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# The Economic Impact of Covid-19

Victor Gay



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# Worst Health & Economic Crisis of the 21st Century

1.3 million confirmed deaths

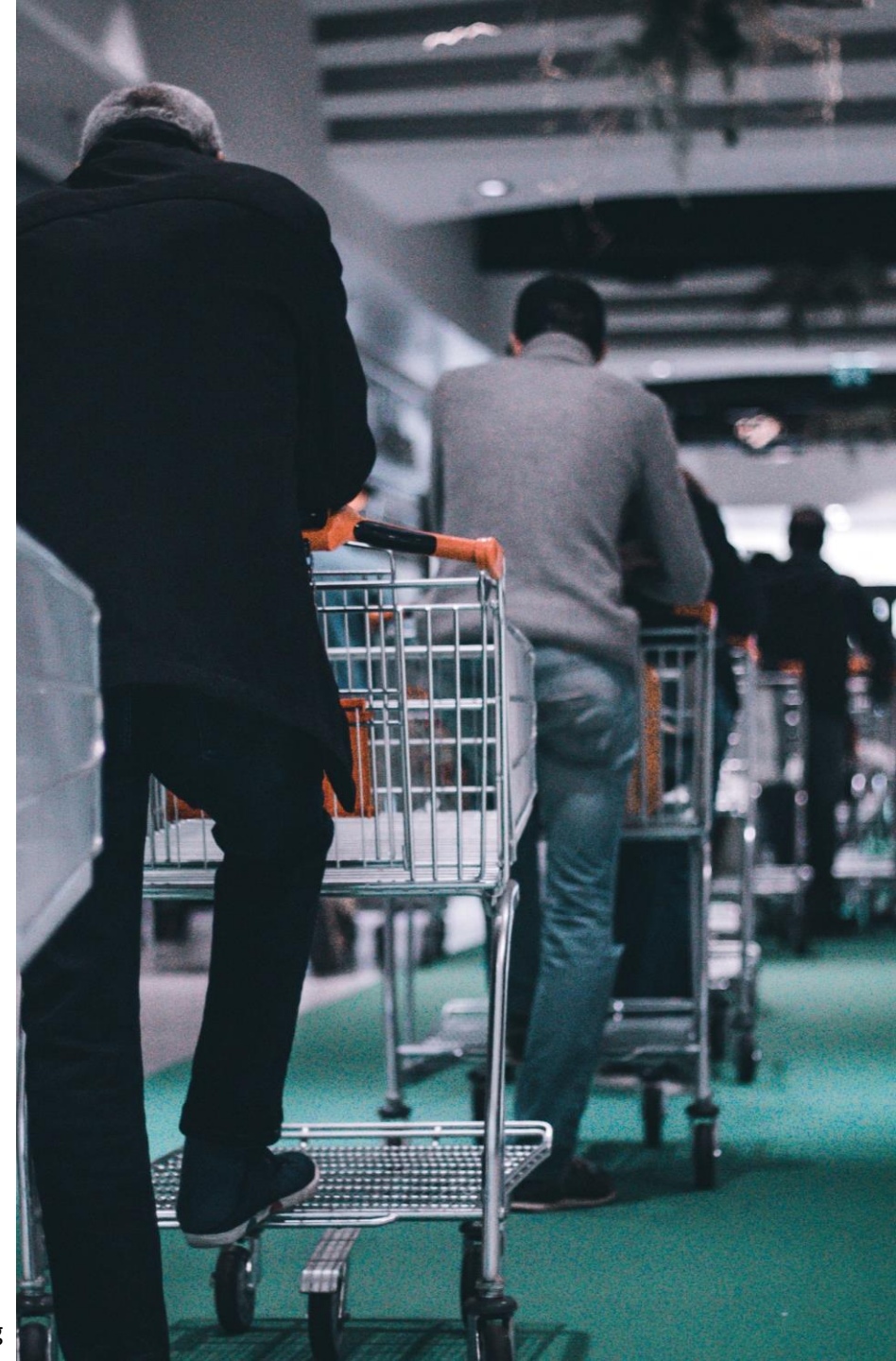
55 million confirmed cases

No natural immunity, no cure yet

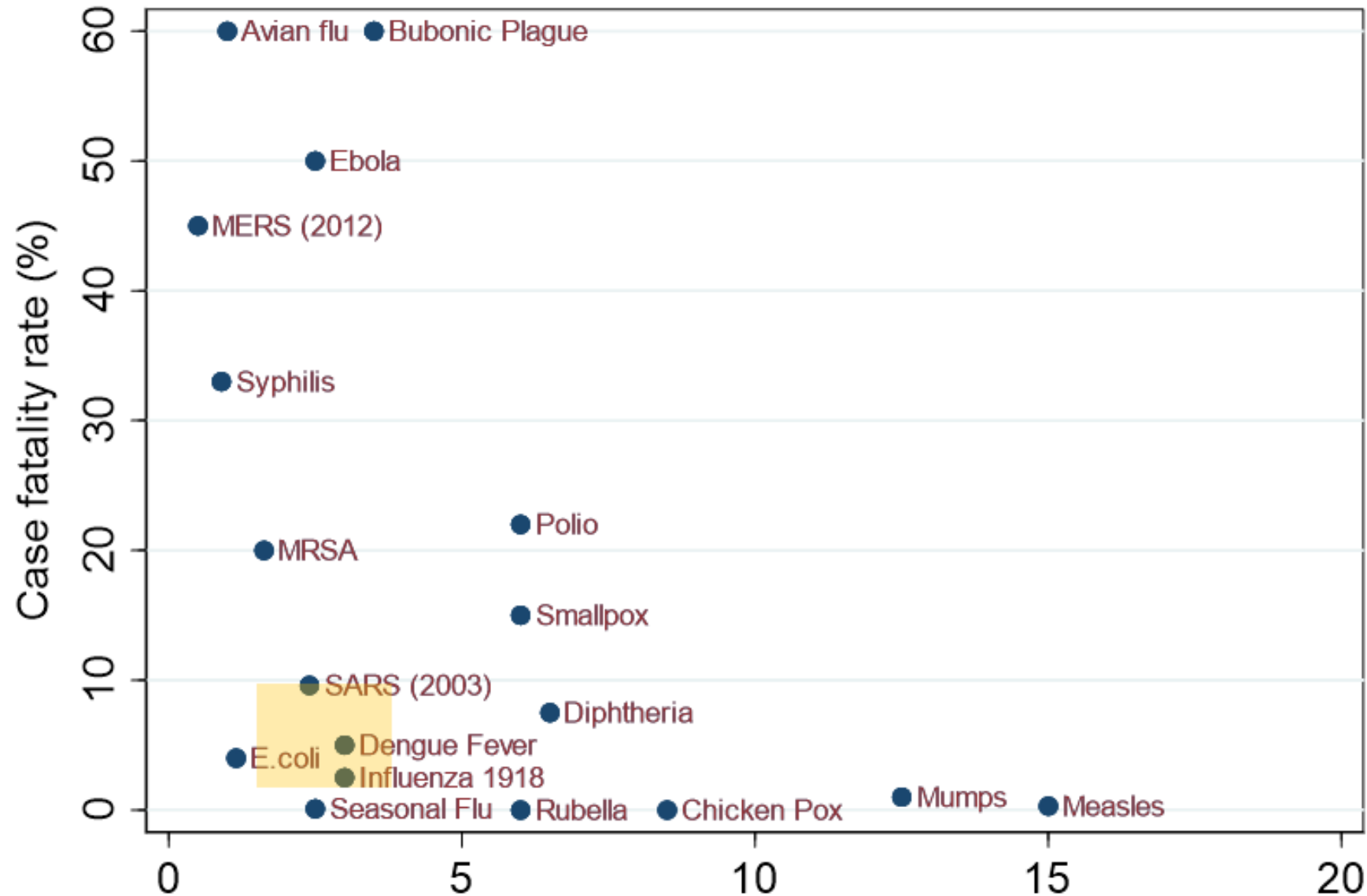
Large scale non-pharmaceutical interventions

