

POLS/ECON 409 · *Pandemic: immediate responses & economic effects*

1. Many people intuitively expect a tradeoff between disease prevention and economic activity in the mandatory public adoption of non-pharmaceutical interventions (NPIs) like social distancing, business closures, and stay-at-home orders. Drawing on Correia, Luck, and Verner and other readings, consider the following questions: Does such a tradeoff necessarily exist: could NPIs benefit both health and the economy? By what logic could “lockdowns” actually help the economy in the medium run? What is the nature of the Correia, Luck, and Verner’s evidence, and what limitations does it pose for thinking about the current pandemic?
2. When the COVID-19 pandemic hit the US in March 2020, policy makers were quickly informed by public health experts and economists of its potential effects on health and the economy, as well as the relevant lessons from the 1918 Influenza pandemic. According to Adolph, Amano, Bang-Jensen, Fullman, and Wilkerson, how did policy makers actually respond, and why? What might an optimal response have looked like? Would you given a different answer in hindsight than you would have given in March 2020, based on contemporaneous expert advice?
3. The partisan pattern of policy response in the US in March 2020 surprised many people. Should we have been surprised? Why were governors’ decisions so partisan? Was another path possible? Comparison with other countries may be helpful. What role did populism play? What about federalism?
4. The pandemic and measures to stem it created the largest economic shock in generations. How did fiscal and monetary policy in the US and Europe respond to crisis in March–April 2020, and how did it adapt over the rest of 2020? Contrast the breadth, speed, and components of this response to that of 2008–2009.
5. Drawing on Chetty et al, what were the primary short-run effects of the pandemic on the economy? What were the primary effects of initial government relief efforts, especially cash payments to individuals and the Paycheck Protection Program? What do changes in spending by income of household or sector of goods and services tell us? Which jobs came back quickly, and which groups

- stayed unemployed (be as specific as possible, including the interactive effect of place and sector)? Was the pandemic recession L-, V-, or K-shaped?
6. Does it make sense to target employment rates in a pandemic? Is it even useful to view COVID-19 relief through a Keynesian lens? What can governments accomplish economically during a pandemic, and what are the best tools to achieve those ends? Can states revive their economies by telling businesses to re-open while a pandemic is still raging?
 7. How easy or hard is it to figure out what effect NPIs had on the economy? On personal behavior? (You might draw on Chetty et al; Arnon, Ricco, and Smetters; or your own intuitions.) As complex as these papers are, could they be leaving important details out? Through which mechanisms, beyond simply forbidding certain activity, might NPIs work? Are there additional factors that might affect whether NPIs harm or help the economy?
 8. In the United States, each individual state is constitutionally responsible for public health emergencies, creating challenges for coordinated response. In most European countries, responsibility lies at the national level, at least in part. How important is coordinated regional and global response to a crisis like the COVID-19 pandemic? What would have been the economic and epidemiological consequences of greater cooperation in Western democracies?
 9. The twenty-first century has been a time of complex global crises. In terms of causes, effects, and responses, how is the pandemic similar to the financial crisis, and how is it different? Did governments or publics learn lessons from the Great Recession that they applied in this crisis?
 10. Now turn to the “other” on-going twenty-first century crisis: how is the pandemic similar or different from climate change. What does our experience with the pandemic suggest about the future political and economic ramifications of climate, and the best ways to address the climate emergency?

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