Coping with the Labor Market Consequences of the Pandemic

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Economic principles

• Like taxes, diseases have excess burdens in human populations

• Externalities do not justify central planning

• Recovery is easier with defined property rights
PandemicCosts.com


- All other ("the economy")
- Mortality (valued at VSL)

Daily Estimates of Aggregate Work Hours
Adjusted for weekly and seasonal cycles

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Property Rights

• Failures at reopening can have positive social value
  – But negative private value

• Without property rights, we have a new payroll tax
  – Revenue goes to trial lawyers
The Optimal MTR Exceeds 100?!

(b) With controls for state business restrictions and new Covid-19 cases

Source: Altonji et al (2020)