Large economic downturn

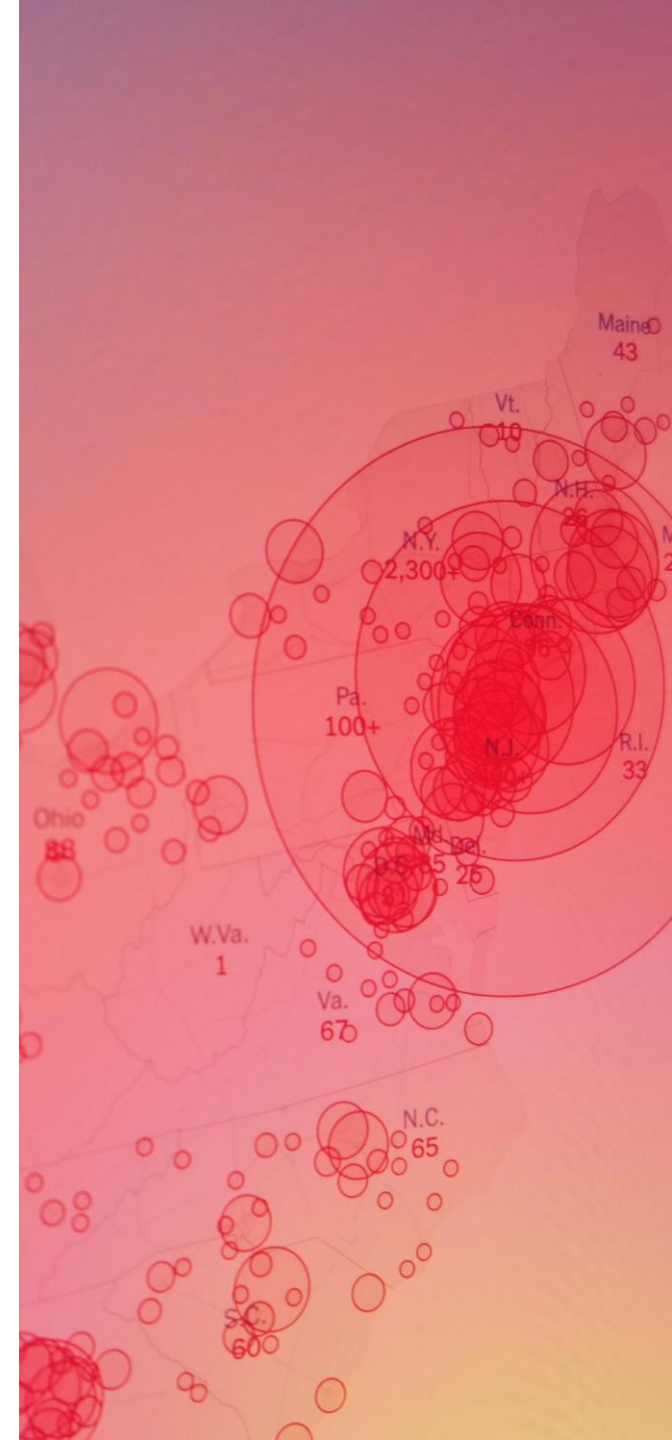
**What can history teach us?**



# Reproduction Rates & Case Fatality Rates



Partly based on Arthi and Parman (2020, Figure 2 p. 5)





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# Lessons from the Influenza Pandemic

- Brief: 1918-1919
- Worldwide diffusion
- 20-50M deaths
- Some limited non-pharmaceutical interventions



