

What Happens Next – Sunday April 18, 2021

Coups, Lost Learning, Filibuster, Reinvention, AdTech, and COVID Fears

Chad Syverson QA

Larry Bernstein:

Thanks Chad. My first question relates to societal norms. When you compare Iowa and Illinois, particularly in the Quad Cities, you're really in the same community with consistent social norms. I spent a good portion of my COVID year in Miami Beach, and I'm currently in New York City. The difference between these two communities is unbelievably shocking stark. Miami is a party, New York is a ghost town. Both have similar concerns, have similar COVID outbreaks, but it's not taken very seriously in Florida at all. How do you think about these differences in social behavior?

Chad Syverson:

That's a great question. I mean, that's one of the reasons why we wanted to measure the effects that we did by focusing within Metro areas, because we did recognize that there might be reasons why, for example, New Yorkers would respond differently than folks in Southern Florida. So we were comparing different parts of New York under the New York Metro under different shutdown orders in different parts of South Florida. So what that essentially would do is the size of the overall drop would vary across Metro areas. And we do find that, but it's still allowing us to measure the effect of any shutdown orders themselves by making that comparison within Metro areas.

Now, if you want to zoom back and say, "Well, why is it that New Yorkers responded differently to the same state of COVID than south Floridians?" I think that's a broader set of questions that other social scientists could help with. And I could speculate some. I think there are different people in the different areas and different political attitudes and so on and so forth. But differences are exactly the reason why we tried to measure the effects of the orders themselves in the way that we did.

Larry Bernstein:

Another question about public policy as it relates to increasing or decreasing fear. I listened to the radio briefly today, and there was an advertisement by a government agency in New York saying that you need to keep diligent on COVID, that it's still active, that there are variants and you need to get vaccinated now. What they didn't say was, "Once you've been vaccinated twice with the Pfizer vaccine, feel free to take off your mask and enjoy life and go to the party. Get back to work and start shopping." Do you think that if fear is the number one driving force for this economic activity, and if it helps public policy to get back to school, get back to work, get back to life, should public announcements, articulate that once you've been vaccinated, you

should take off your mask and get back to work?

Chad Syverson:

Yes, I think they very much should. If the fear is no longer warranted, policy should not try to inculcate any more fear. And just in terms of incentives, if we want to give folks who aren't yet vaccinated an incentive to vaccinate, I think saying, "Look, no one likes the way the world was for the last year. Maybe we responded to it differently, but if you want to get back to something that looks more "normal," get yourself vaccinated, and you will be able to be free to interact in a way where you're not at any concerns that you have or concerns that your friends or family have are considerably lessened." I think that that is an important part of what needs to be done to get folks vaccinated.

And I think continuing to play up the risks, which exists and certainly for unvaccinated people, I think we've hit the level of diminishing returns with a lot of that already. The folks who are truly still extremely afraid and the people who had double masked two months after they're vaccinated, even if everyone else isn't etc, =, those people, you're not going to move their behavior anyway. Those aren't the kinds of people who we want now to move in terms of, "You're not quite sure about getting the vaccine, but let's try to get you to take the vaccine." Well, you're not going to get them to do that by saying, "Boy, even after you're vaccinated, everything is still dangerous." I think you're exactly right. We need a mix of messaging and the dial starts to, or should be turned more towards the, "Hey, here's the carrot that comes with being vaccinated and reducing the overall state of the disease. We can all go back to things we want to do."

Larry Bernstein:

There was an article in the Wall Street Journal last weekend that quoted you indirectly about your consumer behavior data. And they asked a different question, which you had studied in great detail, which is if people are really scared, are they going to rejoin the labor market? If we're going to speculate on that, what have you learned from your consumer traffic that would apply to employment behavior?

Chad Syverson:

I think you could apply very similar logic that there is going to be a sluggishness of the response now, rather on the demand side, but on the supply side, of folks willing to go back and participate in the economy. The size of that sluggishness is going to be related to the local state of the pandemic. And so to the extent you're concerned about moving the dial on labor supply, one of the things you can do to effect that is to address the pandemic and make sure you we're vaccinating people as quickly as possible and taking other reasonable steps to try to get the Covid case loads and infection probabilities down.

What we don't know, because we didn't have the data on is how large of a response that is on

the labor supply side. We know, and I described how big it was on the demand side, but to the extent it's there and measurable, the speed with which we recover the number of people returning to work and so on is going to be determined by this partially, this fear response. And so, again, in terms of policies to address that, one of the things to do is solve the pandemic problem as quickly as possible.

Larry Bernstein:

Chad, you're using high-frequency consumer data. Is that something that's going to be exciting for economists going forward to use to understand consumer behavior?

Chad Syverson:

For sure. And I've seen a lot of that and we've talked many ways today about how COVID has changed the world around us. One minor way for the rest of you but big for me is the kind of data that economists are using to study the state of the economy has been much more granular and even bigger I would say, than the granularity, is the reduction. The reduced distance between when that data is collected and when we can analyze it. For example just another example is back during the Great Recession, 13 years ago. If you wanted to look what was going on with, "Well, how many businesses are going out of business? What's going on with job losses through that? What's going on with business formation? How much has that fallen?" You had to wait a long time before the Census Bureau or someone else came out with those numbers.

We now have that very quickly. The Census Bureau is publishing business formation data with a lag of only a couple of three weeks. And this consumer level data that Austin and I use to measure these effects. Also, you're maybe looking at a month long lag to get this very granular data on consumer behavior. Now you don't see all that... We could see these numbers of consumers. We couldn't see dollars spent, but there are other kinds of data that are analogous to ours that do have dollars spent. So we're able to see much more stuff, much more quickly. In part, because I think that the apparatus was there to measure it but I think the pandemic actually created the impetus on the parts of the entities that have been collecting this and aggregating it with delay and putting it out cleaner, but slower, just making this available much earlier than it was. And I think that it's going to be very useful going forward, both again, increased granularity and the quicker leg, the shorter leg times.