Macroeconomic Outcomes and COVID-19: A Progress Report

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Brookings Papers on Economic Activity
Overview

• Data on Lost GDP and Covid Deaths
  o No simple tradeoff
  o Complicated interaction: policy, history, luck, and timing

• Outline
  o Simple framework
  o Cumulative losses across countries, cities, and states
  o Dynamics
Short-Term Trade Off

GDP LOSS (PERCENT)

Shut down economy

Keep economy open

COVID DEATHS PER MILLION PEOPLE
Dynamics, Policy, and Luck Can Shift the Tradeoff

GDP LOSS (PERCENT)

COVID DEATHS PER MILLION PEOPLE

Good policy or good luck

Bad policy or bad luck
Putting together...

GDP LOSS (PERCENT)

Shut down economy

Bad policy or bad luck

Good policy or good luck

Keep economy open

COVID DEATHS PER MILLION PEOPLE
U.S. States: Covid Deaths and Cumulative Excess Unemployment

CUMULATIVE EXCESS UNEMPLOYMENT (PERCENT YEARS)

COVID DEATHS PER MILLION PEOPLE

CUMULATIVE EXCESS UNEMPLOYMENT (PERCENT YEARS)
Google Mobility Reports Data

• Available daily, very disaggregated geographically, up to date
  ○ In contrast to GDP and unemployment

• Use the retail and restaurants component

• Good correlation with other measures
  ○ Correlation with GDP loss = 0.68
  ○ Correlation with state excess unemployment = 0.69
Global Cities: Covid Deaths and Cumulative Google Activity

CUMULATIVE REDUCED ACTIVITY (PERCENT YEARS)

COVID DEATHS PER MILLION PEOPLE

New York City
Lombardy, Italy
London
Paris
Madrid, Spain
Boston
Lombardy, Italy
Los Angeles
Chicago
Miami
Stockholm
Tokyo, Japan
Houston
Seoul, Korea
SF Bay Area
Dynamics: Outcomes over Time
Global Cities: Monthly Evolution from March to September

REduced ACTIVITY (PERCENT)

COVID DEATHS PER MILLION PEOPLE
Global Cities: Monthly Evolution from March to September

REDUCED ACTIVITY (PERCENT)

COVID DEATHS PER MILLION PEOPLE

Boston
Los Angeles
SF Bay Area
Miami
Chicago
Houston
Concluding Remarks
Summary

GDP LOSS

COVID DEATHS

California
[lucky? too tight?]

New York City
Lombardy
United Kingdom
Madrid
[unlucky? bad policy?]

Germany, Norway
Japan, S. Korea
China, Taiwan
Kentucky, Montana
[lucky? good policy?]

Sweden
[unlucky? too loose?]