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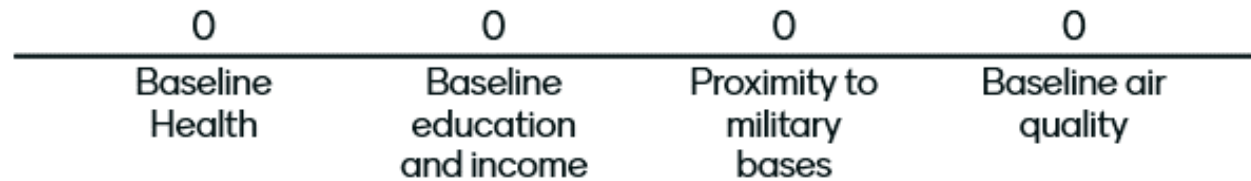
# Focus on the USA

- Better data
- No WWI on soil
- 600-700k deaths in 1918

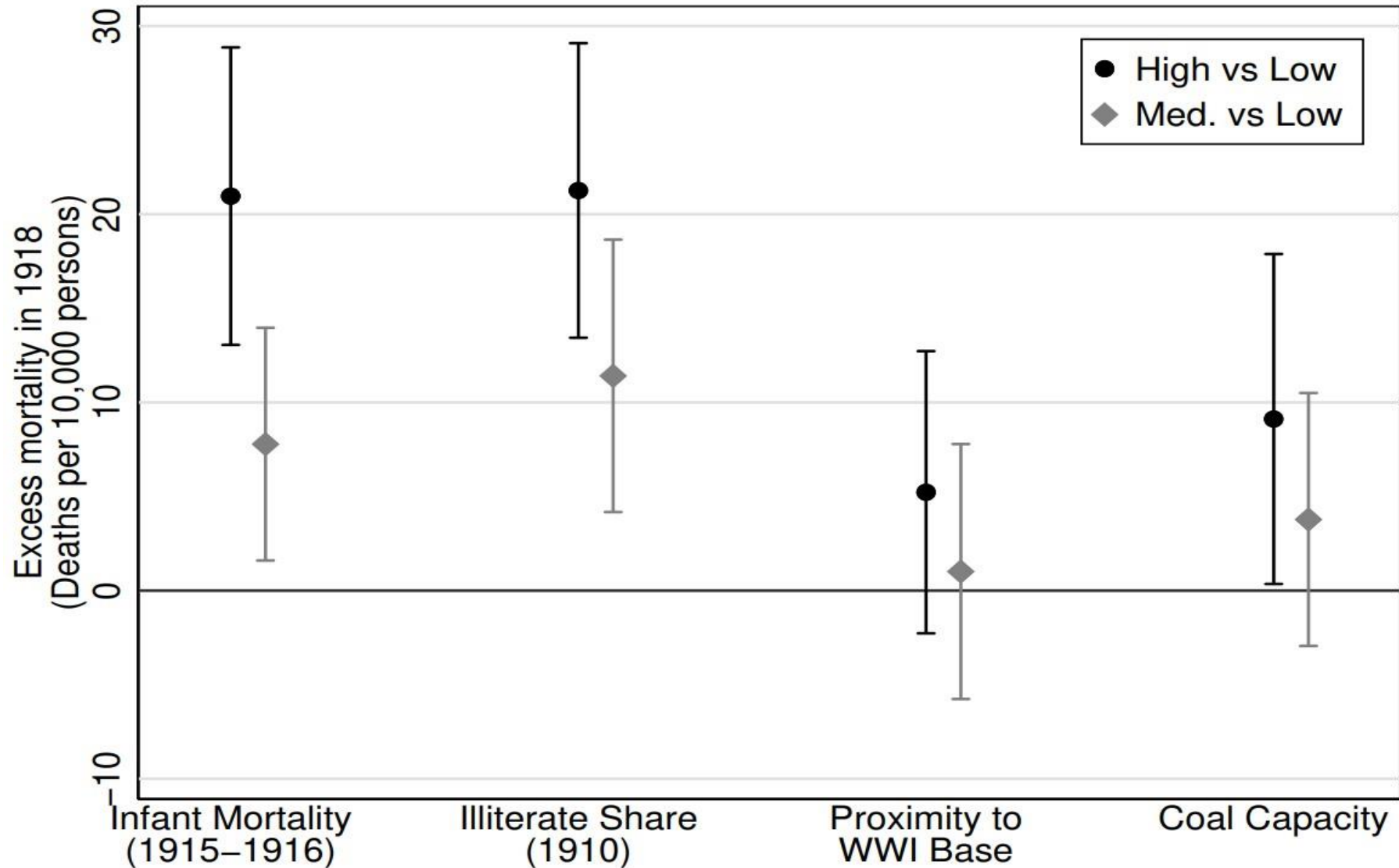


Go to [www.menti.com](https://www.menti.com) and use the code 84 10 64 2

# What was the most important determinant of excess mortality across US cities in 1918?



# Determinants of Excess Mortality in 1918 in the USA

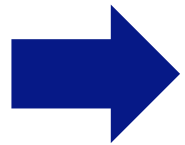


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# Determinants of Excess Mortality in 1918 in the USA

Influenza more deadly in locations  
with worse baseline:

