



IOE, 25 March 2020

RESPONDING TO THE MOST SERIOUS GLOBAL PANDEMIC CRISIS IN A CENTURY

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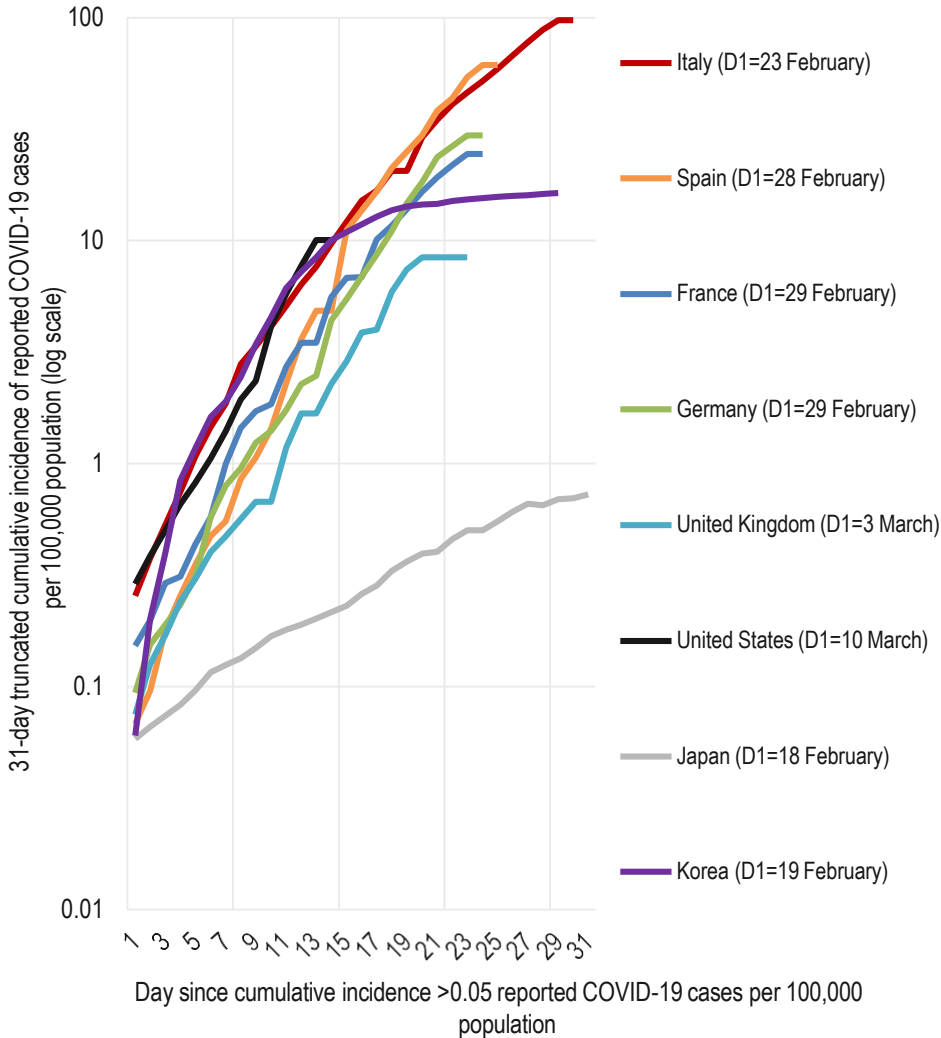
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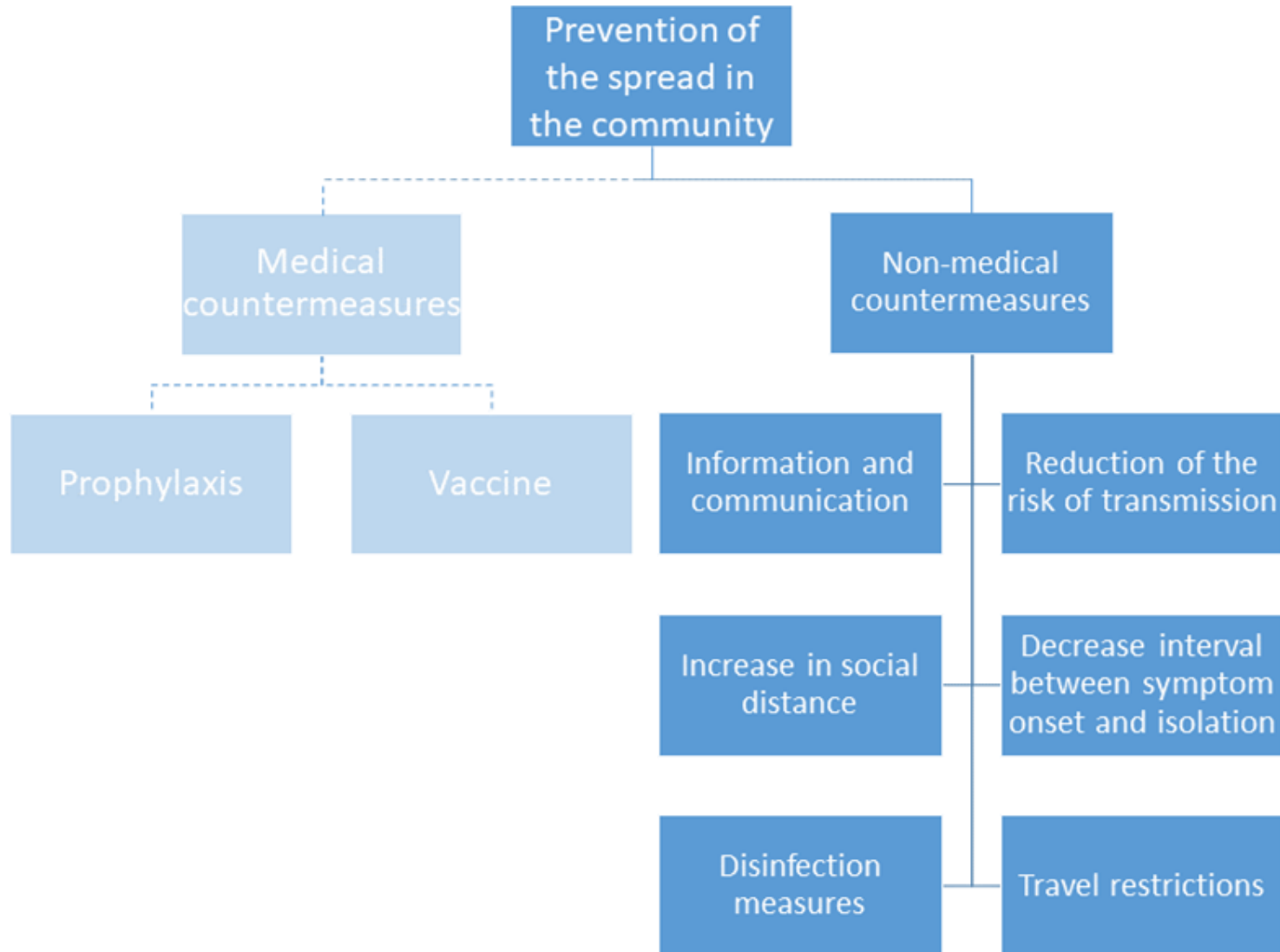
COVID-19 Outbreak: Assessment



