

Discussion of “The Fiscal and Welfare Effects of Policy Responses to the Covid-19 School Closures”

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What the Paper Does

Structural model of life-cycle skill acquisition with parental investments, a choice of private schooling, and policy responses.

Match model to US data on school closures during the Covid-19 pandemic, while accounting for variation in duration of school closures in various dimensions.

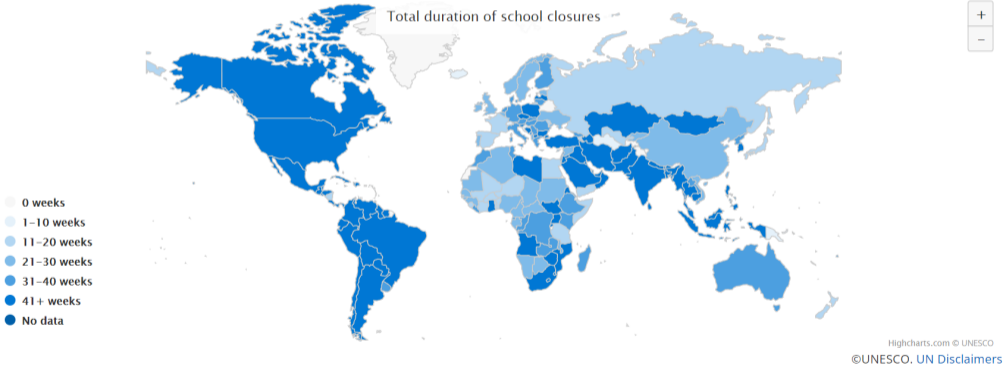
Analysis shows that:

- ▶ School closures result in large lifetime income losses for affected cohorts of children.
- ▶ Larger losses for children from poorer families.
- ▶ Extending school over the summer break for two years offsets much of the learning losses and pays for itself through higher future tax revenue.

The Biggest Legacy of the Pandemic?

Total duration of school closures

Data



The Biggest Legacy of the Pandemic?

School closures affected most of the world's children.

First direct measures of learning losses show large and highly unequal effects.

Self-productivity of skills suggest that without a strong policy response, learning loss will not be made up and lifetime earnings will suffer.

Policy responses need to be decided on right now.

The Hour of Structural Modeling

We are facing an economic problem that:

- ▶ Is a one-time shock.
- ▶ Is far out of sample.
- ▶ Has consequences that will unfold over decades.
- ▶ Calls for evaluating policy counterfactuals.

This is what structural models are for!

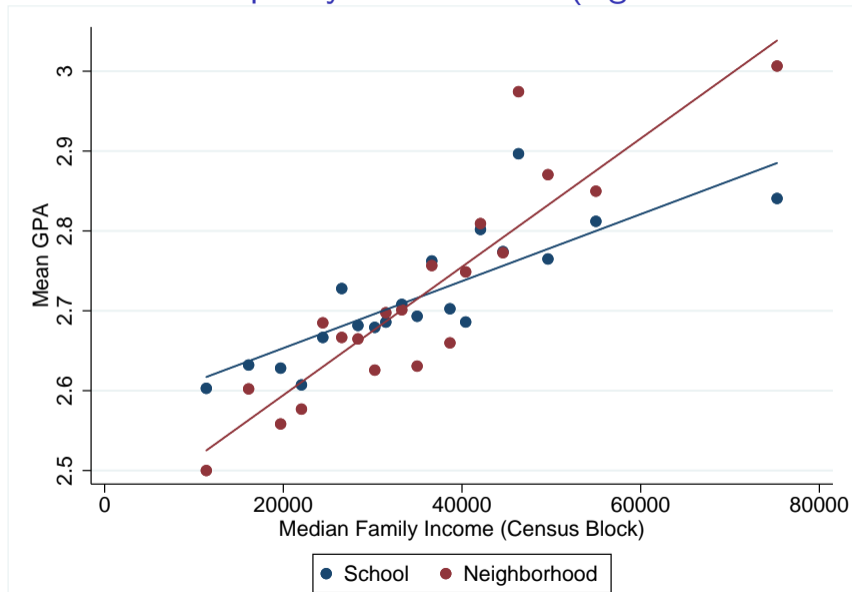
Will need more of them to identify robust implications and policy conclusions.

Additional Sources of Inequality: Peer Effects (Agostinelli et al. 2021)

Document based on pre-pandemic data that:

- ▶ Peer environment is more unequal at the level of neighborhoods compared to schools.
- ▶ Disruptions to peer connections have a substantial impact on learning.
- ▶ This impact is much larger among children who are already struggling in school.

Additional Sources of Inequality: Peer Effects (Agostinelli et al. 2021)



Additional Sources of Inequality: Time Constraints (Adams-Prassl et al. 2020)

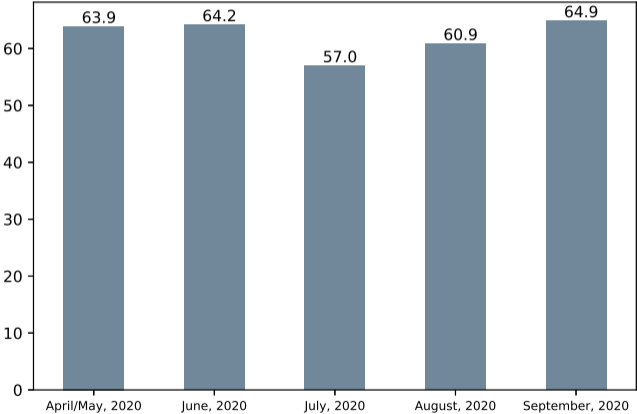
Document huge rise in parental time investments during pandemic.

Ability to work from home is crucial: much larger parental inputs among parents who telecommute.

Ability to work from home is closely related to income.

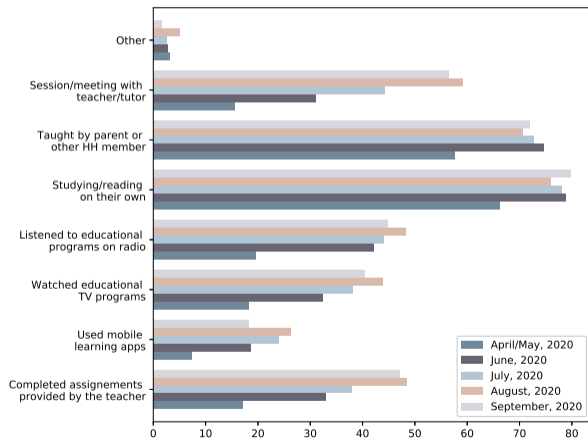
Larger Effects in Developing Countries (Alon et al. 2021)

Figure 17: Percent of HH Where Children Were Involved in Learning Activities



Larger Effects in Developing Countries (Alon et al. 2021)

Figure 18: Types of Educational Activities
(% of those who involved in educational activities)



Larger Effects in Developing Countries (Alon et al. 2021)

Survey data shows that many children in sub-Saharan Africa did not engage with school at all during closures.

In addition, given demographic structure and education of the existing labor force, children's learning losses have larger future impact on the economy.

Summary

Great paper!

Comprehensive analysis of arguably the most pressing policy issue at this stage of the pandemic.

Modeling framework arguably still understates inequality in the learning impact.

Need more structural research and more evaluations of policy options.

Need to consider how impact differs across countries across the world income distribution, and what policy responses are appropriate in each case.