

Not all in this together?

Early estimates of the unequal effects of Covid-19
in advanced economies and emerging markets



Are labour market effects more unequal in EMs than in AEs? More than during GFC?



Unequal labour market effects in AEs: job losses concentrated among young, those with lower levels of education and income, more flexible work arrangements

e.g. Adams-Prassl et al. 2020 on Germany, the United Kingdom and United States, Alstadhaugen et al. 2020 on Norway, Apouey et al. 2020 on France, Bick, Blandin and Mertens 2020, Beland et al. 2020, Cortes 2020, Mongey et al. 2020 and Montenovo et al. 2020 on the United States, Kikuchi et al. 2020 on Japan, von Gaudecker et al. 2020 on the Netherlands

Are labour market effects more unequal in EMs than in AEs?

Are labour market effects more unequal during the Covid-19 crisis than during the Global Financial Crisis?

EBRD-ifo Institute Survey & Life in Transition Survey II

Caveats: timing, online vs face-to-face, controls, coverage

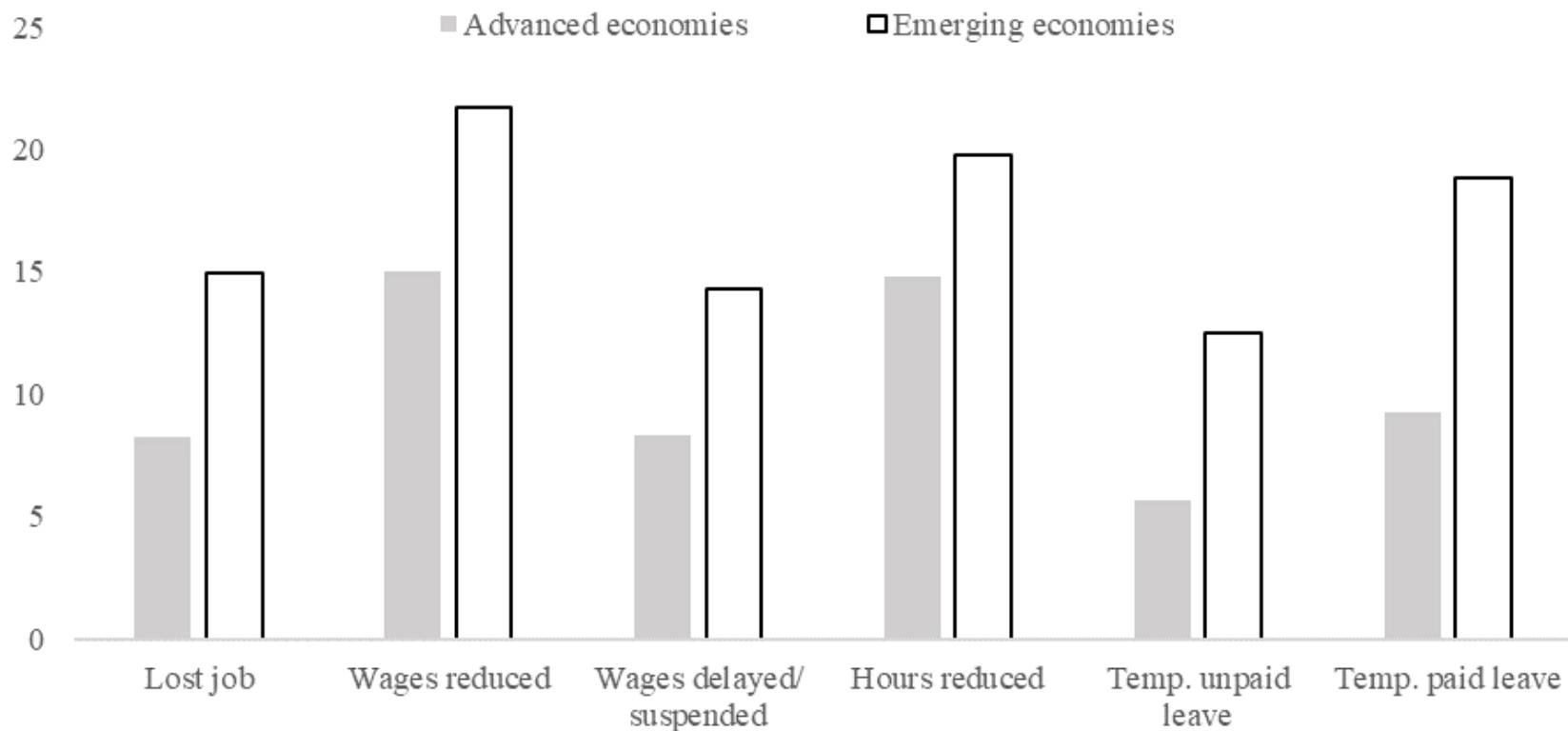
Severity of labour market effects

Advanced economies vs. emerging markets

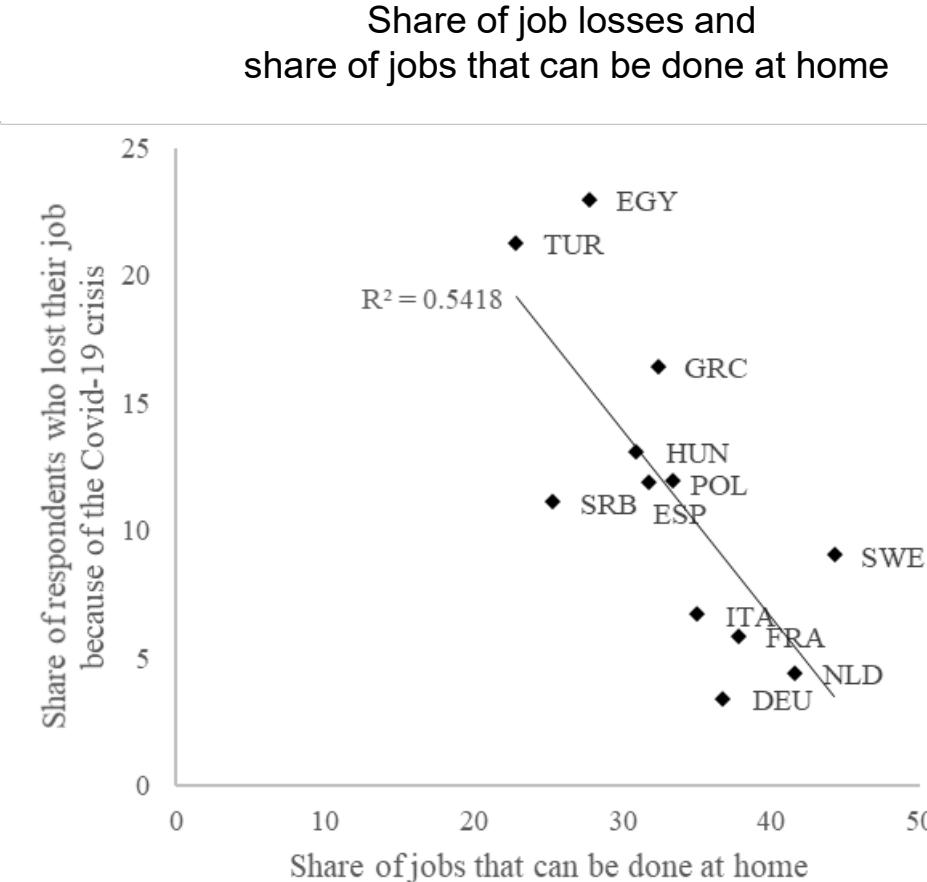
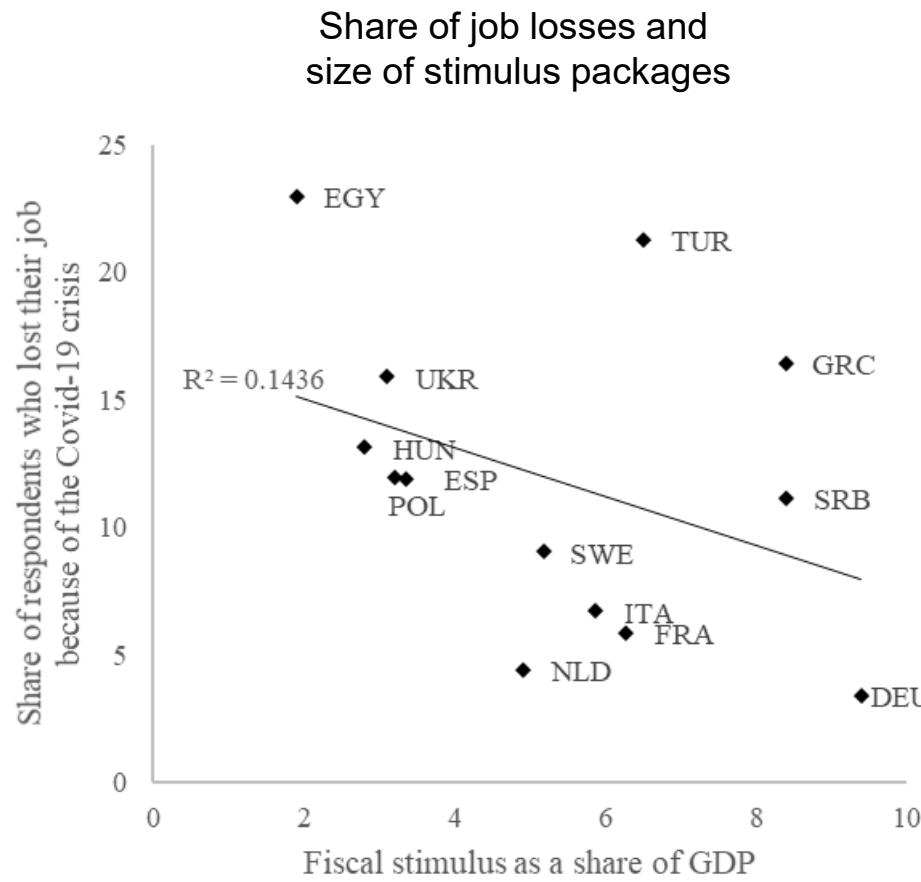


Labour market effects more severe in EMs

Share of respondents experiencing labour market shocks because of the Covid-19 crisis



Consistent with smaller stimulus packages and fewer jobs that can be done from home in EMs



