

Economics of COVID-19

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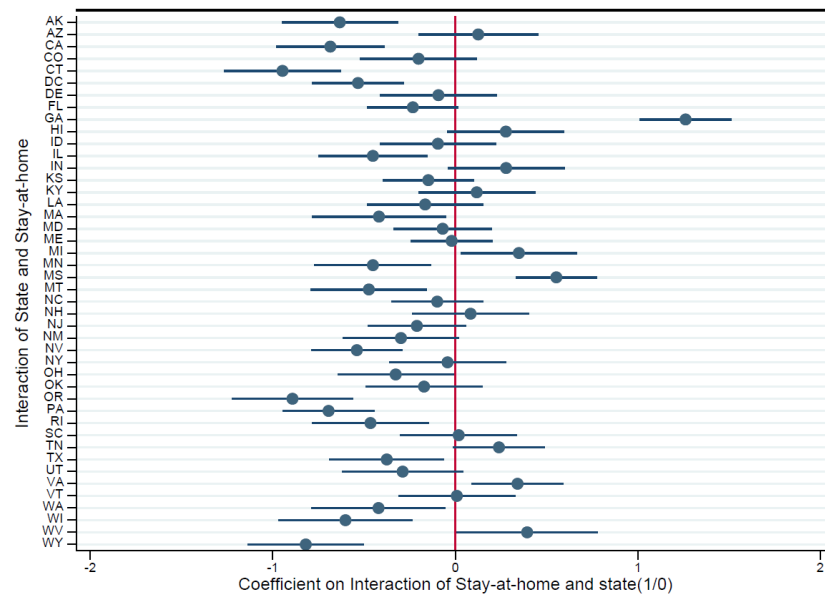
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Virus Economics

1. Control the virus
2. Provide relief
3. Recover after the virus ends

Health vs Wealth

Figure 4 Impact on Initial Jobless claims of Stay-at-Home Orders by State
104



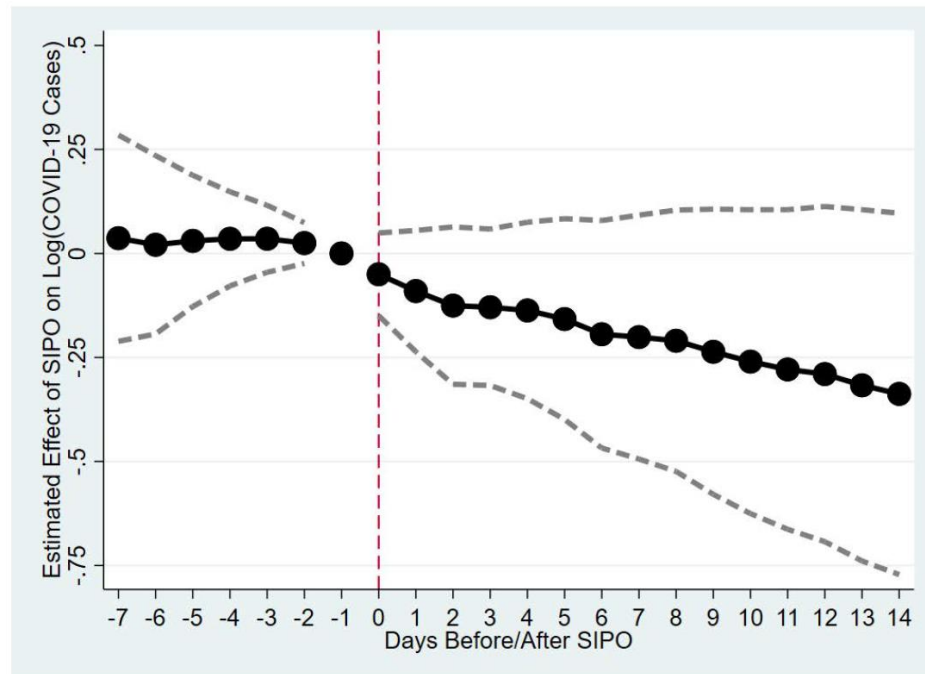
Notes: Chart shows the average level of the log of initial jobless claims after implementing a stay-at-home order with 95% confidence bars. Data is a panel of states + District of Columbia by week. All models include state fixed effects and calendar week fixed effects. The regression is weighted by state population. Standard errors are clustered at the state level.

