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COVID-19 Pollution and Growth

Your blogger grew up in Cleveland in the 1950s, and in 1969 the Cuyahoga River caught fire and caused damage to a railroad bridge. It apparently wasn't the first time (<https://www.smithsonianmag.com/history/cuyahoga-river-caught-fire-least-dozen-times-no-one-cared-until-1969-180972444/>). The river was so polluted with industrial waste (largely from the steel industry) that there were no fish in there (except during steel strikes). Kids growing up in Cleveland couldn't swim in nearby Lake Erie. We were told that this was the price that we paid for Cleveland's being an industrial leader. Cleaning up the river would cost jobs.

Fifty-plus years later, the river is better, although not great. The Smithsonian story speaks to "river kayaking, fishing and cruising on stand-up paddle boards." This would be unrecognizable to anyone growing up in mid-Twentieth Century Cleveland.

Well into the ninth month of the COVID-19 pandemic in the US, the country is still debating the "pollution effects" of COVID-19. President Trump argues that he cannot "shut down" the country again, and he has apparently come to terms with thirty to forty thousand deaths per month until a vaccine takes hold. President-elect Biden argues that we can fight the disease and keep the economy moving. Can we do that?

The answer, as in many of the economics questions that YB asks, is "well, it depends." COVID-19 has imposed an enormous pollution tax on the United States, and on the world. Those who are hit hardest by a tax are those who have the most trouble adjusting. Amazon, Netflix, Google, and Facebook have done just fine. Electrons are not impacted by the COVID-19 virus. Your local restaurants, movie theaters, health clubs, concert venues, and sports stadiums have been smacked, and will continue to be smacked until a vaccine arrives. The same goes for Universities. Vibrant central cities that have staked their recoveries on entertainment districts will be in tough shape at least into 2022, and maybe longer. Virtual conventions do not employ carpenters and electricians, and virtual consumers do not patronize local restaurants.

Just like the Cuyahoga River fifty years later, the Economy of 2021 will not look like the Economy of 2019. We will be wearing face masks, and we will not be entertaining out. The carnage in the shopping mall sector (which was approaching even in 2019) will continue. Landlords in all sectors have lost billions of dollars in market-determined rents. We can fight the disease and keep the economy moving. Remember, however, that the COVID-19 pollution tax will continue to cost jobs and growth.

Economics is like that.

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