Drivers of job losses

Advanced economies vs. emerging markets

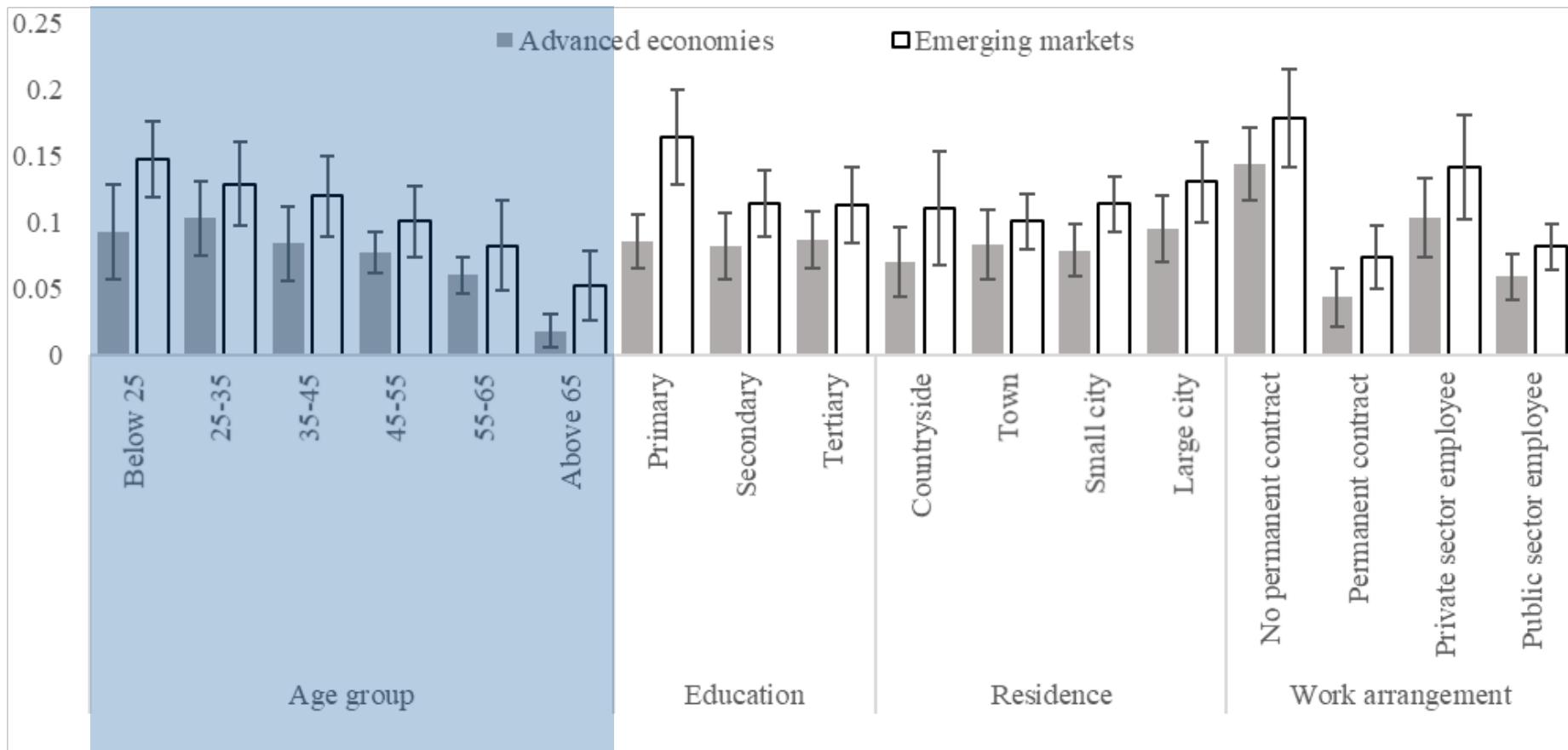


In EMs too job losses concentrated among the young



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for Reconstruction and Development

Conditional likelihood of job losses



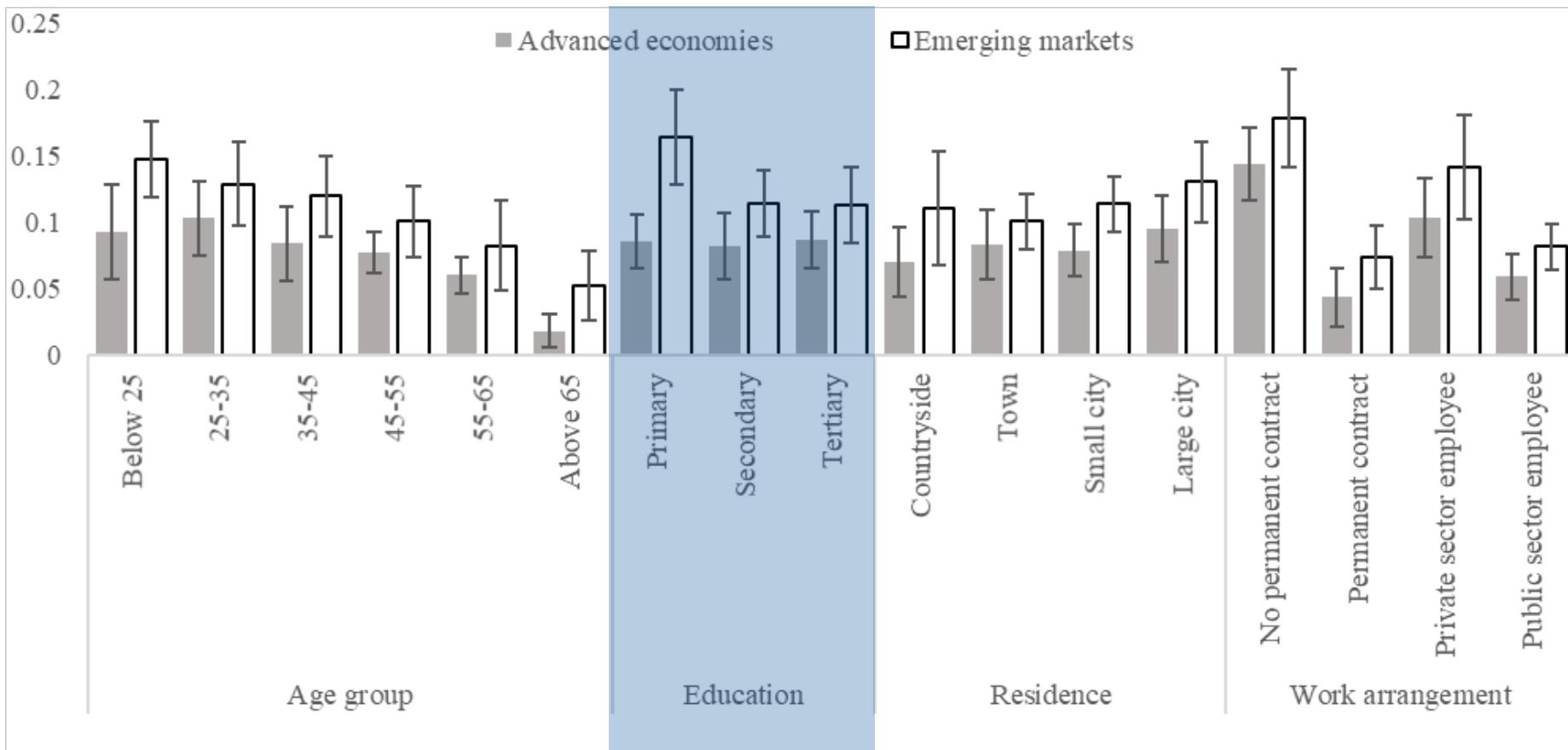
Sources: EBRD-ifo Institute survey and authors' calculations. Notes: Work arrangements and income decile refer to employment status in February 2020. Typical gross monthly income from main job. Marginal effects; whiskers are 95 percent confidence intervals.