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- It is unclear that stay-at-home orders increase jobless claims
- Multiple studies have shown at least some portion of the shock is due to avoidance behavior
 - Wide range of potential estimates
- Common shock to health/economy

Evidence shutdowns reduced spread

Figure 4: Event-Study Analysis of Shelter in Place Orders (SIPOs) and Log (COVID-19 Cases)



Notes: Estimates are obtained using weighted least squares regression. The model includes controls for state fixed effects, day fixed effects, state-specific linear time trends, and the controls listed in Appendix Table 1. Standard errors are clustered at the state level.

- Shelter in place orders were associated with 5%-10% increase in rate residents stayed home
- 3 weeks after shelter-in-place order cumulative cases fell by 44%

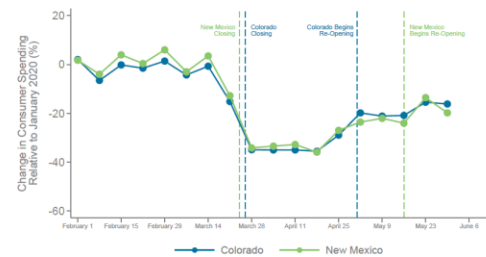
Dave et al. 2020

<https://www.nber.org/papers/w27091>

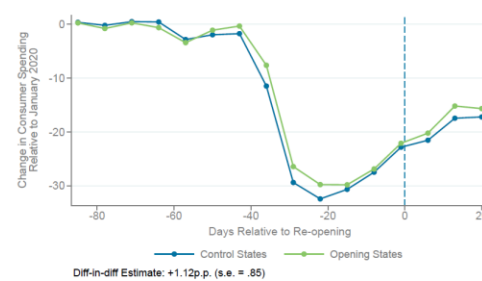
Lockdowns vs Reopenings

FIGURE 12: Causal Effects of Re-Openings on Economic Activity: Event Studies

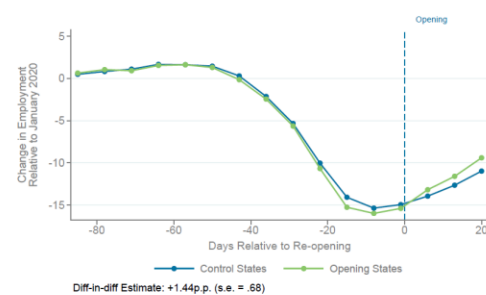
A. Case Study on Business Re-Openings: Colorado vs New Mexico



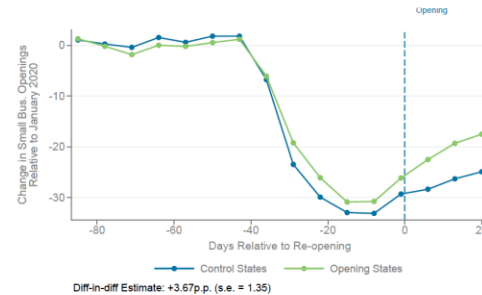
B. Re-Opened States vs. Control States: Consumer Spending



