

Plagues, Cities and Small Firms

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based on work with Zoe Cullen, Chris Stanton,

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The CONQUEST OF PESTILENCE in NEW YORK CITY ~

... As Shown by the Death Rate as Recorded in the Official Records of The Department of Health.



New York City's Department of Health shows the timeline of the city's mortality rate, which sharply dropped with the provision of clean water in the nineteenth century.

New York City Department of Health and Mental Hygiene

A Staggering Economic Dislocation

UNEMPLOYMENT INSURANCE DATA FOR REGULAR STATE PROGRAMS

WEEK ENDING	April 18	April 11	Change	April 4	Prior Year¹
Initial Claims (SA)	4,427,000	5,237,000	-810,000	6,615,000	226,000
Initial Claims (NSA)	4,267,395	4,964,568	-697,173	6,211,406	211,762
4-Wk Moving Average (SA)	5,786,500	5,506,500	+280,000	4,267,750	210,750
WEEK ENDING	April 11	April 4	Change	March 28	Prior Year¹
Insured Unemployment (SA)	15,976,000	11,912,000	+4,064,000	7,446,000	1,659,000
Insured Unemployment (NSA)	16,438,933	12,460,319	+3,978,614	8,168,375	1,703,576
4-Wk Moving Average (SA)	9,598,250	6,050,250	+3,548,000	3,497,750	1,687,500
Insured Unemployment Rate (SA) ²	11.0%	8.2%	+2.8	5.1%	1.2%
Insured Unemployment Rate (NSA) ²	11.3%	8.6%	+2.7	5.6%	1.2%

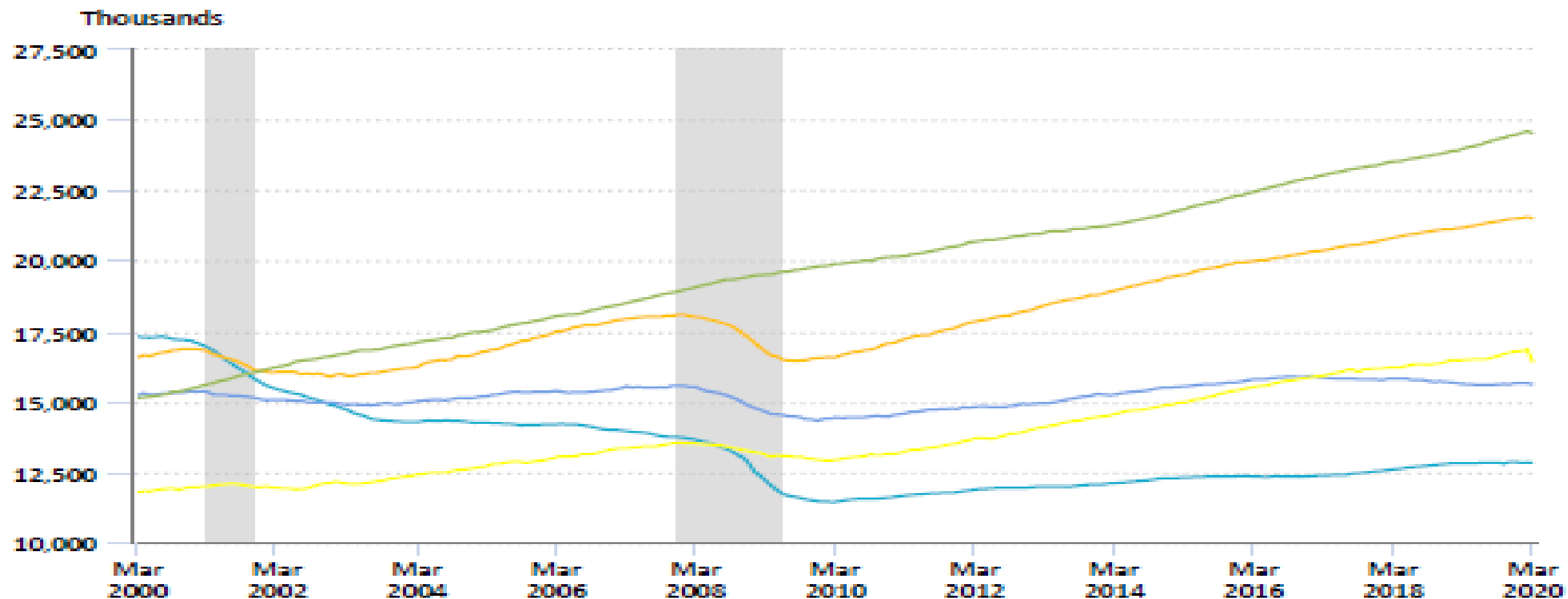
Farm to Factory to Urban Service Workers: to Extreme Pandemic Vulnerability



Employment levels by industry, seasonally adjusted

Click and drag inside chart to change dates displayed

- Total nonfarm
- Total private
- Mining and logging
- Construction
- Manufacturing
- Wholesale trade
- Retail trade
- Transportation and warehousing
- Utilities
- Information
- Financial activities
- Professional and business services
- Education and health services
- Leisure and hospitality
- Other services
- Government
- Federal government
- State government
- Local government



Hover over chart to view data.

Note: Shaded areas represent recessions, as determined by the National Bureau of Economic Research.

