

Reopening the Manitoba Economy: A Multi-Phased Approach

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Bottom Line

COVID-19 containment will be a work in progress until a vaccine is created, tested and distributed. If done carefully, in alignment with public health advice, containment stringency levels can be reduced, and we can avoid further general lockdowns.

A key objective during COVID-19 containment is to avoid overwhelming the medical system, since that would result in unnecessary deaths from both COVID-19 and all other causes. Another is to ensure enough income, goods and services are being produced to support the population. It is also important to ensure containment policies are at a level of stringency that can be tolerated long enough to get us to vaccine deployment.

On April 29, 2020, Manitoba released its plan for remobilizing the workforce in a phased in approach. The first phase is to begin on May 4, 2020. Manitoba will attempt to reopen its economy and return to something closer to normal living.

The approach of **testing and contact tracing, modifications to business environments, social distancing and good COVID-19 hygiene is needed. This will help Manitoba to avoid a major second-wave of COVID –19 and further general lockdown conditions.**

Analysis

Some form of COVID-19 containment will continue until a vaccine is created, tested and deployed. Generalized lockdowns played a key role in bringing COVID-19 under control and put in place conditions to safely exit the lockdowns. If managed carefully in alignment with public health advice, containment stringency levels can be reduced.¹

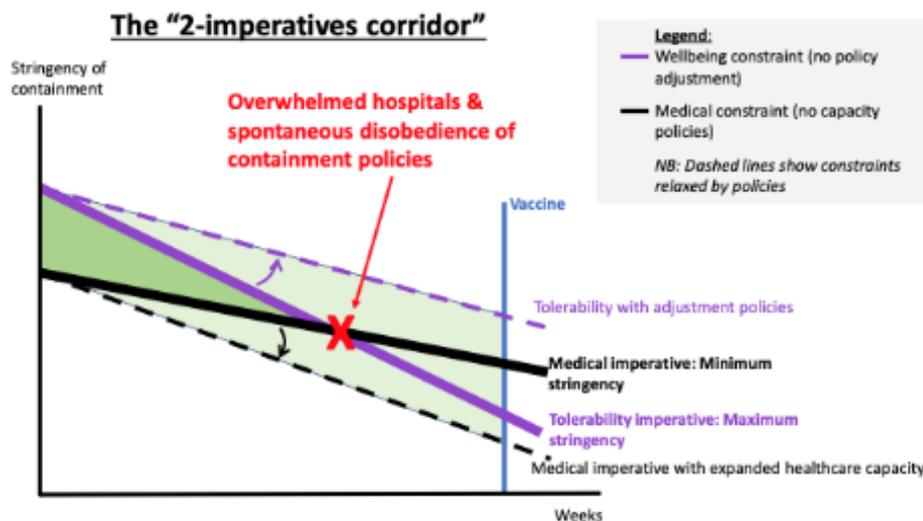
Once a country or sub-region of a country has its COVID-19 outbreak under control, it is important to start reducing the stringency of its containment policies. This includes remobilizing the workforce safely. The six criteria laid out by the World Health Organization (WHO), Canada and Manitoba’s safety protocols are key pieces of this framework.

¹ See WED [Issue 10](#), and Schwanen, and Robson (April 29, 2020) “[Our Lessons in Loosening Lie In Europe](#),” C.D. Howe Institute, Intelligence Memo. Schwanen and Robson put forward **Denmark, Israel and Austria** as countries that Canada could look towards as we look to getting back to work.

When thinking about the various policies and constraints facing governments, firms and individuals, the continuously changing landscape can become overwhelming. We require a simple framework to bring things together. Two COVID-19 articles by Professor Richard Baldwin at the Graduate Institute Geneva, VOX and CEPR, suggest this framework. Baldwin offers up a constrained optimization framework, with **medical** and **tolerability constraints**.² This helps to sort out how the various monetary, fiscal, medical and reopening policies come together to get us through the outbreak to vaccine deployment.

A key objective during COVID-19 containment is to avoid overwhelming the medical system, since that would result in unnecessary deaths from both COVID-19 and all other causes. Another is to ensure enough income, goods and services are being produced to support the population. It is also important to ensure containment policies are at a level of stringency that can be tolerated long enough to get us to vaccine deployment. We want to avoid the situation marked with the red X in Figure 1 below.

Figure 1: The 2-imperatives corridor" [Source: [R. Baldwin \(2020a\)](#), his Figure 1]



Baldwin’s April 10 article describes a **stringency possibility corridor**, and his April 13 article used this framework to layout a few points about the medical and tolerability constraints.