C. Re-Opened States vs. Control States: Employment



D. Re-Opened States vs. Control States: Merchants Open

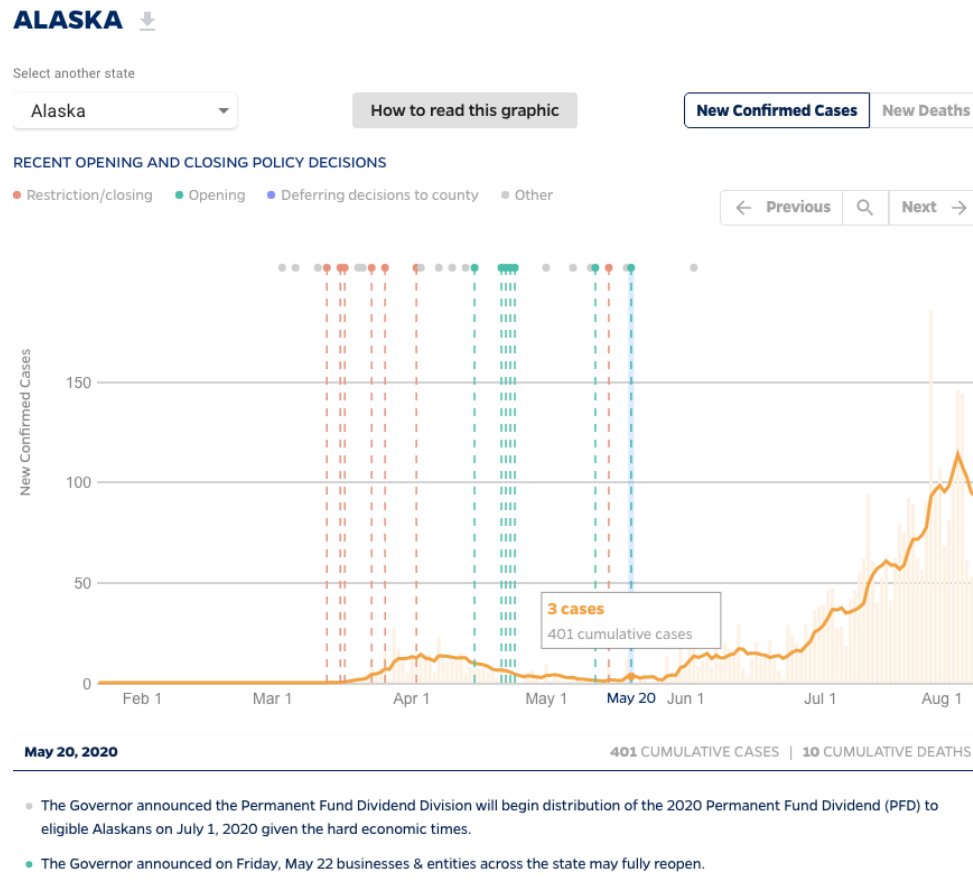


- There is insufficient evidence to say reopening leads to rapid recovery
- There is evidence that at least some portion of the economic damage is due to people avoiding getting sick
- But there are many other costs of lockdowns – lost education, domestic violence, drugs and alcohol etc

Chetty et al. 2020

https://opportunityinsights.org/wp-content/uploads/2020/05/tracker_paper.pdf

Reopening has a cost



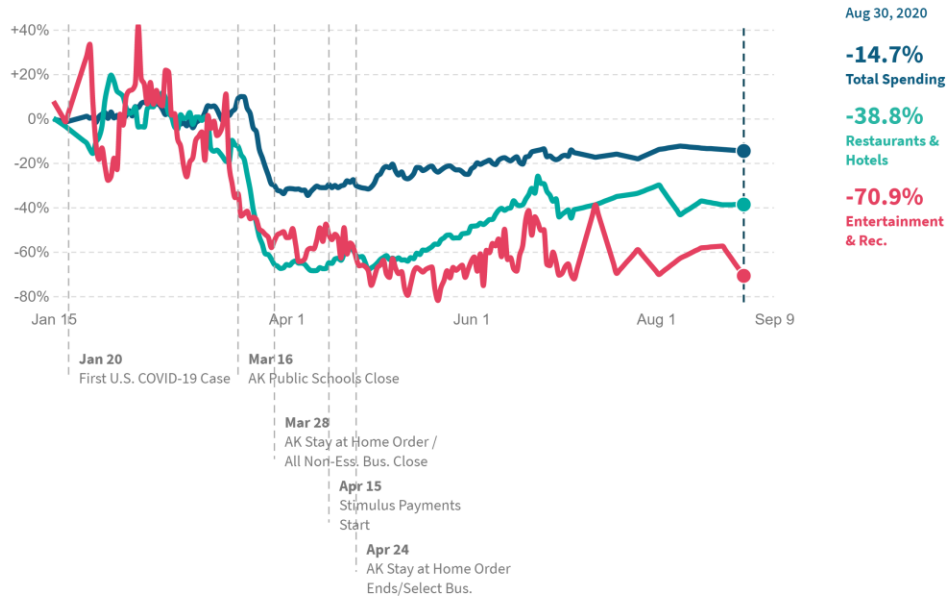
- There is evidence that reducing restrictions on mobility increases virus spread