Source: U.S. Bureau of Labor Statistics.

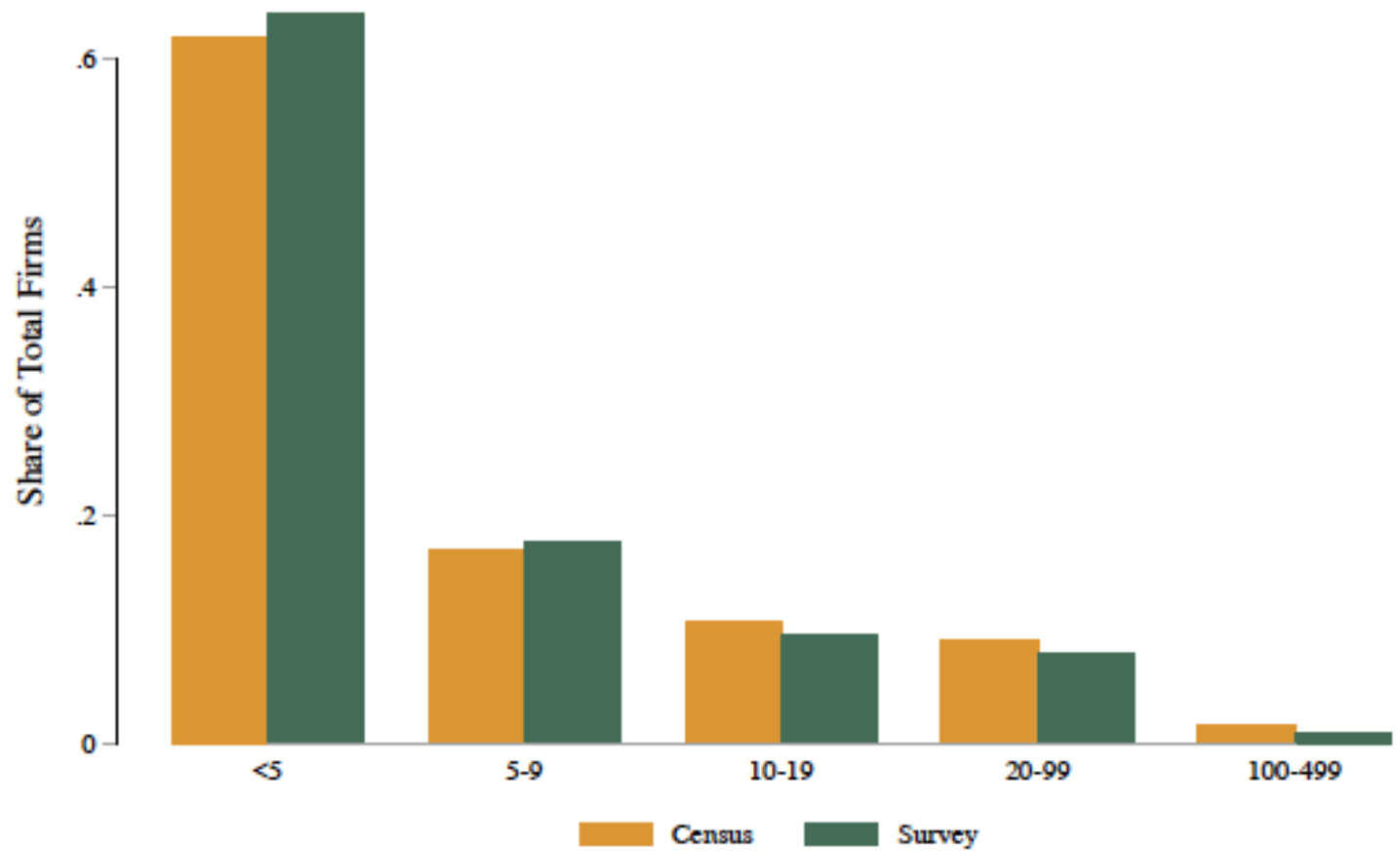
Helping the small business landscape

- What is the current small business landscape?
- How might the ecosystem evolve in the coming months?
- Are there policies or approaches to help small businesses better navigate the crisis?
- Today: discuss two surveys focused on these questions.