- Health environment
- Overall income
- Air quality



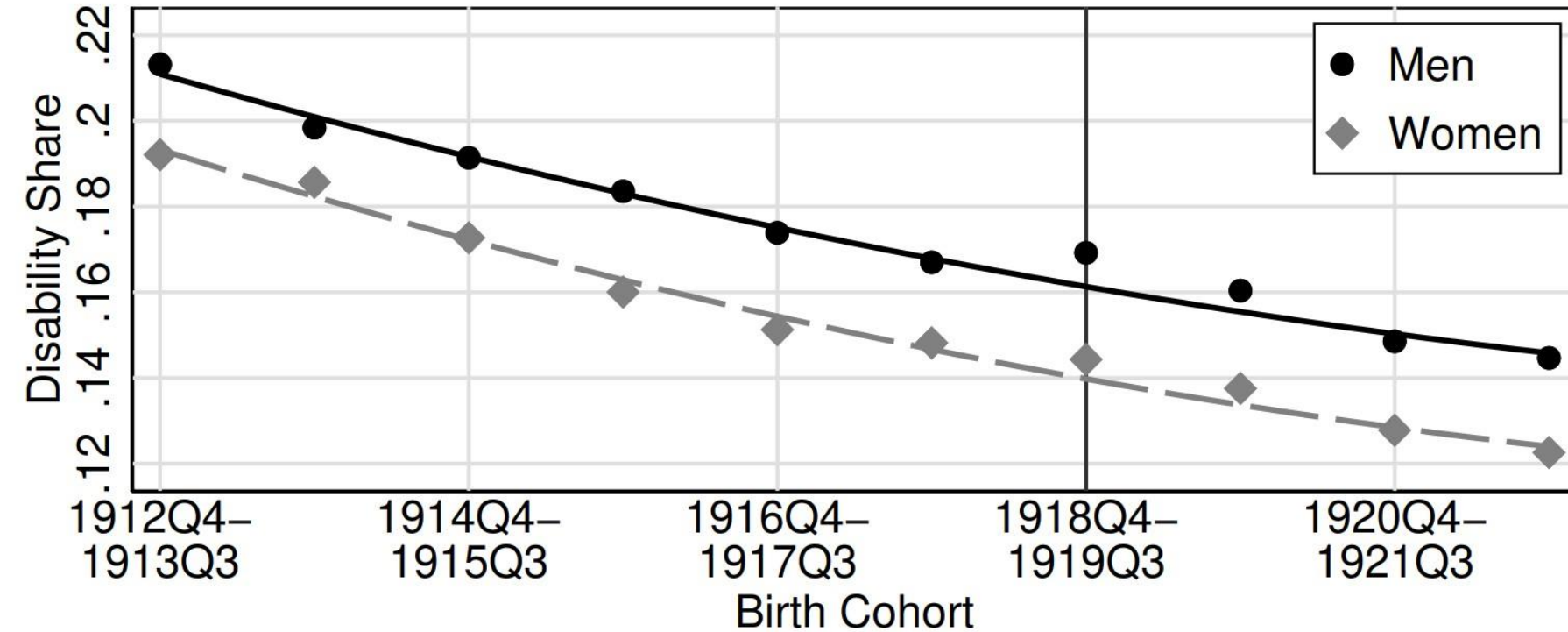
The Influenza aggravated  
pre-pandemic socioeconomic disparities



# Long-run In Utero Effects

## Disability Rates in 1970

Disability Limits or Prevents Work

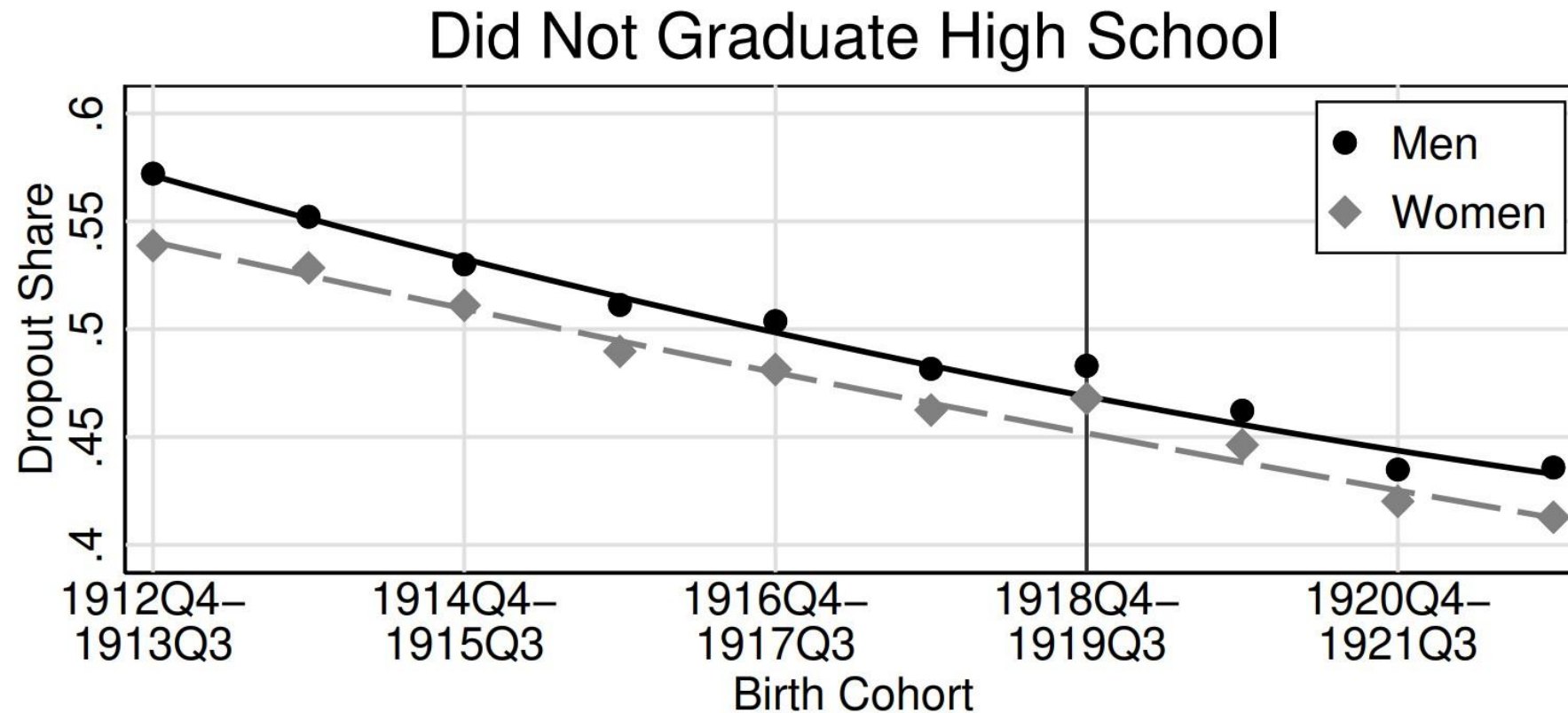


From Beach, Clay, and Saavedra (2020, Figure 10, p. 51) based on Almond (2006)