- Viral outbreak, originated in China and now a global health threat
- Many OECD countries follow the same path of China and Italy with a time lag
- Between 1-3% of those infected show a fatal outcome, with people aged 60+ and those with chronic conditions at significantly higher risk



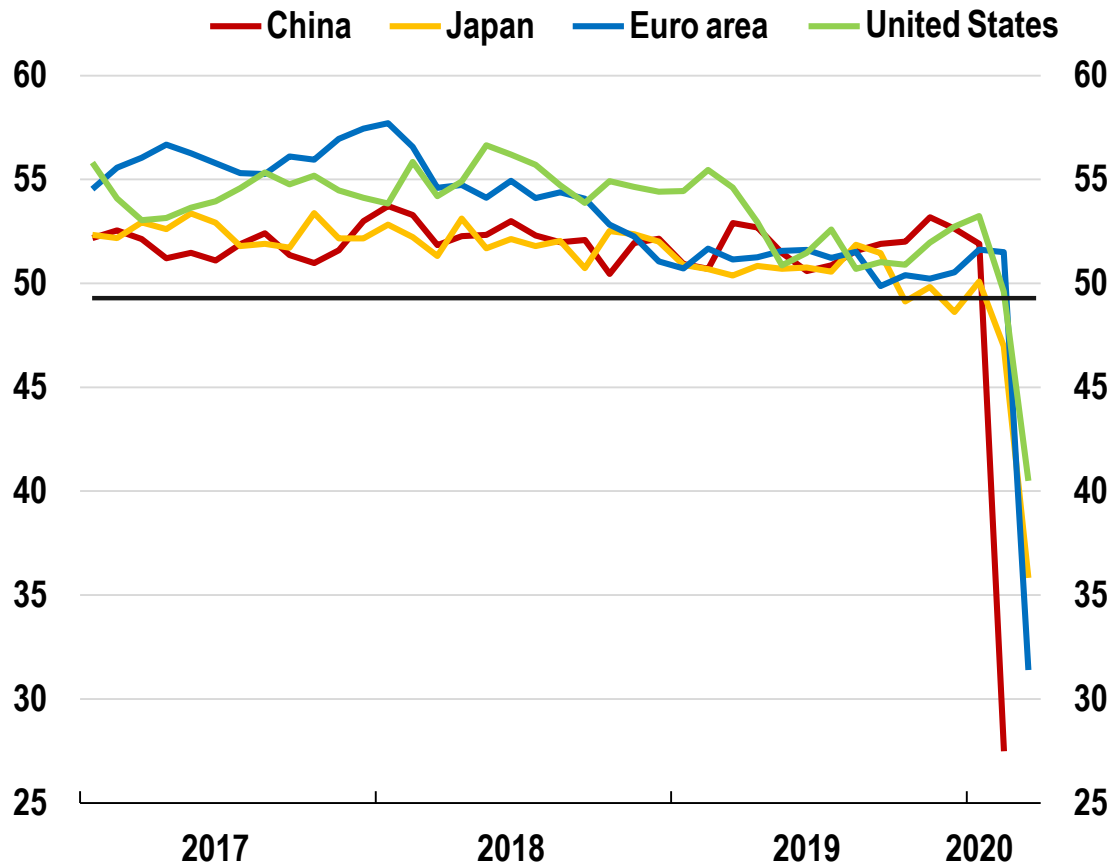
Fighting Back the Outbreak: What Weapons Do We Have?