How Are Small Businesses Adjusting to COVID-19? Early Evidence from a Survey

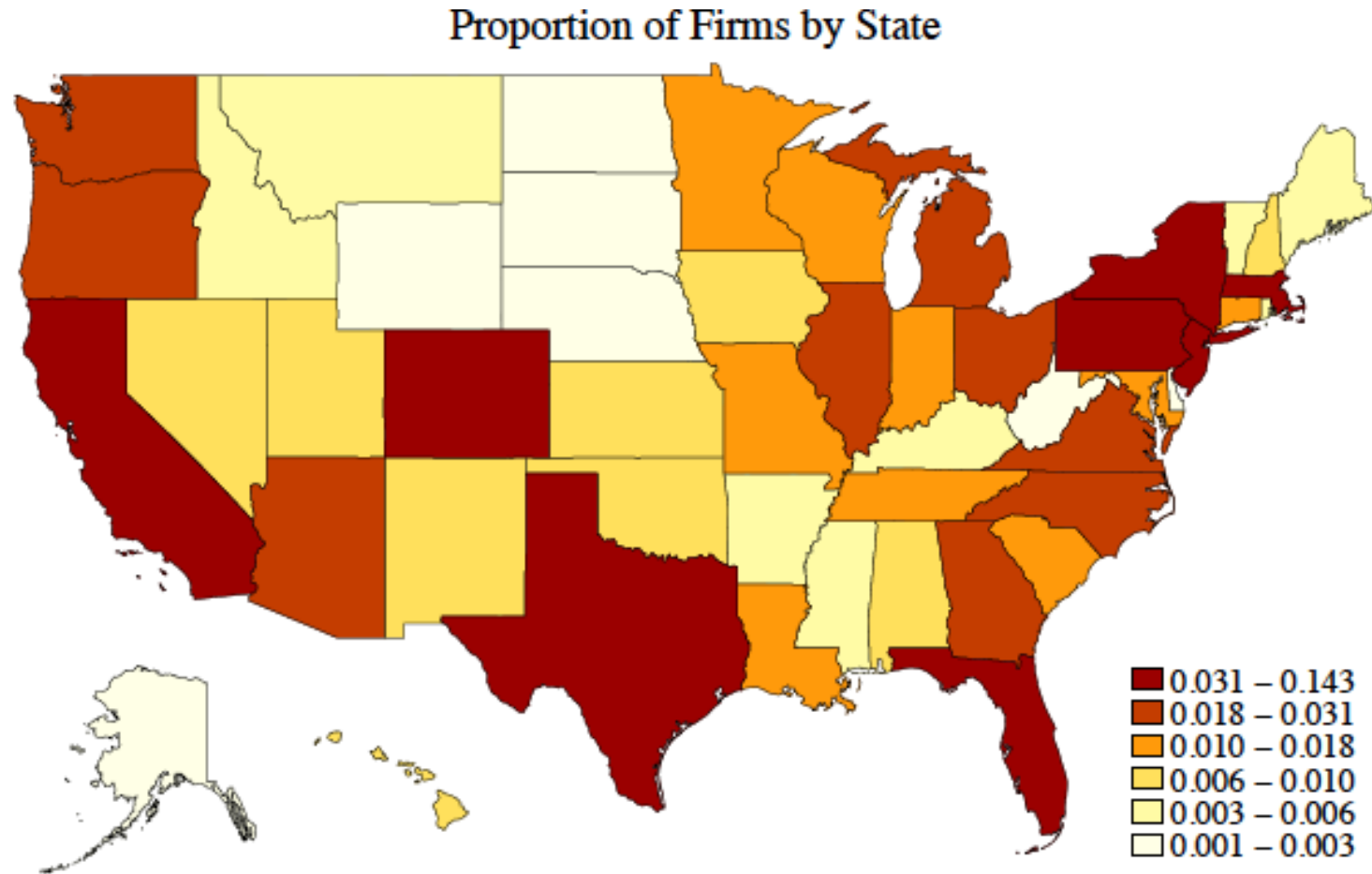
Alex Bartik, Marianne Bertrand, Zoe Cullen, Ed Glaeser, Mike Luca, and Chris Stanton

First survey sent through Alignable: Network of Small Businesses (March 26-April 3)