The **medical imperative constraint** (solid and dashed black

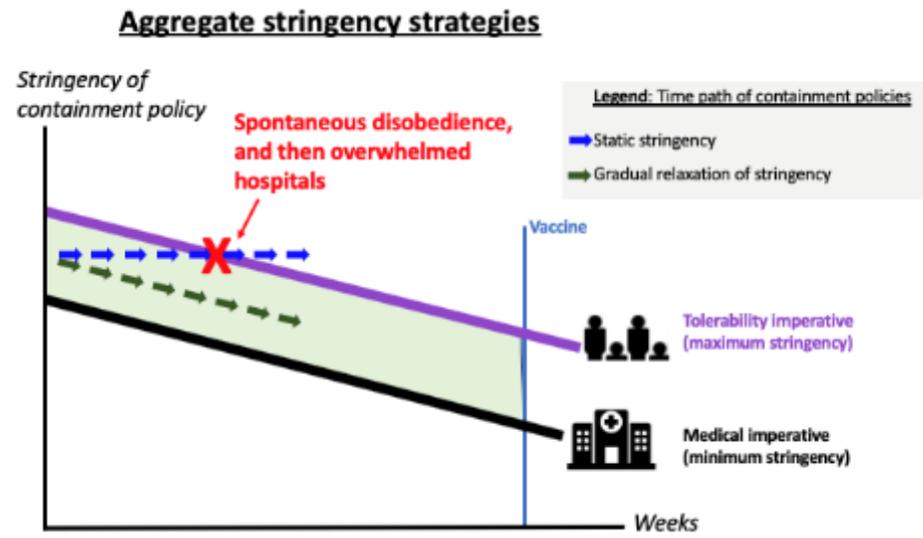
lines) is downward sloping over time for two reasons. First, the rate of infection falls with the share of the population that is susceptible as the infected recover or perish. Second, as hospital capacity expands, we can handle higher infection rates. Expanding our medical system’s capacity to handle COVID-19 has been occurring, and is continuing to occur, as we have heard from the near daily press releases by Manitoba [public health officials](#). This and other medical system capacity expansion has allowed Manitoba to move from the solid black line to something closer to the dashed black line in Figure 1 above.

The **tolerability imperative** (solid and dashed purple line) is likewise downward sloping over time for two reasons. First, suppressed consumption and suppressed socialization

² Richard Baldwin, April 10, 2020a, [“COVID, remobilization and the stringency possibility corridor](#), and Richard Baldwin April 13, 2020b, [“Remobilising the workforce: a two-imperatives approach](#).

leads to people getting fed up with sacrifices. Second, containment policies reduce the production of goods and services, so shortages will appear as inventories run low. (See WED [issue 8](#) for details). The bridging programs that were rolled out for firms and families to support income during the lockdowns helped us to shift from the solid purple line to something closer to the dashed purple line in Figure 1 above.

Figure 2: Static versus adaptive stringency strategies, [Source: [R. Baldwin \(2020b\)](#), his Figure 4]



Now the challenge facing governments is relaxing stringency policies. This is to avoid widespread spontaneous disobedience that would result in an overwhelmed hospital system.

What can be done to enable a gradual relaxation of

stringency and redeployment of the workforce?

Baldwin (2020b) notes that **for the tolerance imperative**, actions that help are: Those that allow a greater economic activity for any given level of stringency. The bridging programs for firms and families are a perfect example of this during the lockdowns. Another is actions taken to enable the remobilization of the workforce.

Other possible actions include varying the restrictions by the age of workers, state of health, occupation, and location. Finding way to ease supply chain bottlenecks that spring-up outside the supply chain’s control is also something governments can help with (again, see WED [issue 8](#)). People also appreciate being able to meet in slightly larger groups, using appropriate social (physical) distancing techniques once permissible.

Baldwin (2020b) notes that for the **medical imperative**, things that help relax this constraint include simple but effective measures like reminders to wash hands regularly and simple disinfecting protocols. Other actions include:

- Using masks and gloves,
- Rearranging workplaces, shops, and schools to facilitate social distancing,
- Encouraging online shopping,
- Using apps to reduce the chances of infectious people from meeting susceptible people,
- Using drive-thrus and curbside pickups.

Other actions can contribute, such as temperature checks and daily self-checks for symptoms.

The key approach that enables the relaxation of both the tolerance and medical imperatives is a sufficiently large capacity to **test for COVID-19 and conduct contact tracing**. Having sufficient testing and tracing means we can phase in the remobilization of the workforce and return to something closer to normal.

On April 29, 2020, Manitoba released its [Restoring Safe Services plan](#) for remobilizing the workforce in a phased approach. The government thanked Manitobans for following the guidelines that had to be used during the lockdown. Part of the benefit that accrues to widespread adherence to these guidelines is that stringency levels will now be reduced. Manitoba’s plan to restore services starts on May 4 with Phase One. Phase Two is expected to begin on June 1 with dates for future phases yet to be released.

Table 1: Summary of Manitoba's Restoring Safe Services plan

Phase	Details
Phase One (Begins May 4)	<ul style="list-style-type: none"> • schools will remain closed for the remainder of the school year • non-urgent surgery and diagnostic procedures restored • therapeutic and health care services restored • retail businesses reopen • restaurants - patio/walk-up services restored • hairstylists and barbers reopen • museums, galleries and libraries reopen • outdoor recreation and campgrounds reopen
Phase Two (Beginning no earlier than June 1)	<ul style="list-style-type: none"> • expanding public gatherings • restaurants – limited dining room services restored • film production reopened • non-contact children's sports restored
Future Phases	<ul style="list-style-type: none"> • performing arts venues • other non-essential businesses • large gatherings / events

Manitoba will update the plan over time, so check back occasionally. Also, to obtain more details please see the webpage: [Manitoba's Restoring Safe Services Plan](#), or download the pdf of [Manitoba's Restoring Safe Services Plan](#).

Following the plan requirements will mean that the stringency of the requirements can continue to be reduced and Manitoba can return to closer to normal living conditions. In combination **testing and contract tracing, modifications to business environments,**

social distancing and practicing good COVID-19 hygiene should enable us to avoid further disruptions caused by general lockdown conditions.

EDW Contacts for Assistance or Inquiries:

- **For Winnipeg businesses looking for help accessing government programs, please reach out to our Yes! Winnipeg Team** through our [Help us help you form](#) if you are not sure who to contact on the Y!W team.
- For general inquires please email wpginfo@edwinnipeg.com.
- For Marketing & Communications Inquiries, please email marketingandbranding@edwinnipeg.com.