Queen’s International Institute on Social Policy

Building Back Better

Social and economic impacts of the current crisis, governments’ policy responses and lessons for going forward.

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http://oe.cd/employment-outlook
https://oecd.org/coronavirus
The gains in the labour market over the past 10 years wiped out in one month

OECD unemployment rate, January 2008 - June 2020
A striking variation across countries

Unemployment rate

June 2020 or latest available month (✓)

January 2020

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Job retention schemes have played a large role in cushioning the shock in some countries.

Share of workers for which job retention support has been claimed

- **New Zealand**: 65%
- **France**: 60%
- **Italy**: 45%
- **United Kingdom**: 30%
- **Germany**: 25%
- **OECD**: 20%
- **Spain**: 15%
- **Sweden**: 10%
- **Canada**: 5%
- **United States**: 0%

**Note**: Data for the United States refer to participation in short-time compensation schemes.
Thus while the initial impact of COVID-19 has been 10x larger than that of the 2008 crisis...

Percentage change in total hours worked with respect to the month of the onset of the crisis

- COVID-19 crisis (▲)
- For reference: Global Financial Crisis (2008-09)
...much of the impact has been channeled through the intensive margin

Percentage change in total hours worked with respect to the month of the onset of the crisis

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Nevertheless, vulnerable workers are being hit the hardest

<table>
<thead>
<tr>
<th>Self-employed, temporary or part-time workers</th>
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<tbody>
<tr>
<td>• Up to 40% in sectors most affected</td>
</tr>
<tr>
<td>• Less protected by existing safety nets</td>
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<tr>
<td>• Job Retention Schemes</td>
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<td>• Unemployment insurance</td>
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<th>Low-paid workers</th>
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<tr>
<td>• 50% less likely to work from home</td>
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<tr>
<td>• Twice as likely to have stopped working</td>
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<table>
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<tr>
<th>Youth</th>
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<tr>
<td>• Youth unemployment up from 11.3% in February to 16.7% in June</td>
</tr>
<tr>
<td>• Bleak prospects for 2020 graduates</td>
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<th>Women</th>
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<tr>
<td>• 2/3 of the health workforce</td>
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<tr>
<td>• Higher work burden at home</td>
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<tr>
<td>• Larger initial job losses</td>
</tr>
</tbody>
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Workers in non-standard jobs are often poorly covered by social protection

Statutory access to social protection for self-employed vs. dependent employees, 2017
Countries took unparalleled measures supporting workers, firms and households

% of OECD countries who introduced or changed a policy

- Financial support to firms: 100%
- Income support to people losing job/income: 97%
- Income support to quarantined workers: 92%
- Helping with unforeseen care needs: 89%
- Job retention schemes: 89%
- Reducing workers’ exposure to COVID-19: 86%
- Extensions to paid sick leave: 81%
- Helping workers stay in their homes: 73%
- Changes to dismissal regulation: 24%

Note: Data as of 3 July 2020
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Note: Data as of 3 July 2020
Adapting policies for a resilient recovery - maintaining agility

**Staying safe**
- Tailoring measures to changing circumstances:
  - Supporting firms to increase health and safety measures
- Adjusting crisis measures to increase efficiency:
  - Extend sick leave entitlements to all on a permanent basis
- Moving off support:
  - Enhance rehabilitation support to prevent moves to long-term unemployment

**Income support**
- Extending support where unemployment remains high
- Strengthen targeting and address cliff edges in income support measures
- Gradually reintroduce job search requirements as employment picks up

**Job Retention Schemes**
- Tailor support on a sector specific basis
- Target jobs viable in long term
- Encourage STW workers to register with PES and enroll in training
### And Building Back Better

<table>
<thead>
<tr>
<th>Protect workers in non-standard jobs</th>
<th>Prevent joblessness and “scarring” among young people</th>
<th>Promote women</th>
<th>Foster low paid and displaced workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Permanently address social protection gaps</td>
<td>• Support for companies who offer jobs or work experience to young people to promote job creation in times of crisis</td>
<td>• Tackling the unequal care burden on women</td>
<td>• Boost job creation through targeted tax cuts, subsidies and investment programs.</td>
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<td>• Increase responsiveness of minimum income benefits</td>
<td>• Ensure effective outreach to re-establish contact with young people who recently lost their jobs or left school</td>
<td>• Strengthening family-friendly working-time arrangements</td>
<td>• Establish systems to deliver timely &amp; flexible employment support &amp; training for all</td>
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<td></td>
<td></td>
<td>• Promote women in managerial and leadership positions</td>
<td>• Increase PES capacity &amp; spending on ALMPs to reflect higher jobseeker numbers</td>
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TACKLING CORONAVIRUS (COVID-19)
CONTRIBUTING TO A GLOBAL EFFORT

http://oe.cd/employment-outlook
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