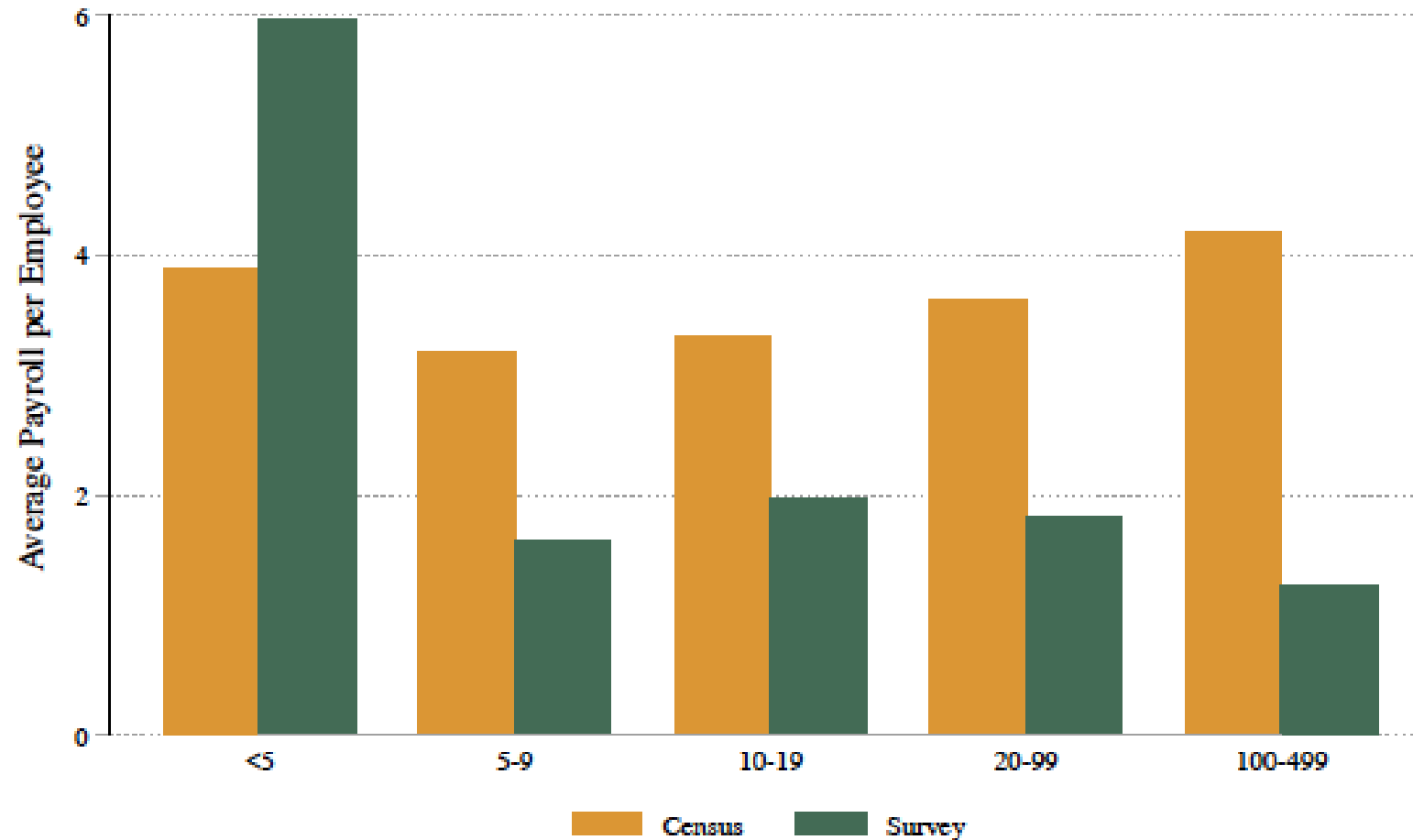


Sample size is 4865 and does not include 954 responses with missing employment data.

Broad geographic coverage



Payroll per employee



Sample size is 4865 and does not include 954 responses with missing employment data.

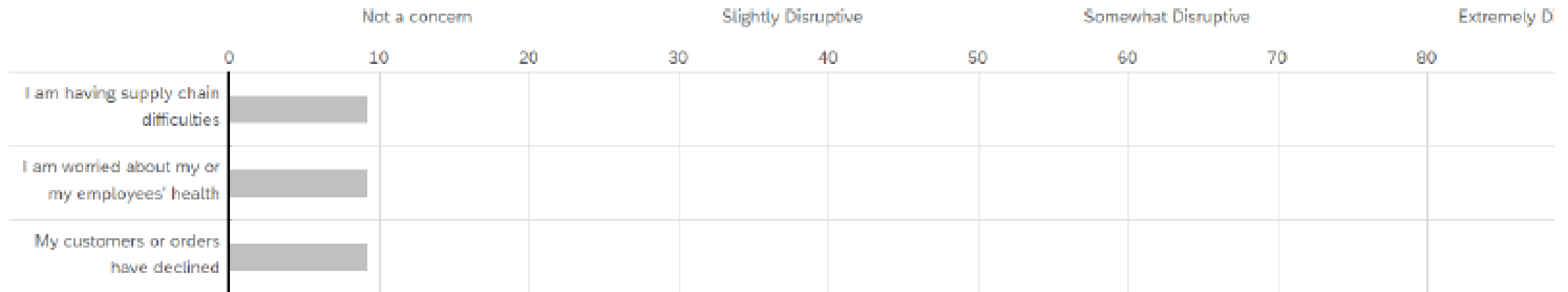
Closure Rates by Size

Currently Closed	Current v Jan Employment	Mean	Mean	SD
		0.46	0.66	0.49
		0.47	0.52	0.45
		0.41	0.55	0.47
		0.36	0.58	0.42
		0.26	0.72	0.44
		0.45	0.60	0.45
		4969	4362	

Likelihood of Remaining Open by Dec 31st, 2020: Industry and Hypothetical COVID Disruption Duration

Industry	N	1 Month	4 Months	6 Months
Professional Services	271	0.79	0.63	0.54
Health care	449	0.79	0.47	0.35
Banking/finance	177	0.78	0.63	0.59
Other	1,462	0.76	0.48	0.38
Real Estate	147	0.74	0.56	0.56
Construction	448	0.72	0.43	0.45
Restaurant/Bar/Catering	173	0.72	0.30	0.15
All Retailers, except Grocery	598	0.69	0.35	0.33
Tourism/Lodging	174	0.66	0.48	0.27
Arts and entertainment	314	0.65	0.45	0.35
Personal Services	214	0.57	0.40	0.22
Total	4,427	0.72	0.47	0.38

