

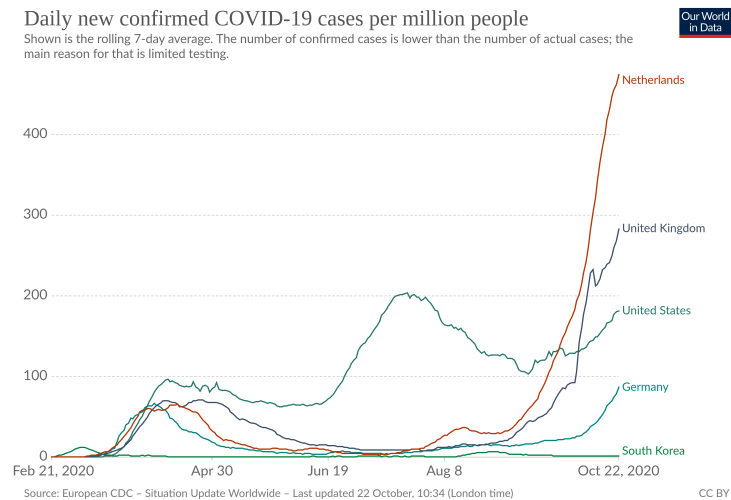
# Social protection during the CoViD-19 crisis: A view from Western Europe

Hans-Martin v. Gaudecker

## Outline

- Aggregate Context
- Policy reactions
- Inequality outcomes

## Daily new cases per million

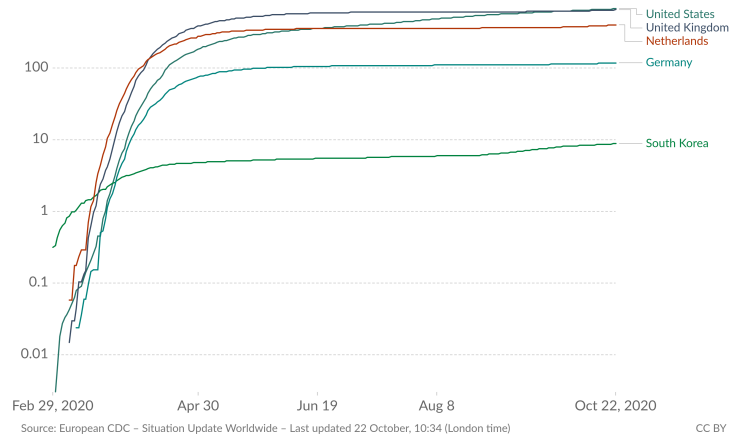


## Cumulative deaths per million

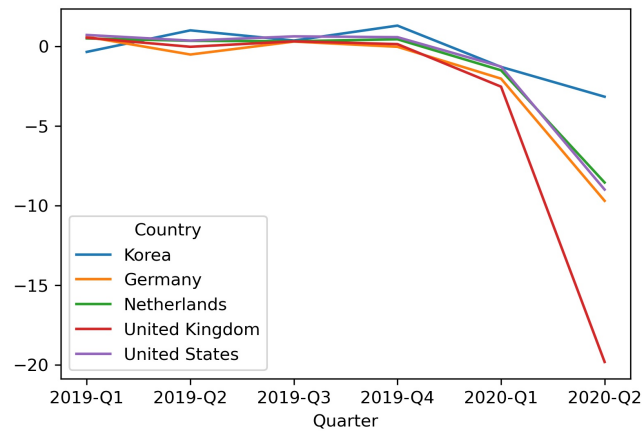
### Cumulative confirmed COVID-19 deaths per million people

Limited testing and challenges in the attribution of the cause of death means that the number of confirmed deaths may not be an accurate count of the true number of deaths from COVID-19.

