

## ECONOMIC FINDING

# The Occupation Effects of COVID-19

GREG KAPLAN, BENJAMIN MOLL, GIOVANNI L. VIOLANTE

Workers with low earnings, low wealth and low buffers of liquid assets are often employed in social-intensive occupations with limited possibilities for remote work, while workers in flexible occupations with low social exposure tend to have higher earnings, robust balance sheets, and adequate liquid wealth.

The authors use individual and household-level micro data to document that those workers who have particularly low earnings, low wealth and low buffers of liquid assets are the ones employed in social-intensive occupations where they must show up for work. On the other hand, workers in flexible occupations with low social exposure tend to have higher earnings, robust balance sheets, and enough liquid wealth to weather the storm.

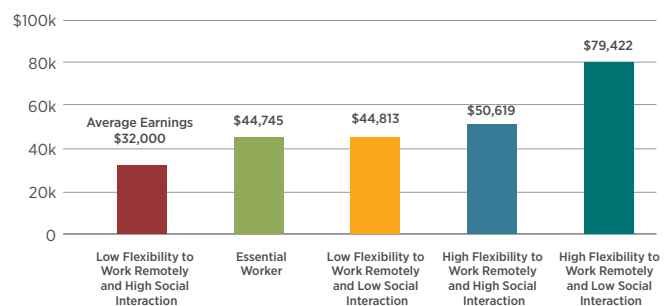
This strong positive correlation between economic exposure to the pandemic and financial vulnerability suggests that the effects of the pandemic have been extremely unequal across the population. This means that there are a range of economic and health policy options, with appropriate patterns of redistribution, that can be used to contain the virus and mitigate its economic effects.

The accompanying charts illustrate this phenomenon, and include the following occupational distinctions:

- **Essential:** Jobs that are needed for the economy to function and cannot be performed remotely, like nurses, firefighters, or mail carriers.
- **Low social intensive/high flexibility:** Remote jobs where products do not require high social density, like writers, software developers, and accountants.
- **Low social intensive/low flexibility:** Jobs that mostly require on-site presence but still allow for social distancing, like carpenters, electricians, and plumbers.
- **High social intensive/high flexibility:** Jobs that are best performed when workers are in contact with customers or other workers, but which can also be done remotely, like teachers and therapists.
- **High social intensive/low flexibility:** Jobs where workers need to be in close contact with customers or other workers, on-site, like cooks, waiters, and many performance artists.

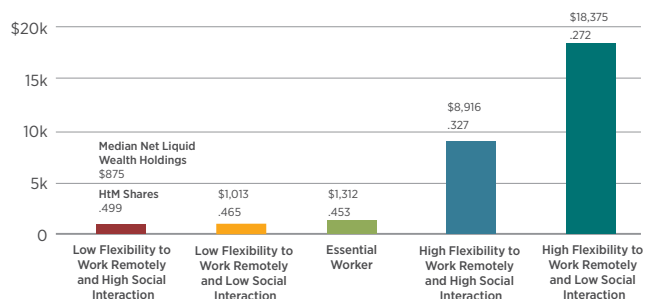
Chart 1 reports the average earnings and employment shares of each of the five occupations; average annual earnings are highest for those with high flexibility to work remotely and low social interaction (\$79,000), and lowest for those with low flexibility and high social interaction (\$32,000). Chart 2 reveals that workers in rigid and essential occupations are significantly more financially vulnerable than those in flexible occupations.

**Figure 1 • Average Earnings for Workers in Five Different Occupation Groups**



**Figure 2 • Differences in Financial Vulnerability Across Five Occupation Groups**

Median net liquid wealth holdings and hand-to-mouth (HtM) shares



Notes: The authors define a household as hand-to-mouth if its holdings of liquid wealth are less than \$1,000 and as wealthy hand-to-mouth if, in addition, its holdings of illiquid wealth are more than \$1,000.