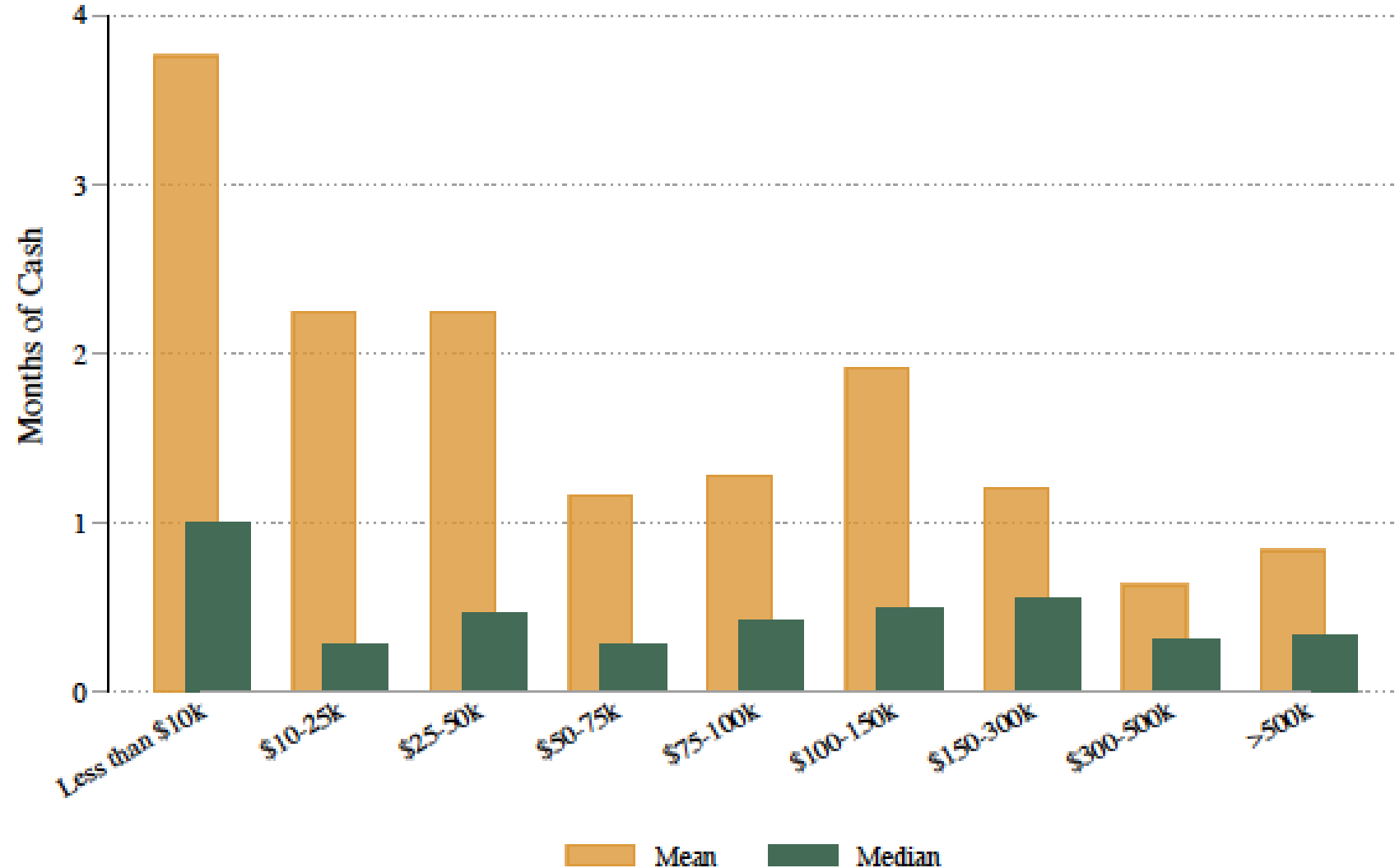
Please indicate the importance of each of these disruptions.



