

Discussion: *“Coronavirus Pandemic and
Unemployment: Evidence from Mobile Phone
Data in China”* by Li et al.

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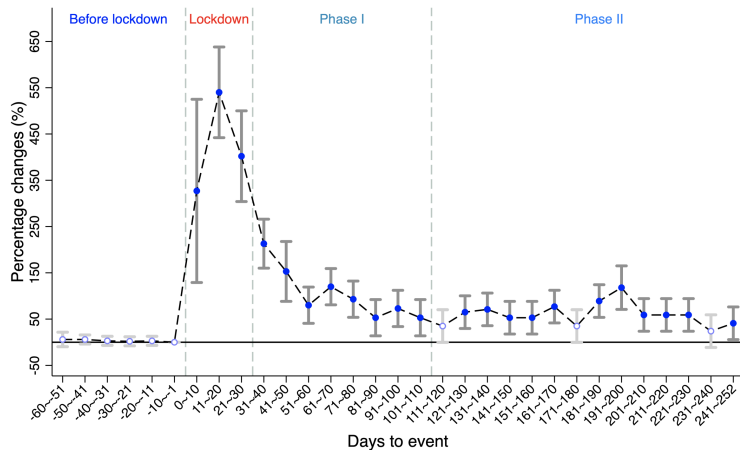
The paper

- ▶ The question: the labor market impacts of COVID-19 in China.
- ▶ Data and method: location data from mobile phone users in Guangdong:
 1. Interpret “non-commuters” or “callers to unemployment hot-line” as unemployed.
 2. DID to infer the causal impacts, using 2019 data as control.
- ▶ Findings:
 - ▶ Unemployment higher by 27% to 72% by Sept 2020.
 - ▶ Females, migrants, and older workers are more affected.
 - ▶ Prefectures more reliant on trade and hospitality industries are more affected.

Main Results

Clear identification; strong evidence to rule out WFH.

(b) Non-commuters who stopped using emails/virtual meeting apps



Why is Unemployment so Sticky?

Labor demand (from job postings) rebounded pretty quickly after four months.

Source: Fang, Ge, Huang and Li (2020).

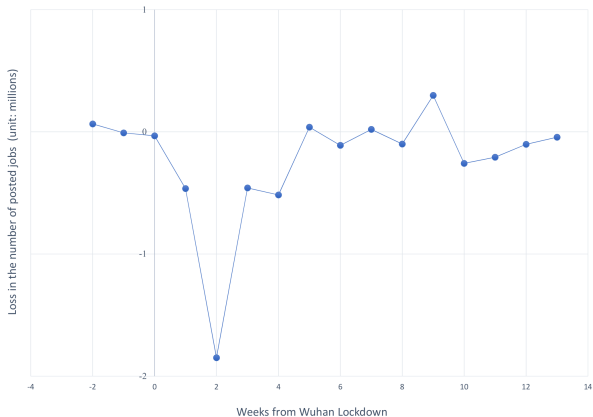
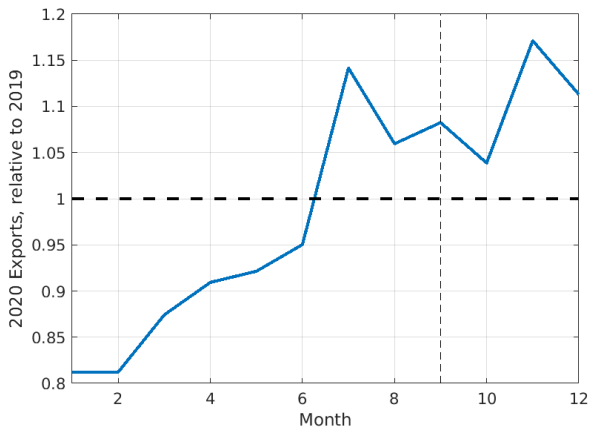


Figure 1: Loss in the number of posted jobs

Why is Unemployment so Sticky?

Exports of Guangdong also recovered by July.

Source: Department of Commerce, Guangdong Province.



Why is Unemployment so Sticky?

Both labor demand and exports seem to have recovered quickly. Then why do we observe workers still staying at home?

- ▶ Search friction in the labor market?
- ▶ Sectoral effects? The manufacturing industry recovered, but the hospitality industries are still down?
 - ▶ The paper indeed found that the impacts on manufacturing industries are mild.

Why are open cities more affected?

- ▶ The exports of Guangzhou recovered pretty quickly.
- ▶ The manufacturing industries, in which Guangdong exports, are only mildly affected by the pandemic.
- ▶ Then why are the cities with higher export/GDP ratios more affected? Shouldn't they fare relatively better?
- ▶ There seems to be a delayed response in the labor market to the export boom?

Looking Beyond the Pandemic

What can we learn from the paper beyond the pandemic?

A new way of quickly and accurately measuring unemployment.
Two challenges here:

- ▶ Distinguishing between those “unemployed” and those out of the labor force.
- ▶ Long-term trends in remote-working – what if the trend of working-from-home stays? Barrero, Bloom and Davis (2021)

Barrero, Jose Maria, Nicholas Bloom, and Steven J Davis, “Why working from home will stick,” Technical Report, National Bureau of Economic Research 2021.

Fang, Hanming, Chunmian Ge, Hanwei Huang, and Hongbin Li, “Pandemics, global supply chains, and local labor demand: evidence from 100 million posted jobs in China,” Technical Report, National Bureau of Economic Research 2020.