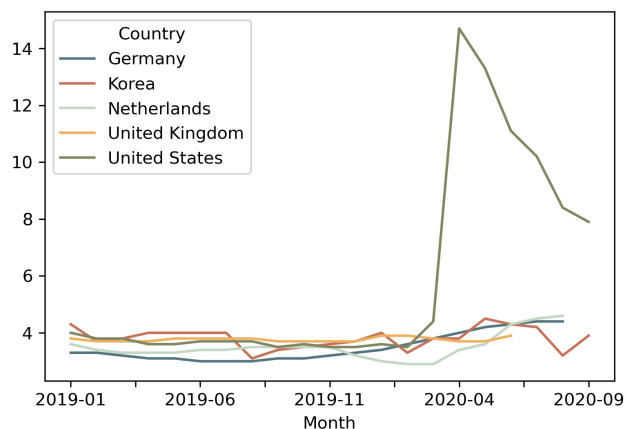
Our World  
in Data



## Q-on-Q GDP Growth



## Monthly unemployment rate



## Pandemic policy

- NL / Germany: Broadly similar
  - Shelter-in-place policies came reasonably early, milder than in other countries
  - Main difference after summer: Masks
- United Kingdom
  - Shelter-in-place came late, ended up longer and harder
- United States:
  - Late reaction, no clear policy at federal level
  - States very different
  - More politics than science

## Social policy: Labour hoarding

- Netherlands
  - Gov't reimburses wages partly as a function of lost revenue; no strings attached
  - Direct payments to (SMEs in) directly affected sectors
  - Deferral of past tax payments, possibility to offset with 2020 losses
- Germany
  - Gov't reimburses wages conditional on working time reduction
  - Credit guarantees for firms
  - Direct payments to (SMEs) in directly affected sectors
  - Easier access to social transfer programs
- United Kingdom

- Gov’t reimburses part of the wage bill conditional on not working at all

## Data Source

- LISS: Online Panel in the Netherlands, running since 2007
- Based on probability sample
- Roughly 5,000 households / 7,500 individuals
- Each month, respondents get 30 minutes of questionnaires
  - Background data on Work, Health, Income, ...
  - Additional questionnaires designed by researchers
- Around 85% of respondents can be linked to administrative microdata (not today)

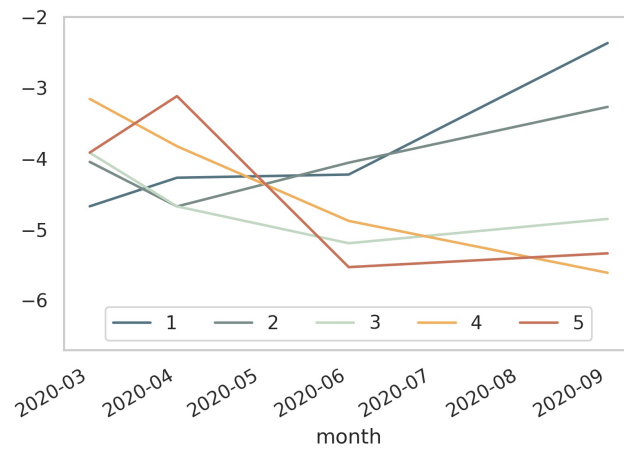
## CoViD-19 surveys

- See <https://liss-covid-19-questionnaires-documentation.readthedocs.io/>
- **March 20-31:** Risk perceptions, behavioural reactions and preferences re social distancing policies, changes in the work and childcare situation, intentions and expectations regarding consumption/savings decisions, mental health
- **April 6-28:** Risk perceptions, number of personal contacts, changes in the work situation, income and macro expectations
- **May** Mostly labour, some health, home schooling
- **June** Mostly labour, lots of job search, how do parents deal with opening of daycares / primary schools?
- **September:** Risk perceptions, support for policies, changes in the work situation, income and macro expectations