In EMs too job losses concentrated among the young, lower educated



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for Reconstruction and Development

Conditional likelihood of job losses



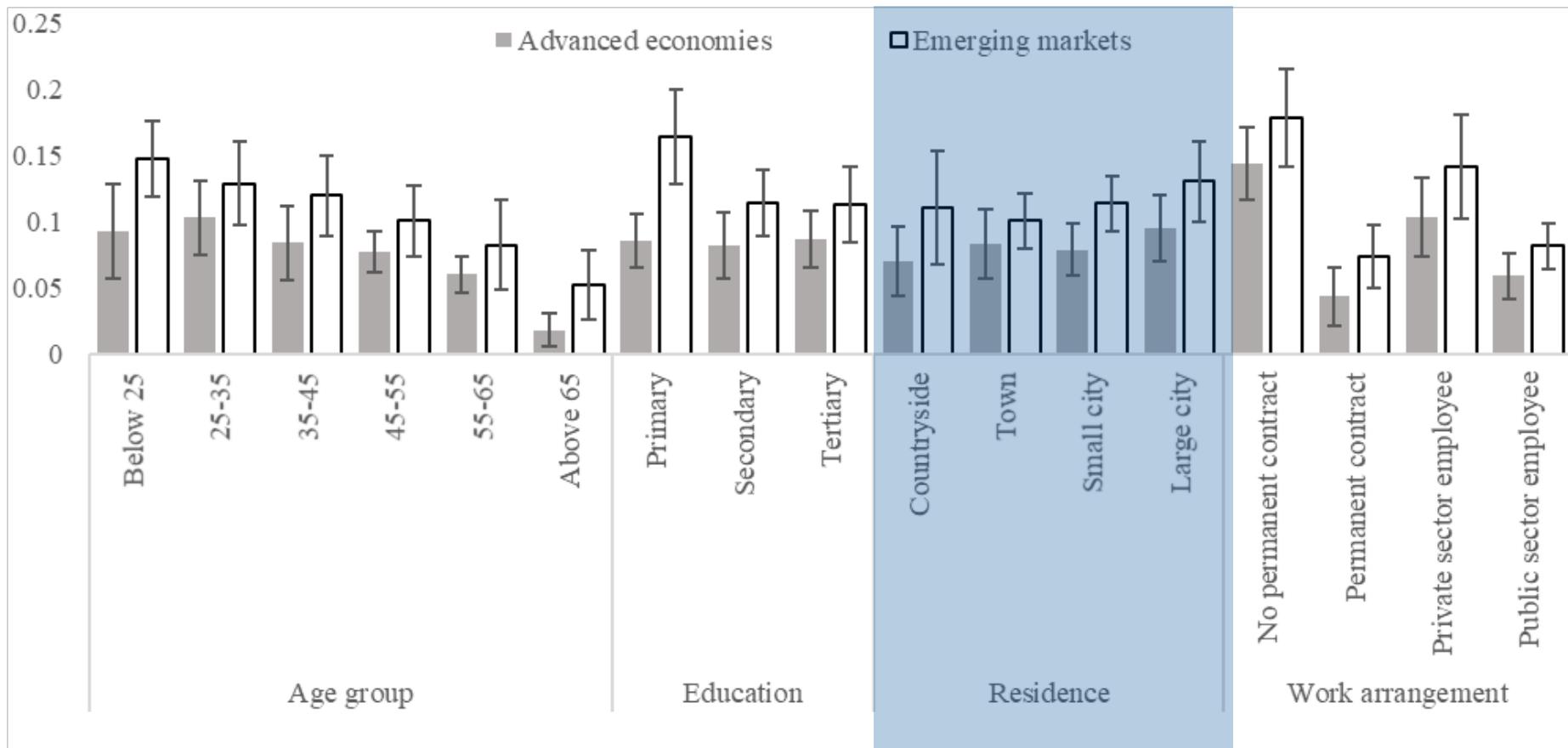
Sources: EBRD-ifo Institute survey and authors' calculations. Notes: Work arrangements and income decile refer to employment status in February 2020. Typical gross monthly income from main job. Marginal effects; whiskers are 95 percent confidence intervals.

In EMs too job losses concentrated among the young, lower educated, in cities



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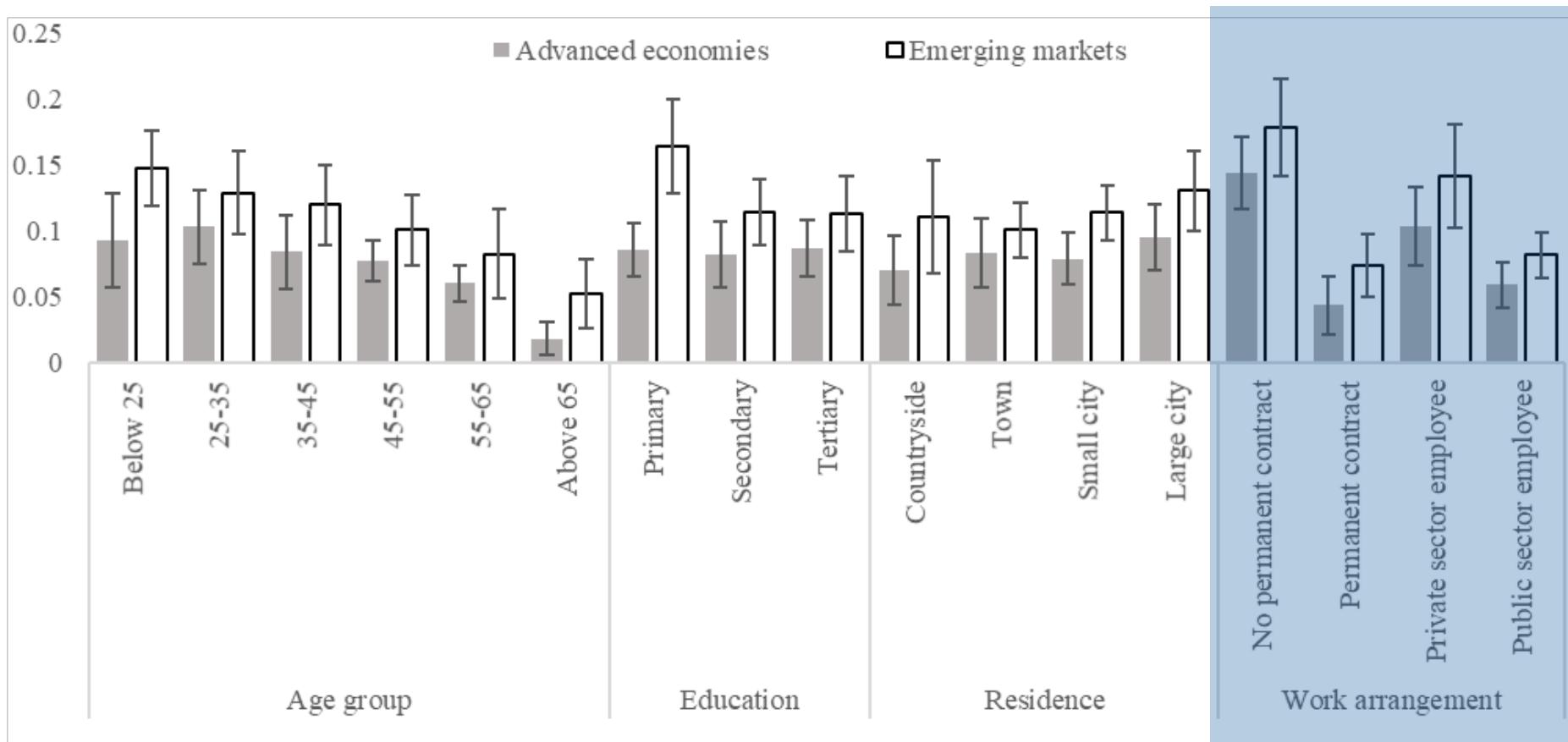
Conditional likelihood of job losses