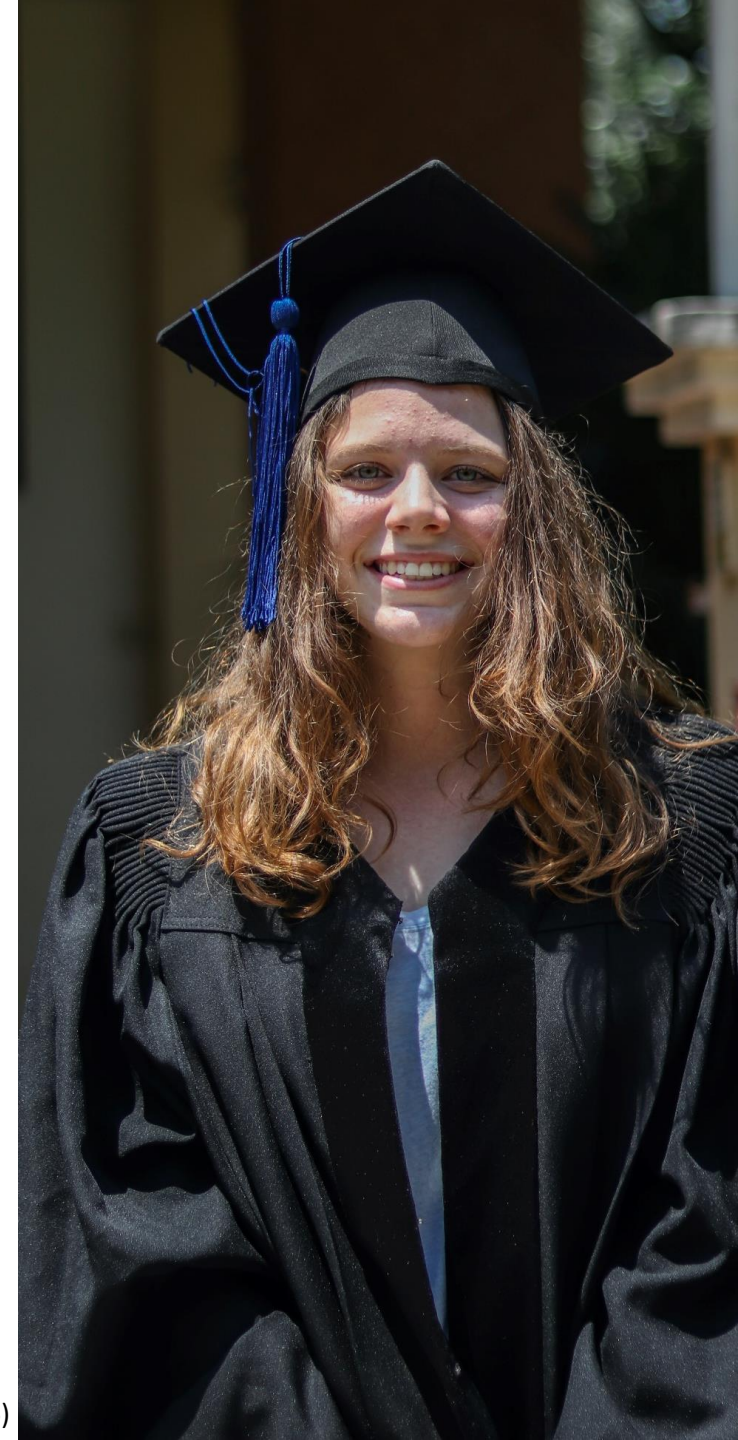


# Long-run In Utero Effects

## High School Dropout Rates in 1970



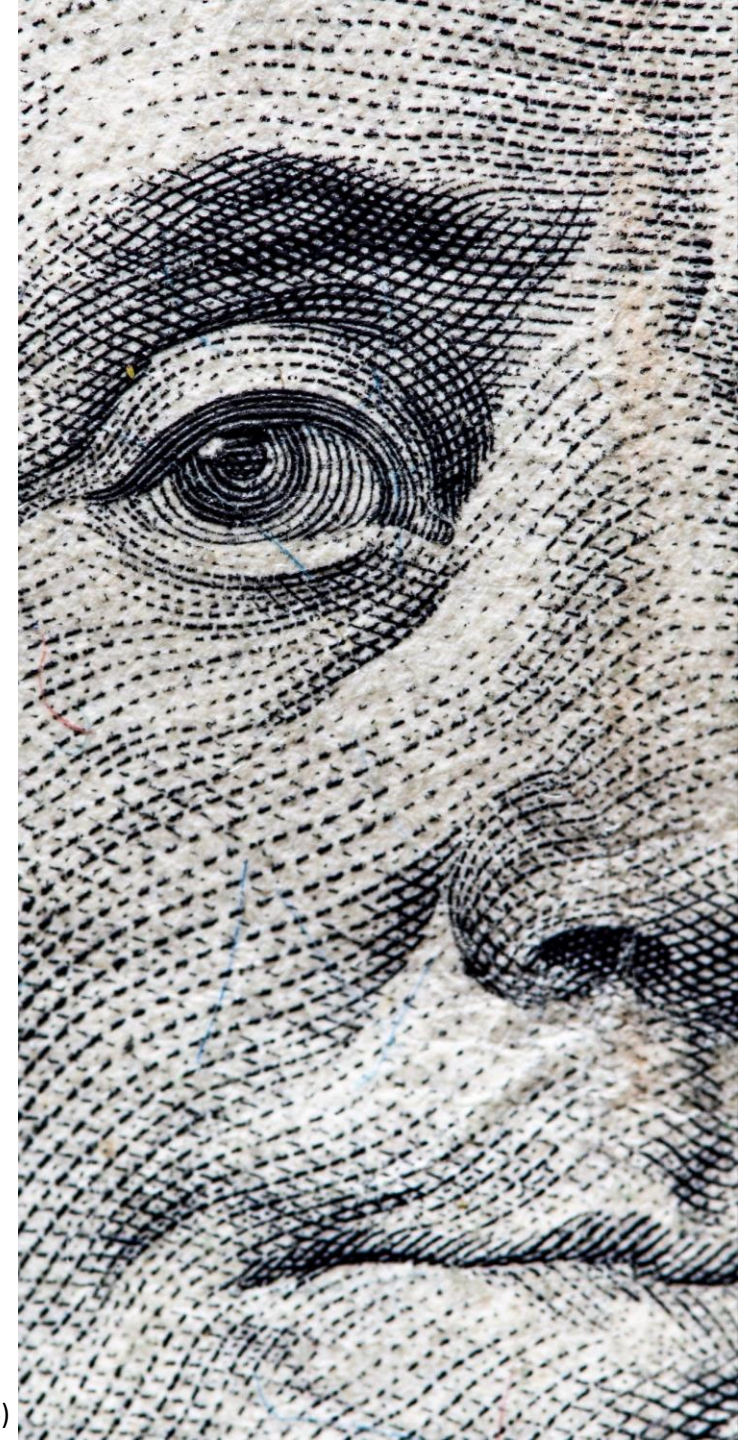
