Effects of the Covid-19 Pandemic on the Colombian Labor Market: Disentangling the Effect of Sector-Specific Mobility Restrictions

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Abstract
We assess the effect of the Covid-19 pandemic and the lockdown of some economic sectors on the Colombian labor market. We exploit the variation between excluded and non-excluded sectors from the lockdown, as well as the timing of the restriction policies, to identify the effect of sector-specific restriction policies. These restrictions had negative effects on employment, accounting for approximately a quarter of the total job loss between February and April of 2020; the remaining three quarters of the job losses could be attributed to the regional patterns of the disease spread, and other epidemiological and economic factors affecting the whole country during this period. Therefore, we should expect important employment losses even in the absence of such restrictions. In contrast, we find no significant effect of sector-specific restrictions on average worked hours or wages, indicating that most of the adjustment of the labor market took place in the extensive margin. Moreover, sectorspecific restrictions only affect salaried workers, while self-employment is more responsive to the disease spread.

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