Sources: EBRD-ifo Institute survey and authors' calculations. Notes: Work arrangements and income decile refer to employment status in February 2020. Typical gross monthly income from main job. Marginal effects; whiskers are 95 percent confidence intervals.

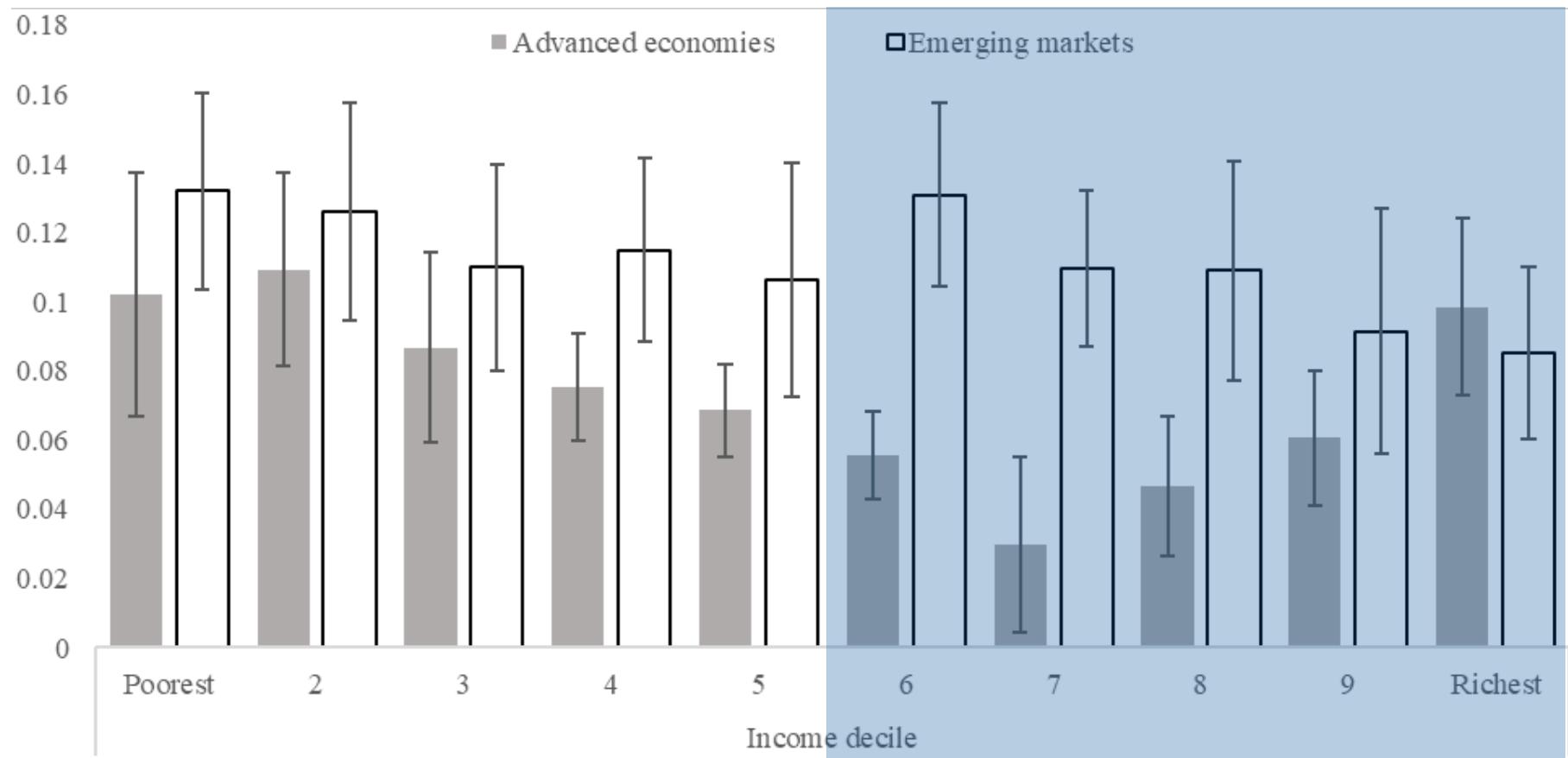
Those on permanent contracts, in the public sector were shielded