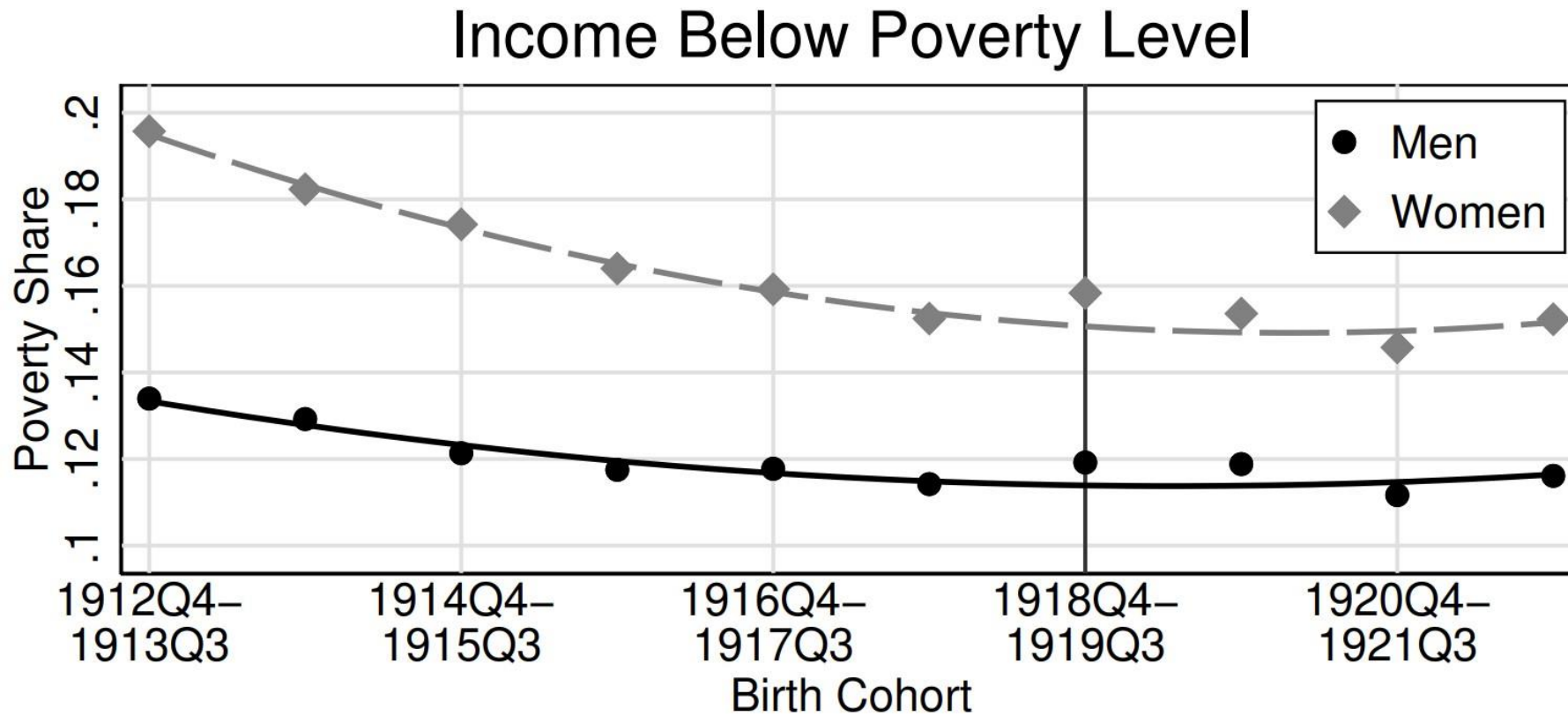
From Beach, Clay, and Saavedra (2020, Figure 10, p. 51) based on Almond (2006)





