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GUEST COMMENTARY

Coronavirus and local job loss

BY R. W. HAFER
LINDENWOOD UNIVERSITY

You already have seen how efforts to thwart the spread of the coronavirus have led to significant jobs loss.

Early forecasts see it getting worse before it gets better. All areas of the country or the state will not, however, suffer the same employment losses.

The Wall Street Journal recently polled 34 professional economic forecasters to get their outlook on the potential employment effects related to the health crisis. At the national level the economists' median forecast is for monthly job losses between 200,000 and 800,000 over the next few months. The recent spike in jobless claims may make the pessimistic forecast look good.

Rapid payroll reductions will quickly boost the unemployment rate. Forecasters predict it could jump to about 6.5 percent within a month or two, well above its February level of 3.5 percent. According to those polled, a prolonged economic shutdown will easily push the nation's unemployment rate to 7.5 percent if not higher by fall.

Such significant job loss will not be shared evenly across all communities. The grim fact is that some areas will endure worse job losses compared to others. This is because all communities do not have the same mix of jobs. While some are heavily dependent on a specific industry — think gaming and tourism in Las Vegas — others have a more diversified portfolio of employment opportunities.

Which areas are most likely to be hardest hit by the virus-caused job loss looming on the horizon? A recent analysis by the Brookings Institution in Washington, D.C. helps answer that question.

The study attempts to identify those metro areas where potential job losses are the highest due to the pandemic. To do this they first identify the industries most at risk in terms of job loss. Using the scheme suggested by Mark Zandi, Moody's chief economist, those industries are mining/oil and gas; transportation, employment services, travel arrangements, and leisure and hospitality. Based on local employment in these sectors, the Brookings study ranks all 384 metro areas in the country by potential job loss.

Although these five sectors account for a relatively small share of total employment nationwide, many of these sectors, and thus jobs, are concentrated in certain areas of the country. This explains why Brookings labels the most vulnerable areas as the "who's who of energy towns and major resort, leisure, and amusement

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destinations across the nation."

Midland, Texas, tops the list: Over 42 percent of its local workforce is employed in the oil industry. Other oil-dependent towns that could suffer substantial job loss include Odessa and Laredo, Texas, and Houma-Thibodaux, Louisiana. Cities reliant on tourism and therefore vulnerable to large job losses include Kahului, Hawaii, Atlantic City, N.J., and Las Vegas.

How do Missouri's metro areas fare?

Projected job loss in Missouri cities stemming from COVID-19 is not as bleak as other states. Joplin is projected to be hardest hit, ranking 101st. Springfield, with a large part of its workforce associated with the leisure and hospitality sector, is the second worse metro area in the state, ranked at 156. The least at risk metro area in the state is Jefferson City, way down the list at 381. Its concentration in government-related employment may cushion job loss.

What about Kansas City and St. Louis? The Brookings study suggests that the potential employment effects in the state's largest metro areas are fairly similar. Even though the share of employment in the at-risk sectors is about 16 percent in each, their different mix of industries makes these metro area comparatively less risky for job loss. St. Louis and Kansas City rank 173rd and 180th, respectively.

For a change, being in the middle-of-the-pack isn't such a bad thing.

(R.W. Hafer is a professor of Economics and director of the Center for Economics and the Environment with the Hammond Institute at Lindenwood University).