Conditional likelihood of job losses



Likelihood of job losses falls with income, but less sharply in EMs

Conditional likelihood of job losses



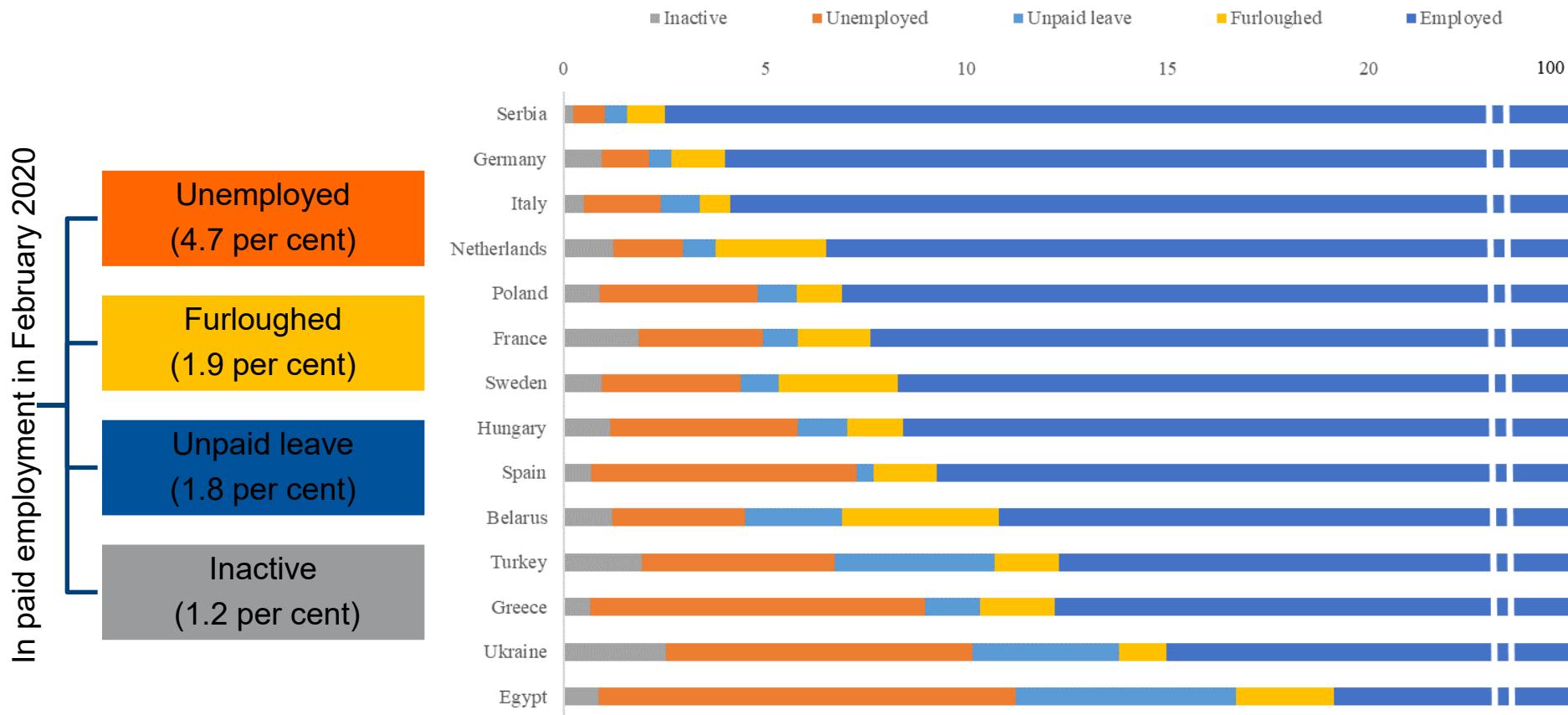
Drivers of other labour market transitions

Advanced economies vs. emerging markets



Movements into unemployment, furloughs & unpaid leave, only small increase in inactivity

Movements out of employment, February-August 2020



Similar patterns as for job losses

Unpaid leave, unemployment, inactivity more likely relative to staying in employment among

- young,
- women,
- lower educated,
- those without permanent contracts,
- those in the private sector – with larger effects in EMs,
- those with lower pre-pandemic income – with more pronounced effects in AEs