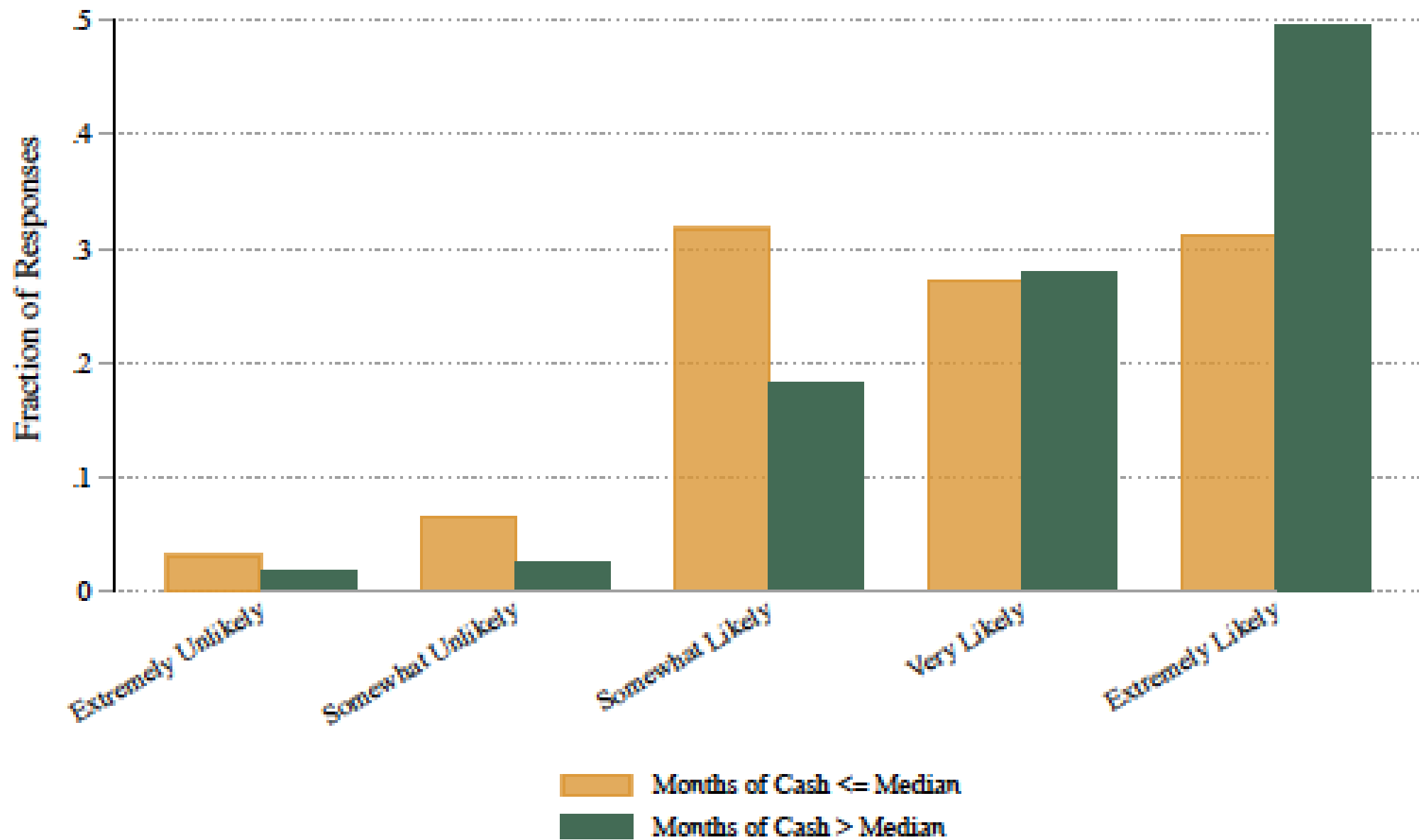
Closure Status and Source of Disruption

	N	Supply Chain	Employee Health	Demand/Orders
Currently open	2,198	30.3	49.8	66.2
Temp. closed	1,783	35.6	59.8	83.3
Perm. closed	85	37.9	60.8	86.1
Total	4,066	34.6	56.8	78.5

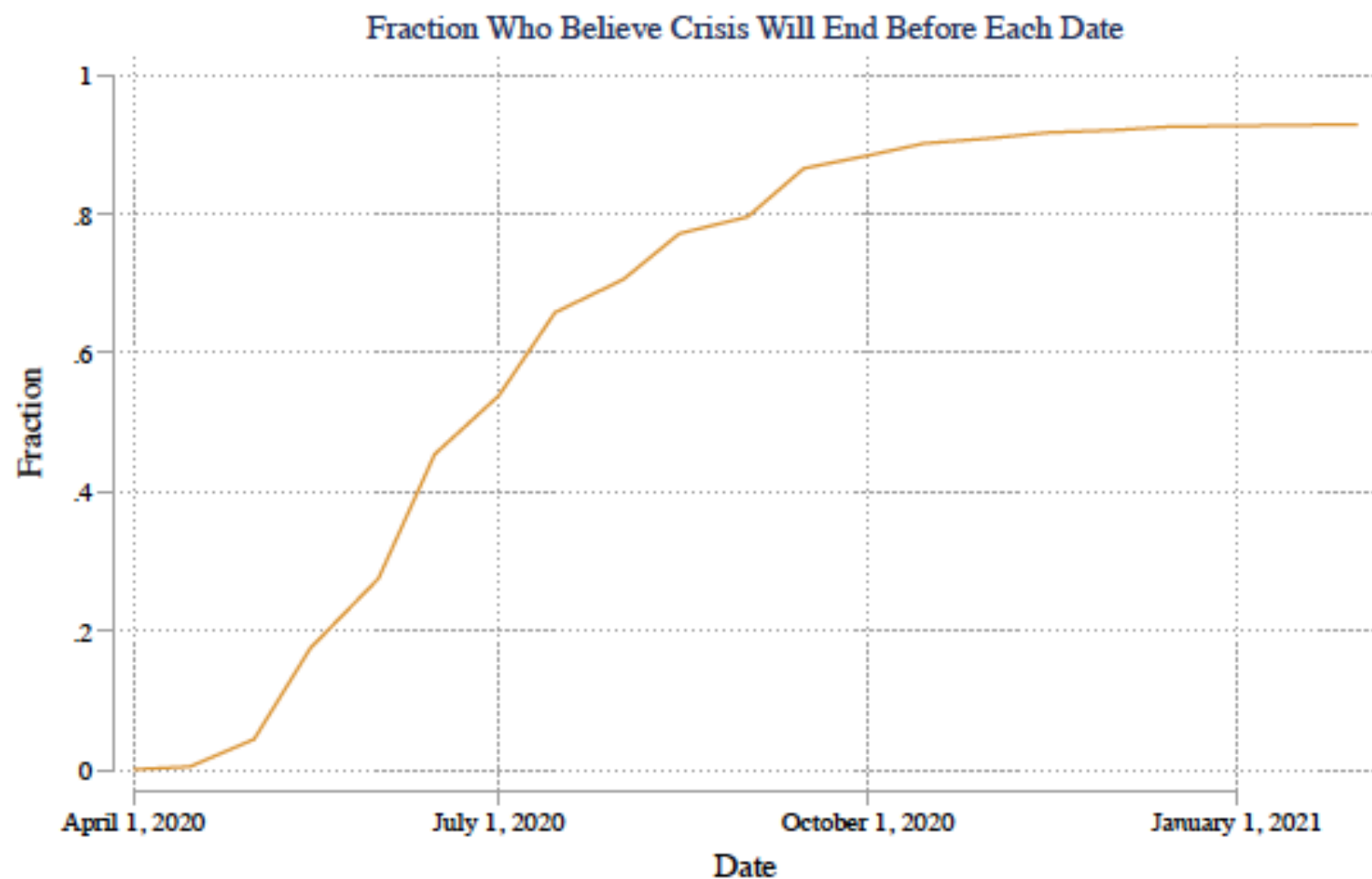
Cash available, by typical monthly expenses



