



Five Guidelines for Reopening New Hampshire's Economy

New Hampshire's economy spent March and April of 2020 rapidly contracting. Cell phone data and reported restaurant and retail store revenue show that consumers voluntarily began staying home in the early March. Then on March 27 the governor issued a stay-home order and ordered "non-essential" businesses closed to in-person interactions.

That one-two punch put nearly 160,000 Granite Staters out of work in a matter of weeks. The state's unemployment rate rose from less than 3% in March to approximately 15% in April, according to state figures released this week.

Those numbers are not just statistics on a financial spreadsheet. Each application for unemployment benefits represents a real person who has been made idle involuntarily.

Those Granite Staters — our friends, neighbors, and family members — have lost the ability to provide for themselves and their families. Some of their employers have stayed open with skeleton crews, some have closed temporarily, some permanently.

New Hampshire's economy is in serious long-term danger because roughly 96% of New Hampshire businesses are small businesses. Small businesses tend to have low cash reserves. A [JP Morgan Chase study](#) of nearly 600,000 small businesses in 2015 found that the median small business holds less than one month's worth of cash reserves. A quarter hold less than two week's worth. If small businesses remain closed by state order much longer, many won't survive.

Again, that's not just a financial story. It's a human one. Businesses provide the goods and services people need, and the revenue businesses generate pays the rent, the mortgage, the grocery bills, the gas bills, etc., for all of their employees.

Free economic exchange is not a luxury to be disregarded in times of crisis. It is how Americans feed, clothe, and shelter themselves. It is how most of us define who we are. It is how people generate the business profits that fund scientific research and the tax payments that fund government services. It is, by itself, essential for the creation and maintenance of any prosperous and healthy society.

Getting people back to work, then, ought to be an urgent priority for state and local policymakers.

The government has a vital role to play in minimizing the possibility that a deadly new disease will overwhelm our health care system. But achieving that goal can and should be done in a way that produces the smallest possible negative impact on the economy. Here we suggest five ways to achieve both of those important goals.

To reopen the economy with minimal risk to the health care system, government policy should follow five guidelines:

- 1. Exercise the minimum intervention necessary.**
- 2. Focus on safe practices, not categories of businesses.**
- 3. Enable innovation and adaptation.**
- 4. Reduce costs and burdens on employers & business owners.**
- 5. Prioritize information and flexibility over control.**



1. Exercise the minimum intervention necessary

States, including New Hampshire, have declared emergencies and ordered businesses closed as part of what is called “community mitigation.” By ordering people to engage in behaviors that slow disease spread, governments hope to contain pandemics for which there are no medical solutions.

On April 9, State Epidemiologist Benjamin Chan released a [report on the future of the Covid-19 epidemic in New Hampshire](#). It listed five goals of the state’s community mitigation approach.

FIVE GOALS OF COMMUNITY MITIGATION

1. Slow how fast the epidemic is spreading
2. Spread out when people get sick (delay the peak)
3. Reduce the overall number of patients
4. Decrease deaths
5. Prevent overwhelming our healthcare system

The purpose of community mitigation is to spread infections over a longer period of time so they don’t overwhelm the health care system. It’s a mitigation approach deployed when medical alternatives such as widespread testing and vaccination are unavailable.

In New Hampshire, widespread citizen adoption of mitigation practices such as “social distancing,” combined with business closures, appears to have “flattened the curve” and prevented the feared hospital surge. New Hampshire’s hospitals never got close to being overwhelmed. In fact, some are in danger of going bankrupt from having halted most other business to accommodate a patient surge that thankfully never arrived.

Given the absence of a medical solution for the coronavirus, government has a strong interest in minimizing the risk of a new surge. It is not true, however, that this is the state’s only concern.

Loss of income, lack of access to scheduled medical procedures and court hearings, all of these are harms imposed on people by government closure orders. Government must acknowledge the tradeoffs inherent in every policy and weigh them to ensure that its actions don’t cause undue damage.

With any public health measure, state interventions should be guided by the same principle that ought to guide all regulatory action: Do only what is necessary and can’t be achieved voluntarily.

“Curtailments of fundamental rights must constantly be weighed against the protection which they are intended to achieve,” the German National Academy of Sciences wrote in a recent report on that country’s mitigation efforts.

Germany began gradually opening its economy on April 20. Since then, it’s experienced a roughly 32% decline in new Covid-19 cases, according to a new report by Boston’s Pioneer Institute. It has allowed small businesses to open, provided mitigation guidelines are followed.

Germany’s experience shows that public health measures can achieve success while balancing economic needs. New Hampshire can do the same.

2. Focus on safe practices, not categories of businesses

On March 26, the governor ordered “non-essential” businesses closed. This “essential” vs. “non-essential” framework for ordering business closures is deeply flawed. Adopted by governors nationwide, it’s a better fit for wartime production circa the 1940s. The effort to suppress the spread of the coronavirus does not fit that model very well.

