What is needed for this decision? First, we need to find out what percentage of the population is currently infected by the virus, even with slight or no symptoms. We find that by testing a random sample of one thousand people to see whether they are infected. Second, we need to find out what percentage of the population has passed the disease, has recovered, and are no longer in danger of being infected or infecting others. This is done with an antibodies test. Dozens of this type of tests by different manufacturers are in different stages of regulatory approval. Again, we need a random test of one thousand people for the antibodies test.

Once we have a large supply of antibodies tests, we can use a wise strategy that can help us significantly in reopening. Instead of just testing one thousand, we can test as many people as possible, in the many millions. Those we are found to have antibodies and cannot infect or be infected should be allowed to go work, travel, etc. In this way, we can gradually open the shops, factories, and a large part of the economy. I expect that such testing can be done in about three weeks, and the decision on when and in what stages to re-open will be taken in early May.

In Greece, the “stay home” policy imposed early was an excellent decision by the government. It greatly reduced the number of infections and deaths. I hope people will adhere to it during the Easter holiday and later. But the economic cost of business closing is huge. Tourism has been reduced precipitously,

and will continue to be low even if Greece wins over the virus because tourists may still have problems in their country and may be afraid to take airlines, ships, or buses to travel to Greece. This is a major hit, and Greek GDP may fall 30% for each of the second and third quarter (not accounting for the counterbalancing measures) making 2020 the worse year for Greece in the last decade. The April 10th support package of the Eurozone, about 4.5% of the EU's GDP, is very small for the damage of the Greek and EU economies. There is a clear need for a second large support package.

Greece has taken a number of positive steps as it comes out of the decade long economic crisis. However, it is now faced with a short term but significant economic crisis, coinciding with threats from the East. Greece won on two fronts. It played correctly its cards toward Turkey and the EU, and wisely imposed early the "stay home" policy, averting a health crisis.

The most difficult crisis for Greece remains: the current economic crisis arising from the pause in economic activity. However, compared to its debt crisis of 2010, Greece has a major advantage: all EU countries face the same coronavirus economic crisis, and therefore there are higher chances of deeper EU "solidarity" towards Greece now.

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