Furlough more likely relative to staying in employment among

- older workers in AEs,
- those in the public sector

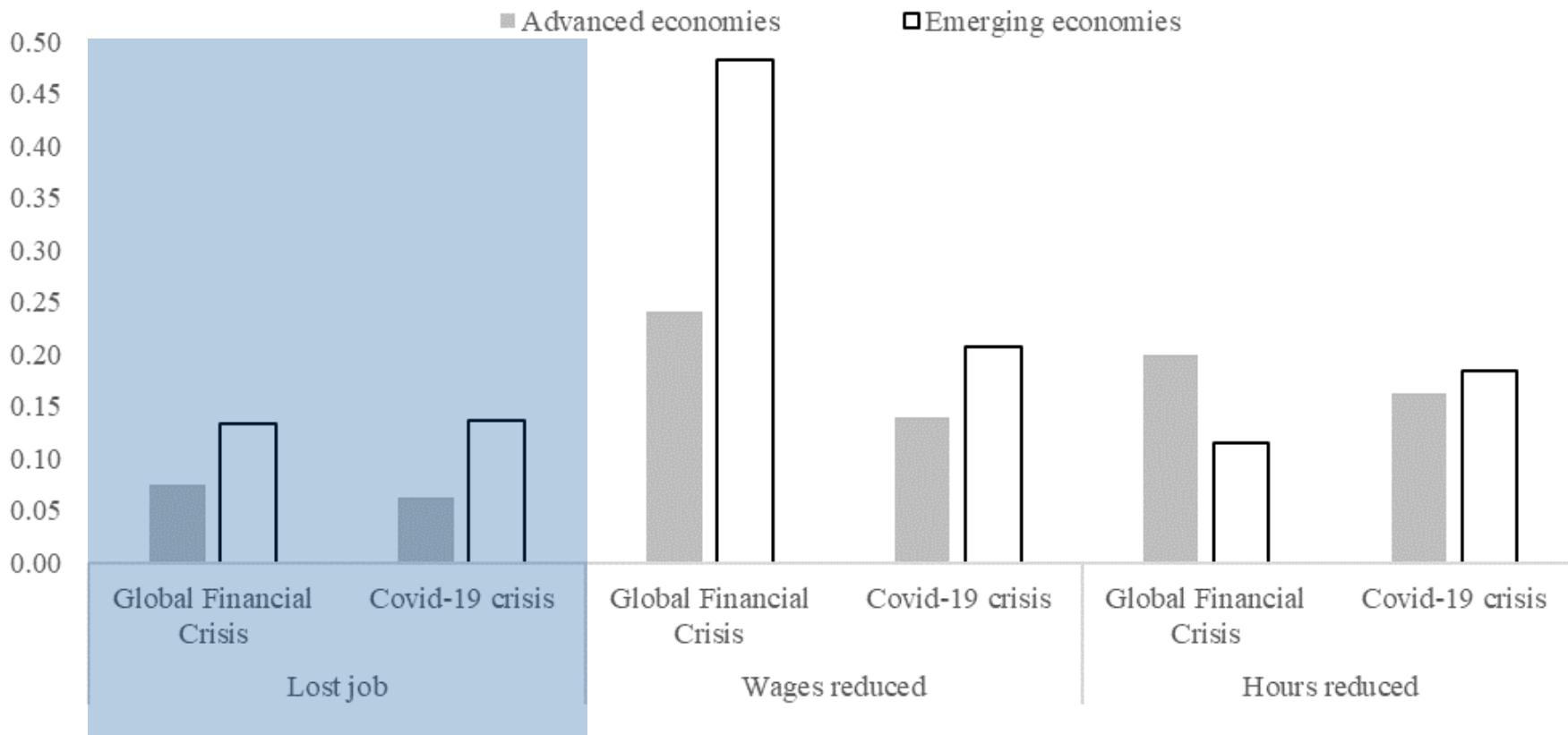
Drivers of job losses

Covid-19 Crisis vs Global Financial Crisis



Job losses during the early months of the Covid-19 crisis comparable to GFC

Share of respondents experiencing labour market effects because of the Global Financial Crisis and the Covid-19 crisis