<https://coronavirus.jhu.edu/data/state-timeline/new-confirmed-cases/alaska>

Tourism & hospitality bear a disproportionate burden

Percent Change in All Consumer Spending*

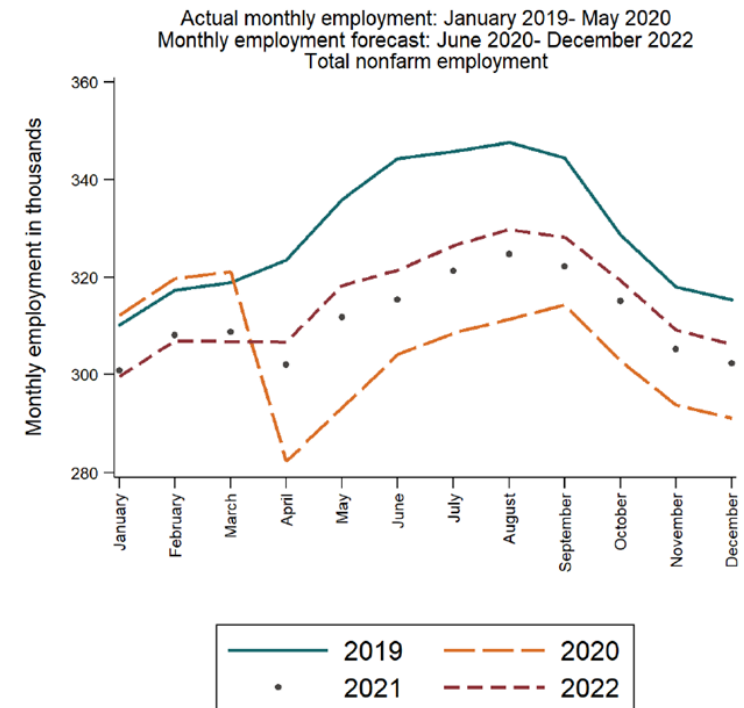
In Alaska, as of August 30 2020, total spending by all consumers decreased by **14.7%** compared to January 2020.



*Change in average consumer credit and debit card spending, indexed to January 4-31, 2020 and seasonally adjusted. This series reflects daily data through July 5th, 2020 and weekly data after July 5th, 2020. This series is based on data from Affinity Solutions.