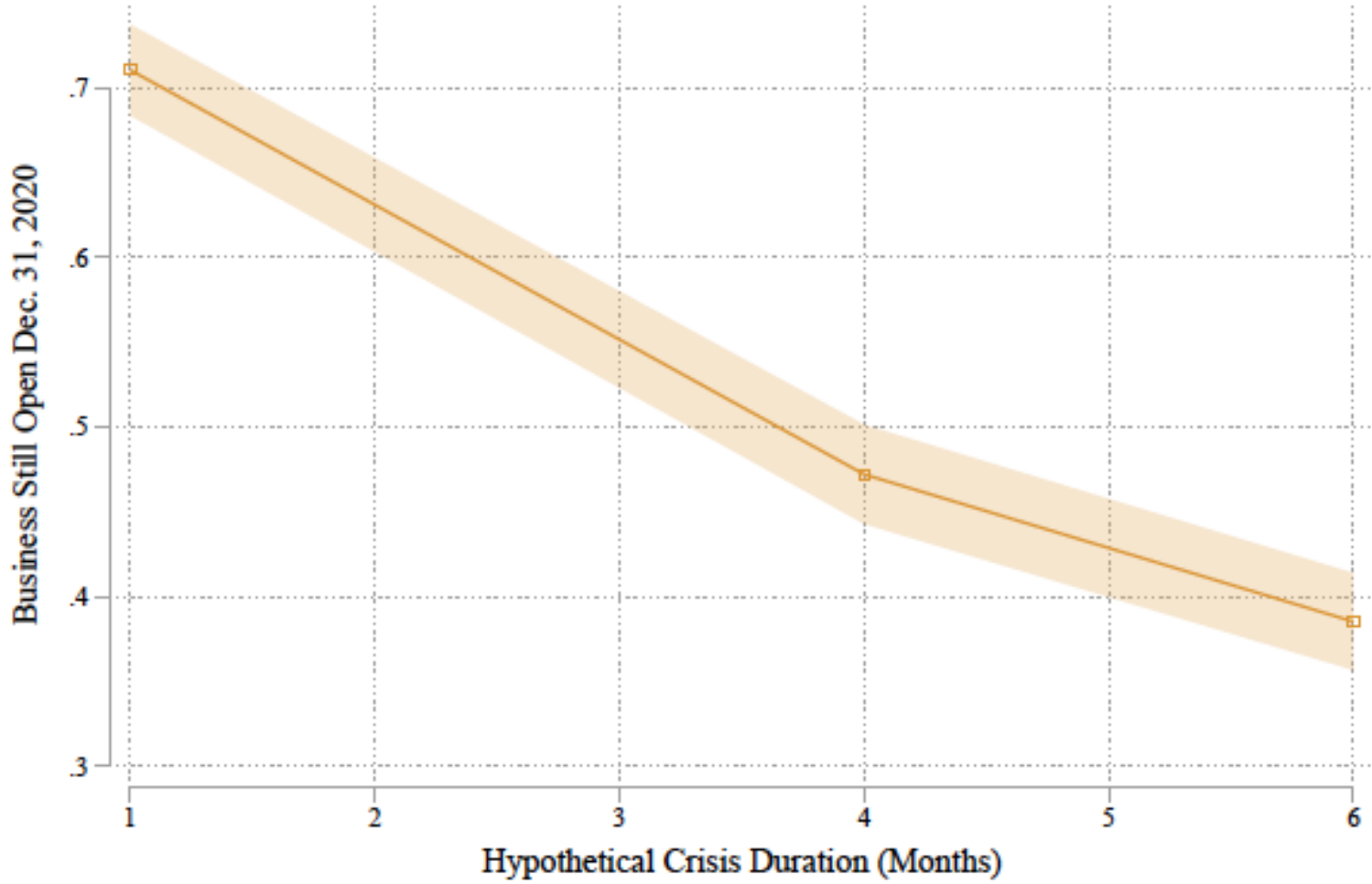
Likelihood of Being Open on Dec 31, 2020



How long do businesses think disruptions will last?