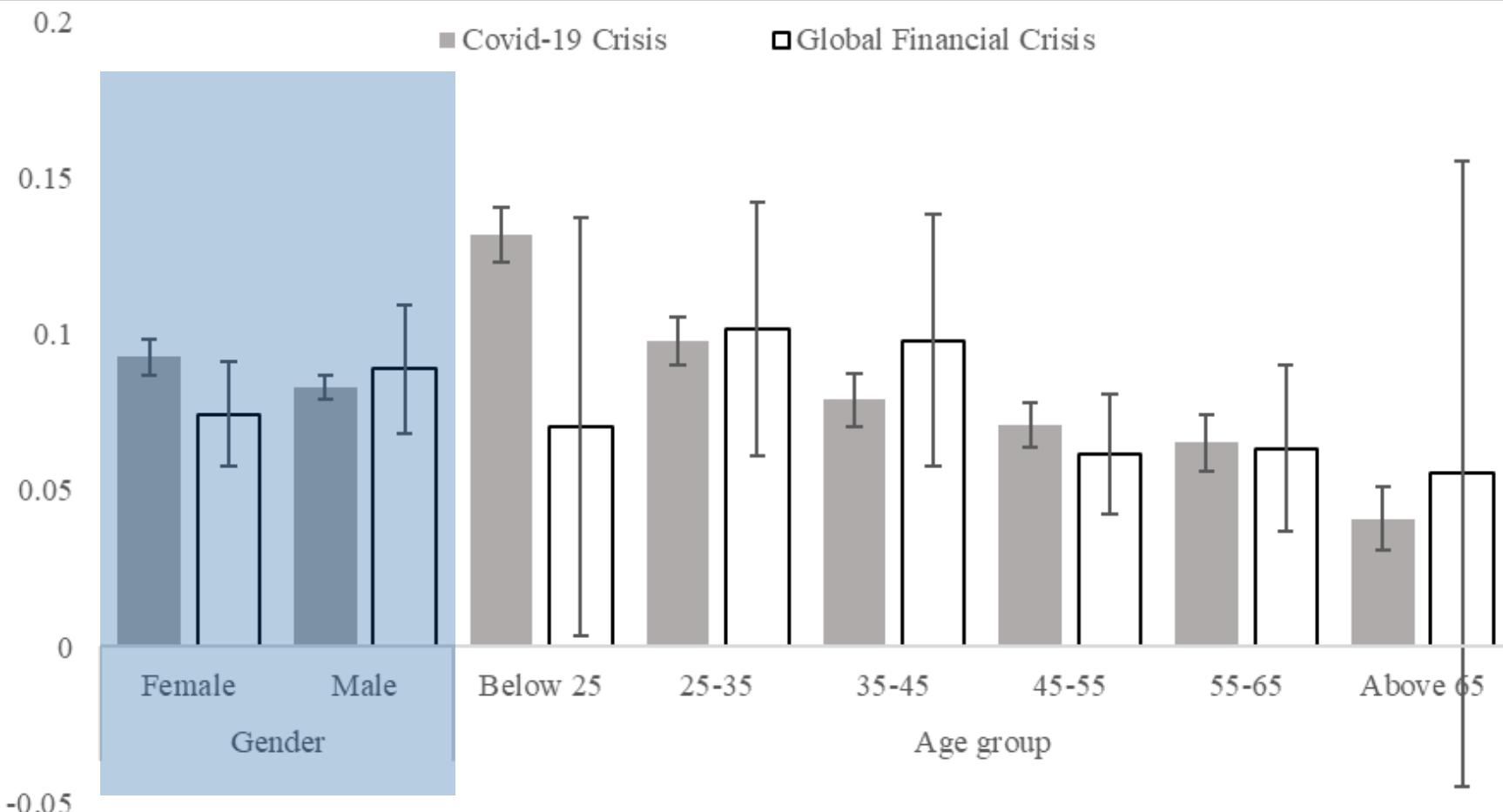


Job losses now (more) concentrated among women



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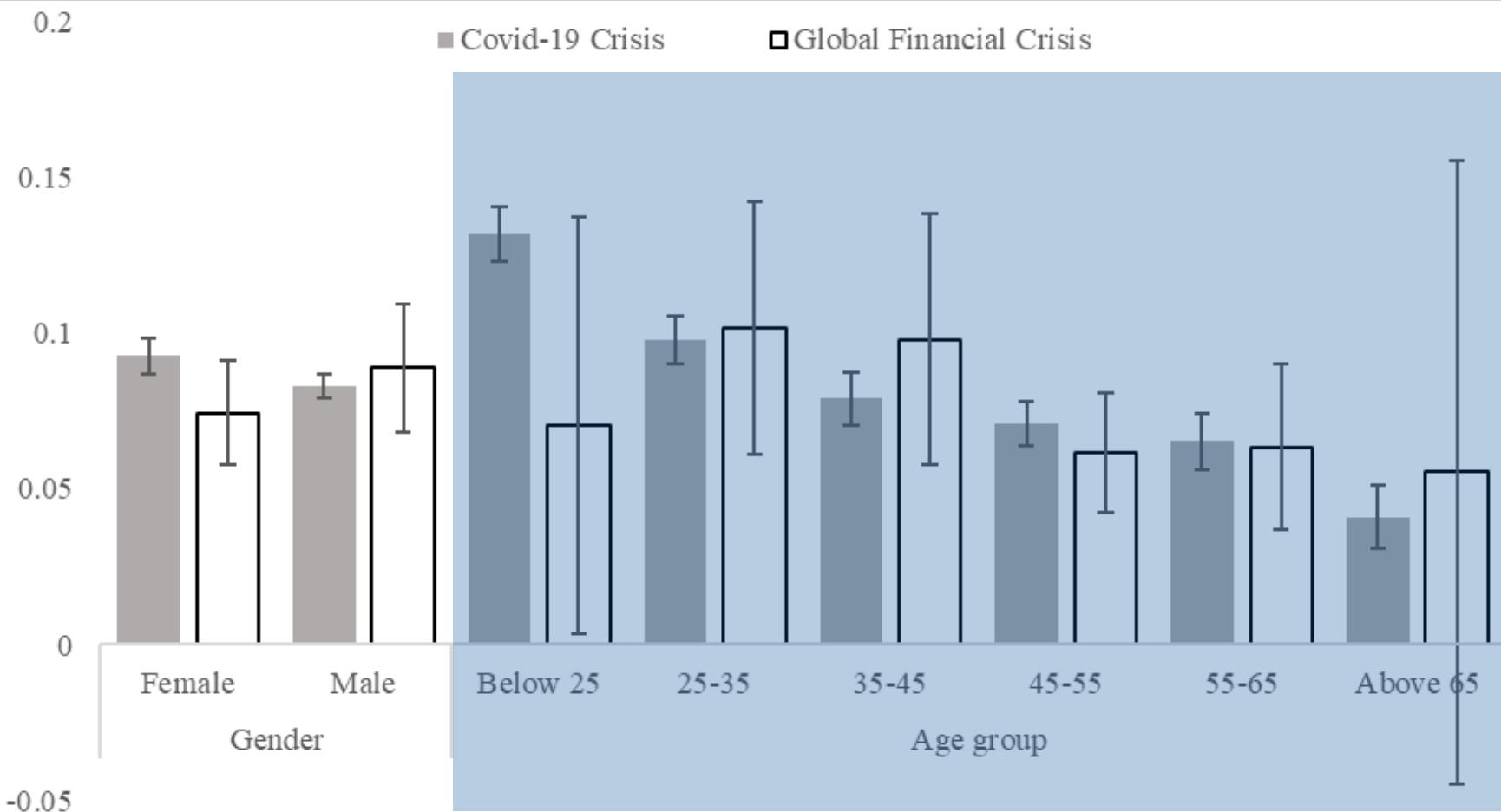
Conditional likelihood of job losses



Sources: EBRD-ifo Institute Survey, Life in Transition Survey 2010 and authors' calculations. Notes: Marginal effects; whiskers are 95 percent confidence intervals. LITS sample restricted to household heads, same set of countries for both crises.

Job losses now (more) concentrated among women, young than during GFC

Conditional likelihood of job losses



Summary

Labour market effects more severe but less unequal in EMs than in AEs

- Job losses in EMs also concentrated among the young, less educated, those with lower levels of income before the pandemic
- **Likelihood of job losses falls less sharply with income in EMs than in AEs**
- Similar patterns for movements into unpaid leave, unemployment, inactivity
- Gini coefficient so far increased less in EMs than in AEs

Job losses already comparable to those seen during the Global Financial Crisis

- Job losses **more concentrated among young and women** during Covid-19 Crisis than during the Global Financial Crisis

Annex

Survey questions



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EBRD-ifo Institute Survey, August 2020

How has the Covid-19 pandemic affected **you or other household members** economically (in comparison with the situation at the end of February, 2020)? Please choose all that apply.

	You	Other hh member
Lost job		
On government-backed furlough (temp. paid layoff from work)		
On temporary unpaid leave from work		
Working hours reduced		
Wages delayed or suspended		
Wages reduced		
Increased work hours in existing job		
Was working and took a second job or additional work		
Was not working before found a new job (full-time or part-time)		

Life in Transition Survey, 2010

How has this economic crisis affected **you (or other household members)** in the past two years?
Please tell me all that apply.

Head of household lost job	
Other household member lost job	
Working hours reduced	
Wages delayed or suspended	
Wages reduced	
Increased work hours in existing job	
Someone who was working and took a second job or additional work	
Someone who was not working before found a new job (full-time or part-time)	