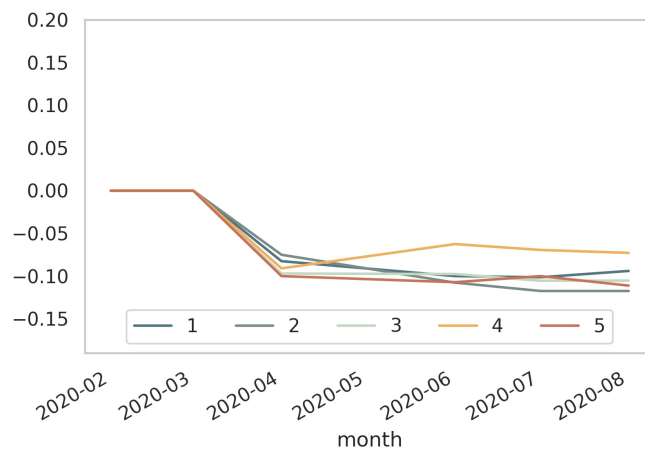
## U.K. comparison

- Understanding Society CoViD-19 surveys
- Numbers taken from Crossley, Fisher, Low (2020)

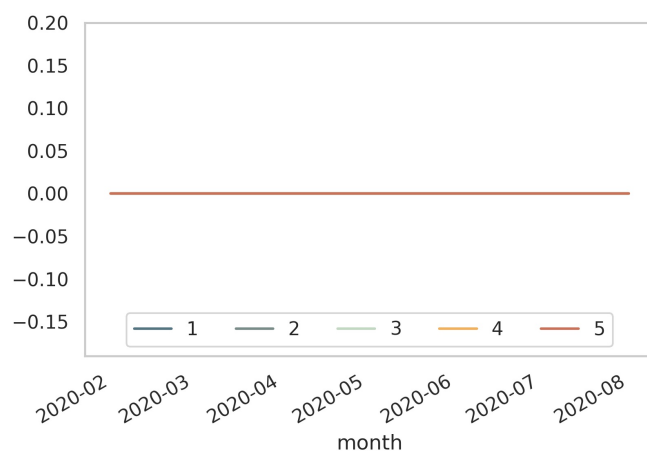
## $\Delta$ hours by income quintile



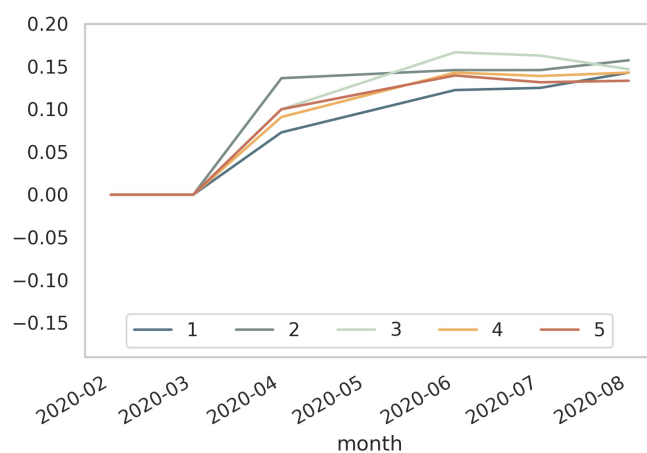
## $\Delta$ income by quintile, p25



## $\Delta$ income by quintile, p50



## $\Delta$ income by quintile, p25



## Same numbers for U.K., $\Delta$ May, Feb 2020

Income quintile	p25	p50	p75
1	-0.6	-0.13	0.04
2	-0.36	-0.06	0.07
3	-0.34	-0.03	0.04

Income quintile	p25	p50	p75
4	-0.43	-0.08	0.04
5	-0.39	-0.02	0.08

## Conclusion

- Inequality impact an order of magnitude lower in NL ( DE) compared to U.K. ( U.S.)
- Ideal social policy is preserving employment relations in the short run (see also Jung & Kuester, 2015), not worrying about hours worked
- In the short run,
  - there is no trade-off economy / controlling the pandemic.
  - short lockdowns mitigate the inequality impact
- Large option value of functioning social insurance systems: Know how to reach vulnerable parts of the population