Datathon 2020

**Literature Review**

To begin to analyze the economic effects of COVID-19, a baseline to establish economic performance needs to be established. An intuitive and useful measure of economic performance to begin wit is unemployment rates. In *Unemployment and Economic Recovery*, Lina Levine discusses the importance of looking at unemployment above GDP to analyze an economic recovery. The book further states that during past recessions it took almost a full year for unemployment to drop even 1 percentage point. (Levine 2010) When viewing this with COVID-19 it may be important to view unemployment levels as they post-lockdown as many, but not all lockdown layoffs may have been temporary as businesses lost almost all revenue sources. However, as our data will show there is a lingering increased level on unemployment that will most likely remain until the crisis is over and potentially beyond then.

Another analysis of economic performance comes from a report out of Columbia’s School of International and Public Affairs focused. The City Economic Capacity metric developed seeks to quantify the economic performance of these municipalities. This report includes analysis of standard economic metrics, such as GDP and unemployment alongside more qualitative metrics like policy decisions. The report emphasizes the effect of City government’s policy on the economy with a focus mainly on legal and tax policy, which given COVID-19’s far reaching effects city policy (such as restrictions, mask mandates and shutdowns), would be a good metric for economic performance and recovery. Further lack of coordination of governmental levels also created issues for a city’s economy, which may also factor into city level recovery. (Fuchs et al. 2014)

Further research into past economic recoveries also shows that public perception of economic health is important for a financial rebound. (Azis 2010) During the pandemic public perception of not only the economy, but also perception of general public health safety will be important for a recovery. A good proxy for analyzing this sentiment could be the policies that local and regional governments have adopted to deal with COVID. An area that lacks an effective government response would likely also have negative perceptions of the currently safety of their area and the future of their ability to return to a normal life and economy. A recent World Economic Forum article shows that perceptions of the threat of this crisis do appear to be tied both to government response and the actual severity of the outbreak. (Oliver 2020)

Another important aspect of a pandemic recover is sector specific effects. All industry has been affected by the pandemic, however some sectors are much quicker to recover and even grow during extended shut downs, while others may be heavily damaged. Industries including transportation and hospitality will continue to see the worst effect of COVID-19 as people are not able to and do not want to travel. (Konings 2020) Regardless of a city’s response to the pandemic if the economy of an area is centered in specifically susceptible sectors then the recovery will be much harder and there may be lasting economic impacts from this crisis.

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