Which of these descriptions applies to what you have been doing **as of the end February 2020?**

- in paid work (employee, working for your family business as paid employee),
- in paid work (self-employed, employer, including owning a family business),
- in unpaid work (trainee, apprentice, working for your family business as unpaid employee),
- unemployed and actively looking for a job,
- on temporary leave (annual leave, sick/medical leave, maternity/paternity leave),
- out of labour force (retired, chronically sick or disabled, in education, in military service, house spouse, or unable/unwilling to work due to personal/family reasons),
- in government-backed furlough (a temporary paid layoff from work incl. short-time work),
- on temporary unpaid leave from work.

Which of these descriptions applies to what you have been doing **for the last 7 days?**

- in paid work (employee, working for your family business as paid employee),
- in paid work (self-employed, employer, including owning a family business),
- in unpaid work (trainee, apprentice, working for your family business as unpaid employee),
- unemployed and actively looking for a job,
- on temporary leave (annual leave, sick/medical leave, maternity/paternity leave),
- out of labour force (retired, chronically sick or disabled, in education, in military service, house spouse, or unable/unwilling to work due to personal/family reasons),
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Which of these descriptions applies to what you have been doing **for the last 7 days?**

- **in paid work (employee, working for your family business as paid employee),**
- **in paid work (self-employed, employer, including owning a family business),**
- **in unpaid work (trainee, apprentice, working for your family business as unpaid employee),**
- **unemployed and actively looking for a job,**
- **on temporary leave (annual leave, sick/medical leave, maternity/paternity leave),**
- **out of labour force (retired, chronically sick or disabled, in education, in military service, house spouse, or unable/unwilling to work due to personal/family reasons),**
- **in government-backed furlough (a temporary paid layoff from work incl. short-time work),**
- **on temporary unpaid leave from work.**

Somewhat higher estimates of unemployment rates than in official statistics

