

Economist sees possibility of 'psychological

Clemson professor talks about virus' effect on economy



To read more about the COVID-19 pandemic, turn to pages A3 and D1. In addition, all of The Journal's daily coronavirus coverage is available for free online at upstatetoday.com.

BY NORM CANNADA
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SENECA — While saying social distancing is important to slow the spread of COVID-19, Clemson University economist Scott Baier added the speed of that recovery could partially depend on the potential of a "psychological hangover" when social distancing is no longer necessary.



Baier

Clemson University Department

"When the economy bounces back — as long as people can get employed right away — it can come back quickly, but there could be a psychological hangover that's associated," Baier, a professor and chair of the

of Economics, said during a webinar this week. "When will I want to go back and sit with 86,000 other people and watch a football game, or when will I want to go back to a crowded restaurant? I may not run to do that right away."

Baier led a webinar discussion Thursday night in partnership

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hangover?

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with the National Economic Education Delegation on the potential impact of the coronavirus on the U.S. economy. He did one last month as well.

One of Baier's biggest concerns is the number of unemployment claims in the past two weeks, which he said topped 3.1 million the last week in March and nearly doubled to more than 6 million claims this week.

"That was almost five times larger than any weekly unemployment claims," he said of the numbers in late March. "Even at the height of the Great Recession, the highest of those (weekly) unemployment claims was 700,000. The last two weeks of unemploy-

ment claims have really been eye openers for economists — just off the charts, eye-popping numbers, something that we've just never seen."

For now, Baier said social distancing to help lower the number of people who are exposed and infected is needed to help contain cases to eventually help the economy recover.

"I think what you'll see is that the stock market will recover once we're comfortable that we've bent the curve down, and that the number of cases and number of deaths are trailing off," he said. "That's when I think when the stock market will come back."

Baier said the \$2.2 trillion stimulus package approved by Congress will

help by "getting (money) into the hands of those most in need," by adding to unemployment benefits, giving loans and grants to businesses and sending checks to most U.S. residents. He added that another financial stimulus may be needed down the road.

He called speculation that the virus threat could move out of the United States by early July "fairly optimistic," but added if the speculation is correct, the country could begin to see signs of a gradual recovery by September or October.

Baier said one of the changes that could come from the response to the outbreak is more use of virtual meetings and maybe less travel for some businesses, but added that

its impact on the travel industry would likely be "marginal."

"People will find that some of these activities that you thought had to be face to face can now be done by Zoom or Skype or alternative methods," he said. "I still think there's a lot of things that you need to be face to face for, but certainly there will be some substitutions. I don't think it affects the structure of how most people work."

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