Achieving the objectives laid out in the state’s community mitigation plan does not require turning the whole economy over to government control. To slow the spread of the virus and avoid overwhelmed hospitals, it isn’t necessary for the state to dictate which industries get to stay open. It’s necessary only for people to behave in ways that suppress the spread.

Dividing businesses by industry and ordering whole sectors closed forces many businesses to shut down even though they could operate with minimal risk by adopting and enforcing effective mitigation practices. A better framework would be “safe” vs. “unsafe” practices.

Under a safe practices model, a business would risk closure only if it couldn’t enforce strict mitigation protocols such as social distancing, surface disinfecting, and mask wearing. There is no justification for closing a business that can enforce such protocols, regardless of its industry.

Rather than the governor dictating which industries can and can’t open, a safe practices model would encourage and reward responsible behavior, including the widespread adoption of rigorous safety protocols throughout the economy.

3. Enable innovation and adaptation

The economy has changed dramatically in a matter of weeks. Employers have to be able to adapt to those changes if their businesses are to survive. Unfortunately, the state maintains numerous regulations that prohibit the sort of innovation by which business owners could avoid closure.



For example, existing regulations prevent restaurants from serving beer from their taps for takeout, even in sealed containers. (They can let patrons take home opened wine bottles, but not growlers of beer.) Restaurants are on the verge of losing hundreds of thousands of dollars worth of inventory not because they can’t safely serve takeout tap beer, but because the law prohibits it. The same prohibition applies to mixed drinks, which also could be served in sealed to-go bags.

Fifteen New Hampshire municipalities have food truck regulations that severely restrict their locations, preventing them from moving to where their customers are.

State day care regulations and local home-based business ordinances can place unnecessary restrictions on people’s ability to offer needed services from their homes.

The economic shifts caused by the coronavirus are going to remain for many months. Businesses have to be able to adapt. The state and local governments should make it a top priority to cull regulations and ordinances that needlessly prohibit people from innovating to meet the demands of a rapidly changing marketplace.

4. Reduce costs and burdens on employers

Revenue is drying up for many businesses, but fixed costs such as rent, insurance, debt and tax payments remain. The state and local governments can help employers stay in business by deferring scheduled tax payments and reducing paperwork and other regulatory burdens.

For example, many professionals have to renew their licenses annually. The state should automatically extend current licenses through the end of the year and waive license fees for 2020. Municipalities should offer the same relief for holders of local business licenses.

Legislators should not allow scheduled business tax increases to take effect and should refrain from passing new laws that would make surviving the economic contraction harder by increasing costs on employers.

Any community mitigation orders should take costs into consideration and be structured to minimize or even reduce financial impacts on individuals and employers.

5. Prioritize information and flexibility over control

New Hampshire's success in "flattening the curve" can be attributed in large part to people voluntarily reducing their exposure. Government-ordered business closures surely played a role, but it's not clear how much of one.

Data published by analytics firm Unacast show that Granite Staters voluntarily reduced their travel by more than 50 percent before the governor issued his stay-home order on March 26. Unacast's data, collected from cell phone records, show that Granite Staters sharply increased their distance traveled within two days of the stay-home order taking effect. Despite the stay-home order, at no point in April did Granite Staters reduce their travel to the low level they achieved on March 29.

Continuing stay-home orders and business closures beyond the point at which people begin to resist them risks reducing their effectiveness and undermining the government's authority.

If orders make life miserable while people sense there are less-restrictive alternatives, the orders risk backfiring and encouraging the risky behavior they are intended to reduce.

As Edmund Burke wrote in 1777, "People crushed by law have no hopes but from power. If laws are their enemies, they will be enemies to laws."

Moving forward, the state should focus on empowering people to behave responsibly, relying on orders as a last resort. This is consistent with the first four guidelines listed above.

Rather than making people feel “locked down,” prioritizing information and flexibility would make people feel empowered, even as some restrictions on gatherings and interactions remain.

The state already recommends that people wear masks, wash hands, and practice social distancing. It can continue this public service by devoting more resources to educating the public about risks and mitigations. Reliable information is an extremely valuable commodity during a pandemic, and the state should be a ready source.

Publicizing the list of known co-morbidities and encouraging vulnerable populations to stay home can empower people to behave responsibly without resorting to more restrictive measures.

Encouraging everyone to continue safe practices while issuing best practices guidance to retailers and employers can suppress the spread while minimizing economic damage.

The state has a travel and tourism advertising budget. It can spend some money to publicize basic public health measures during this outbreak.

The state will no doubt continue exerting some control over large gatherings and some person-to-person interactions for a while longer. If people understand that those measures are minimal and temporary, compliance will increase.

Conclusion

A medical solution to the problem of Covid-19 is months away, if it ever comes. In the meantime, government will pursue measures to protect vulnerable populations and the health care system. Those measures should be subject to sound guidelines that balance costs and benefits.

With these guidelines providing direction, the state and local governments can restore tens of thousands of Granite Staters to work and self-sufficiency while suppressing the spread of the coronavirus and keeping the health care system from being overwhelmed.