last updated: September 08, 2020 next update expected: September 15, 2020

Figure 6: Alaska Wage and Salary employment forecast



Guettabi 2020

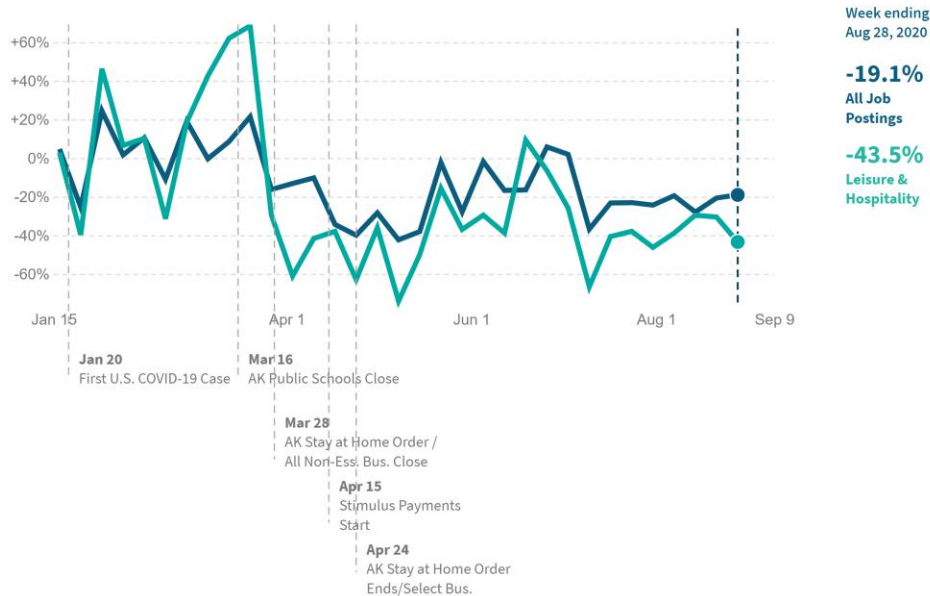
Takeaways

- It is unclear that there is a tradeoff between health and wealth
 - People want to avoid getting sick, and stay home voluntarily
 - Estimates of the impact of government intervention range from 12% decline in consumer mobility to 60% of lost employment
 - The benefits were in lives saved and consumer willingness to return to normal
- Ending lockdowns and restrictions is not a panacea, and makes some problems worse
 - Alaskans need help now, and some more than others
- There is room for more targeted interventions to avoid the blunt instruments of lockdowns and uncoordinated avoidance behavior

Alaskans shifted away from bars/restaurants and towards parks – tourists never came

Percent Change in Job Postings*

In **Alaska**, as of August 28 2020, total job postings decreased by **19.1%** compared to January 2020.

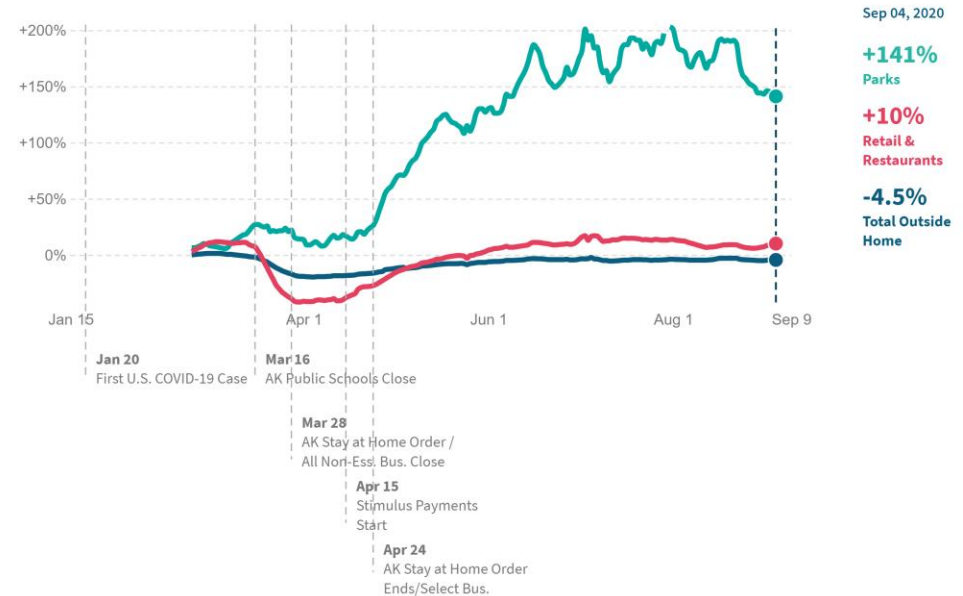


*Change in weekly unique job postings, indexed to January 4-31 2020. This series is based on data from Burning Glass Technologies.

last updated: September 01, 2020 next update expected: September 09, 2020

Percent Change in Time Spent Outside Home*

In **Alaska**, as of September 04 2020, total time spent away from home decreased by **4.5%** compared to January 2020.



*Change in the average time spent outside of residential locations indexed to the period between Jan 3-Feb 6 2020. This series uses data from Google's COVID-19 Community Mobility reports.

last updated: September 08, 2020 next update expected: September 11, 2020