Effects of the Covid-19 Pandemic on the Colombian Labor Market: Disentangling the Effect of Sector-Specific Mobility Restrictions: Comments

León Fernández Bujanda
Banco de México
October 2020
Highlights

• Covid-19 (lockdown) Colombian labor market
• Restrictions to mobility at the national level 03/25/2020
  • Essential vs. no essential sectors
• Data: Colombian National Household Survey
  • Monthly
  • Representative 23 cities
  • Aggregated employment in two categories by 2-digit ISIC, 23 cities + rest
  • Data is smoothed MA 2 months
• Diff-in-Diff
  • Treatment: Nonessential
  • Control: Essential
• Findings
  • 13.9% additional jobs loss in the nonexcluded relative to the excluded sectors. 25% of total employment loss
  • No significant results in hours worked and wages
Comments

• What strategies implemented DANE to collect data?
• Common trends assumption as identification requirement, necessary but not sufficient
• Figure 7: The previous shock period is too short to see if there is a common trend
• There may be lagged effect on the control group
• Time series world. High $R^2$
• Main challenge: confounding between lockdown and demand fall
• IV alternatives? Other controls? (structure of employment before pandemia, proximity index, home office possibility)
• Self-employed may be the first to report being nonemployed
Conclusions

• Nice paper, very timely

• The effects of Covid-19 and policy response present a particular challenge
  • Multisource shock/Many transmission mechanisms
  • Agent response is generalized
  • Lack of information
  • Policy is implemented at the national level

• Not much time from the shock to implement sophisticated methods

• We do what we can with the data we have access to

• Other sources of data

• Clustering by industry