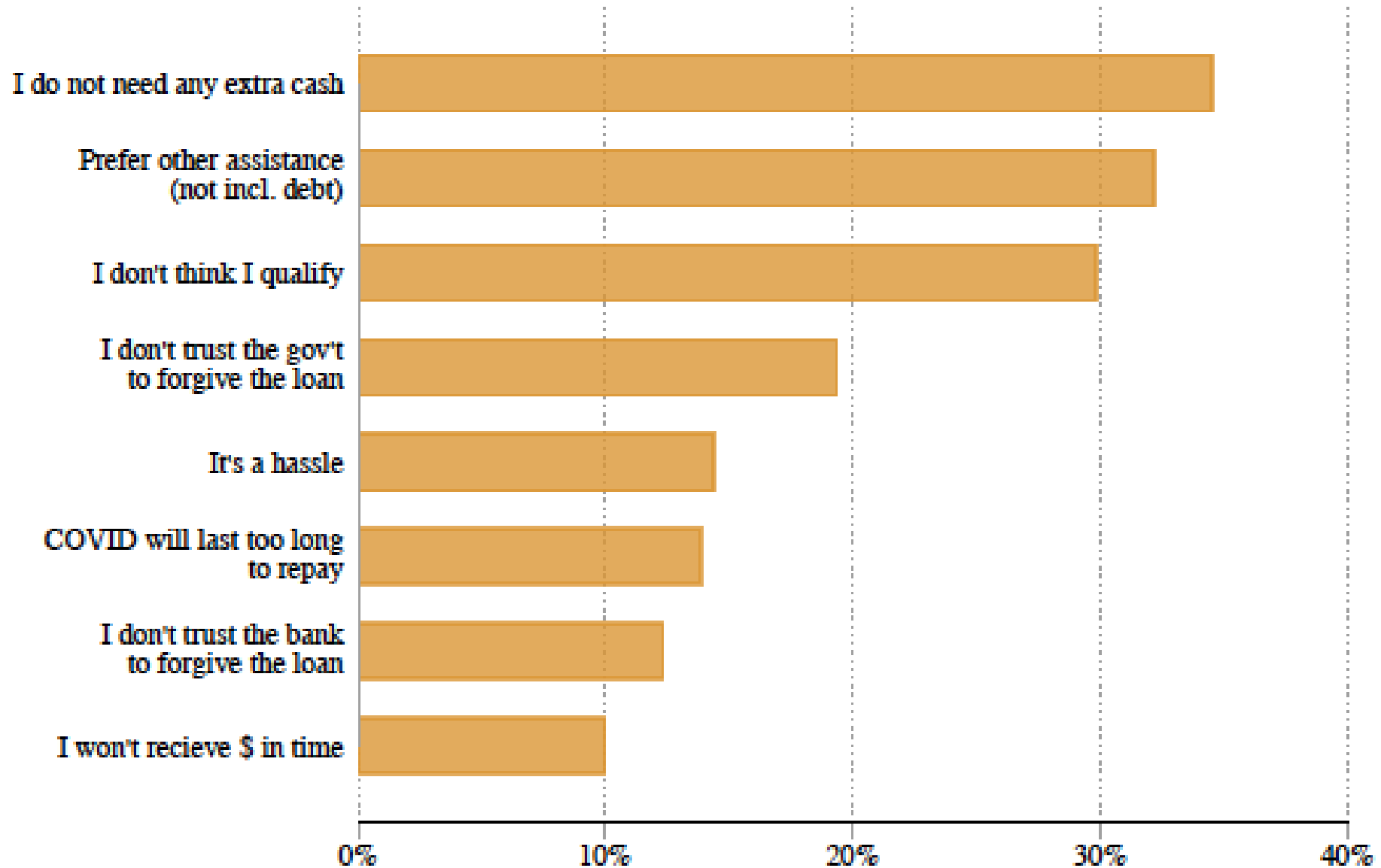
How do beliefs about COVID affect business decisions?



High level of interest in PPP

- Nearly 75% expressed interest in federal aid.
- However, some concerns about implementation.

Reasons for Not Applying for Loan



N = 382. Respondents could select more than one option; percentages need not sum to 100.
50% of respondents selected an additional reason not displayed or filled in the free text entry for *other*

Nine Takeaways from the Survey

- The current landscape:
 - Almost half of these businesses were closed.
 - Closures were more common in smaller firms and retail firms.
 - Many small businesses are financially fragile – with little cash on hand.
- The months to come:
 - Many do not anticipate being open in December.
 - The firms with less cash are less optimistic about surviving.
 - Few think that they can survive if the crisis lasts four or six months.
- Navigating the crisis:
 - Policy can help - enthusiasm for public lending programs.
 - But some concerns about the implementation of new policies.
 - Varying expectations about length of crisis.

The evolving work from home landscape: Survey of NABE members

- Survey of business economists.
- Skews toward larger companies; e.g. nearly 40% at companies with 1,000 + employees.
- Survey explores impact of COVID, and also adjustments to work setup.
- Focus on the ability to work from home.

Four findings on working from home

1. Pre-COVID, considerable variation in remote work patterns.
 - Nearly 40% of respondents worked in companies where the vast majority of people did not work remotely; nearly another 30% worked in companies where the vast majority of people did work remotely.
2. Many people who could work from home chose not to.
3. COVID has led to a dramatic spike in remote work. Productivity effects not yet clear.
4. Roughly 40% of respondents expect remote work to be more common at their companies even after the crisis ends.

Thank you