The Impacts of Covid-19 Illnesses on Workers

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We show that Covid-19 illnesses persistently reduce labor supply. Using an event study, we estimate that workers with week-long Covid-19 work absences are 7 percentage points less likely to be in the labor force one year later compared to otherwise-similar workers who do not miss a week of work for health reasons. Our estimates suggest Covid-19 illnesses have reduced the U.S. labor force by approximately 500,000 people (0.2 percent of adults) and imply an average forgone earnings per Covid-19 absence of at least $9,000, about 90 percent of which reflects lost labor supply beyond the initial absence week.

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