# Long-run In Utero Effects

## Poverty Rates in 1970



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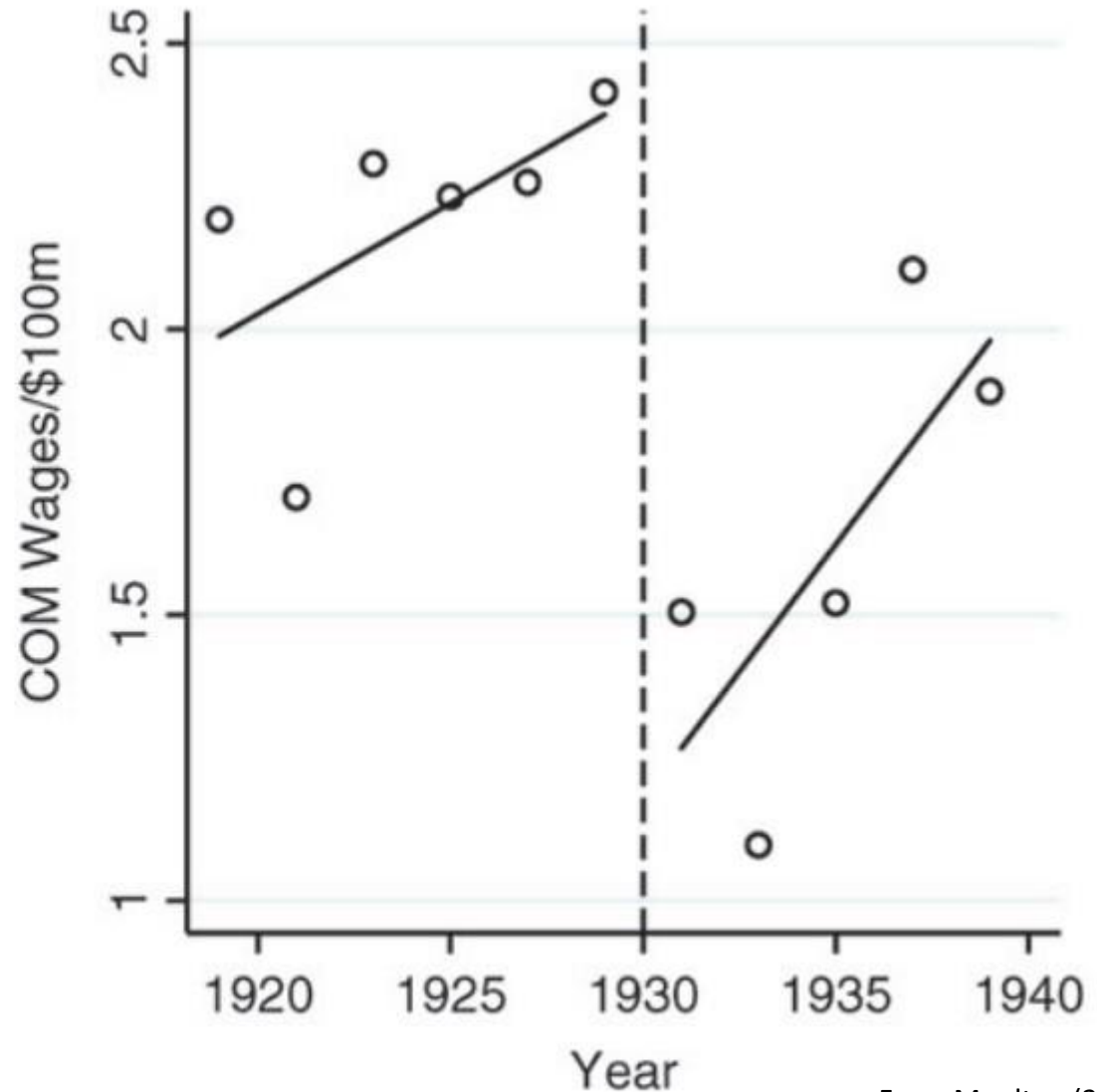
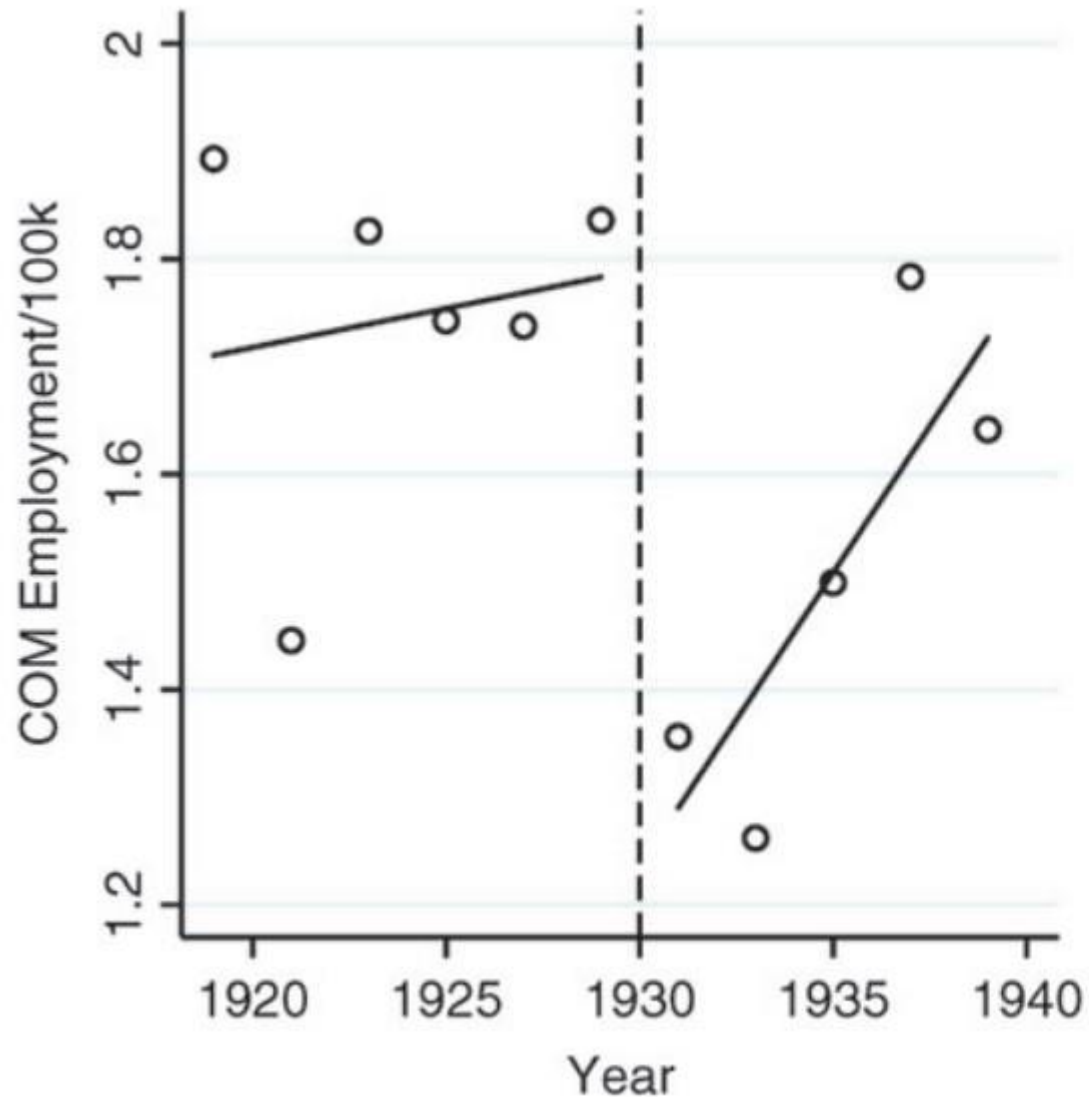
# Lessons from the Great Depression

- 1929-1940
- Major economic crisis
- Scarring effects of entering in labor force?

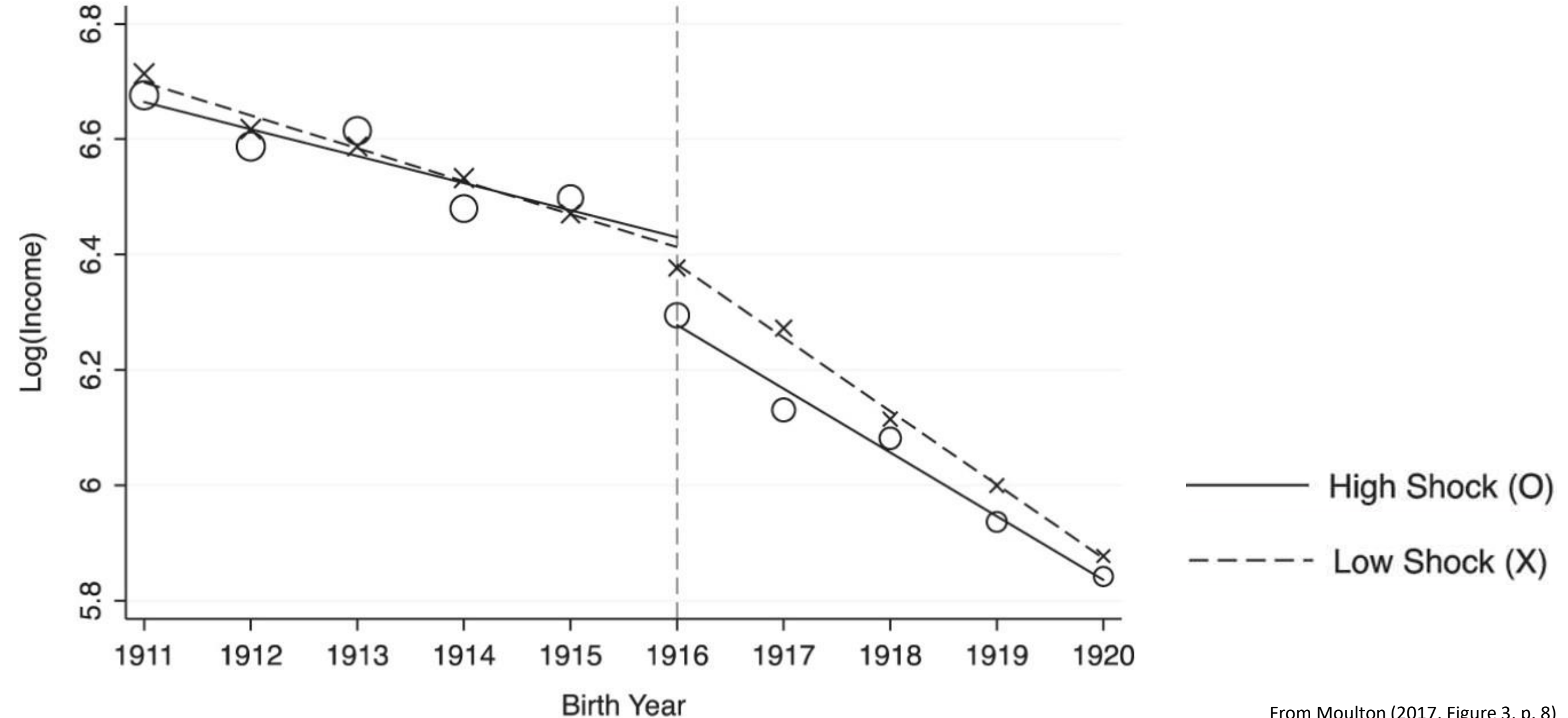




# Discontinuity in labor market conditions



# Income by Birth Year in 1940



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# Conclusions

History can be a useful guide for policy.

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Without interventions:

- Low SES individuals bear disproportionate burden of the health crisis
- Labor market entrants bear disproportionate burden of the economic crisis
- Long-lasting scarring effect



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# Conclusions

History can be a useful guide for policy.

More historical evidence needed:

Original features of COVID-19: combines health and economic crises.

How will these interact?

Scarring effects for young children (school closures, distancing, masks)?

Consequences for gender inequality, esp. working mothers?

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