Economic activity has drastically dropped (1)

Composite PMIs



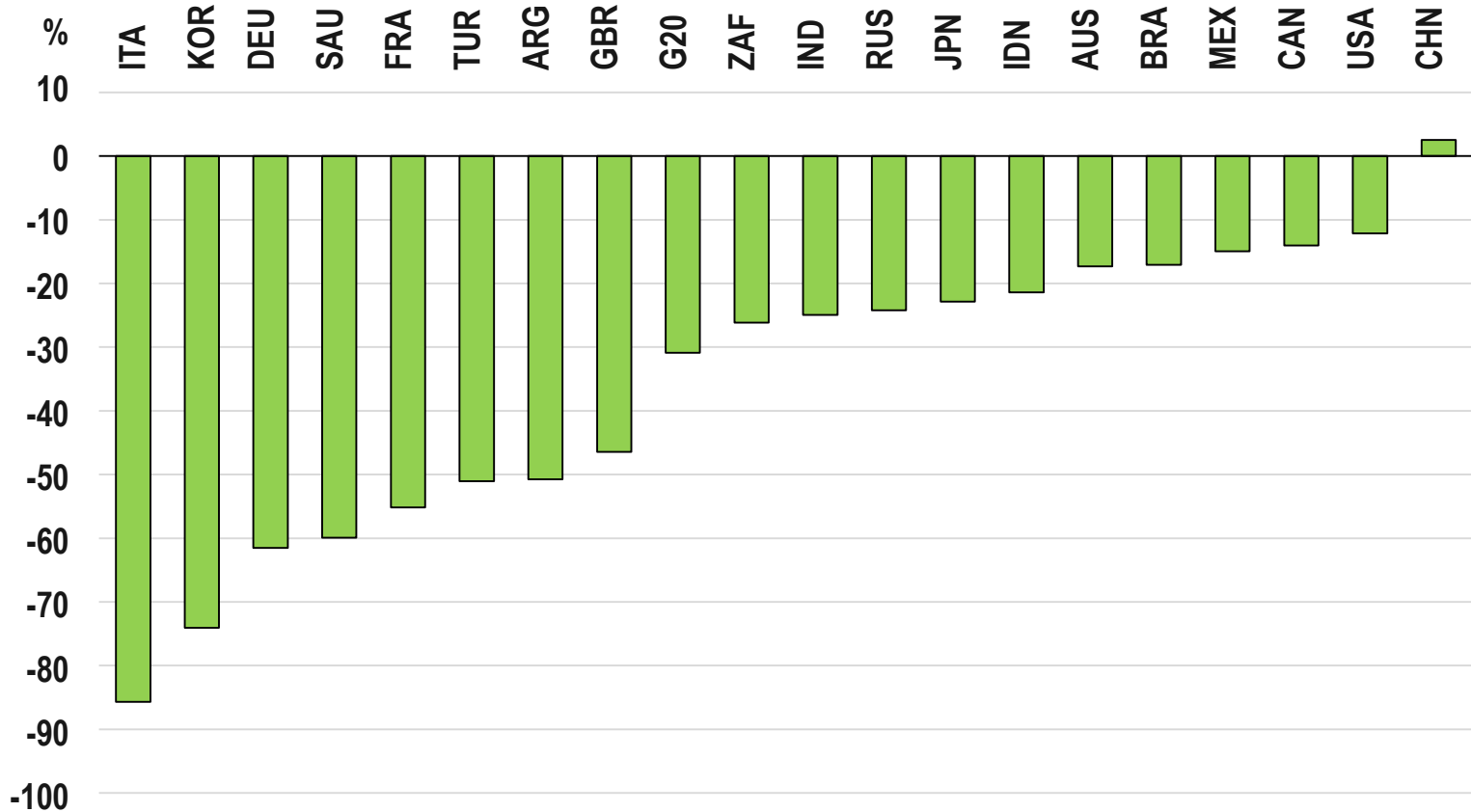
Note: RHS: The last data point is March for the euro area, Japan and the United States, and February for China.
Source: Markit, OECD calculations.



Economic activity has drastically dropped (2)

Percentage change in flight departures from major airports

Difference between March 18-20 daily average and February 18-29 daily average





A crisis of a different nature



A different mix and timing of policy responses is required:

- Contain the epidemic
- Cushion the effects
- Prepare the recovery



An immediate employment and social-policy response

Reducing workers' exposure to Covid-19

Income support to sick or quarantined workers

Helping dealing with unforeseen care needs

Short-time work schemes to preserve jobs

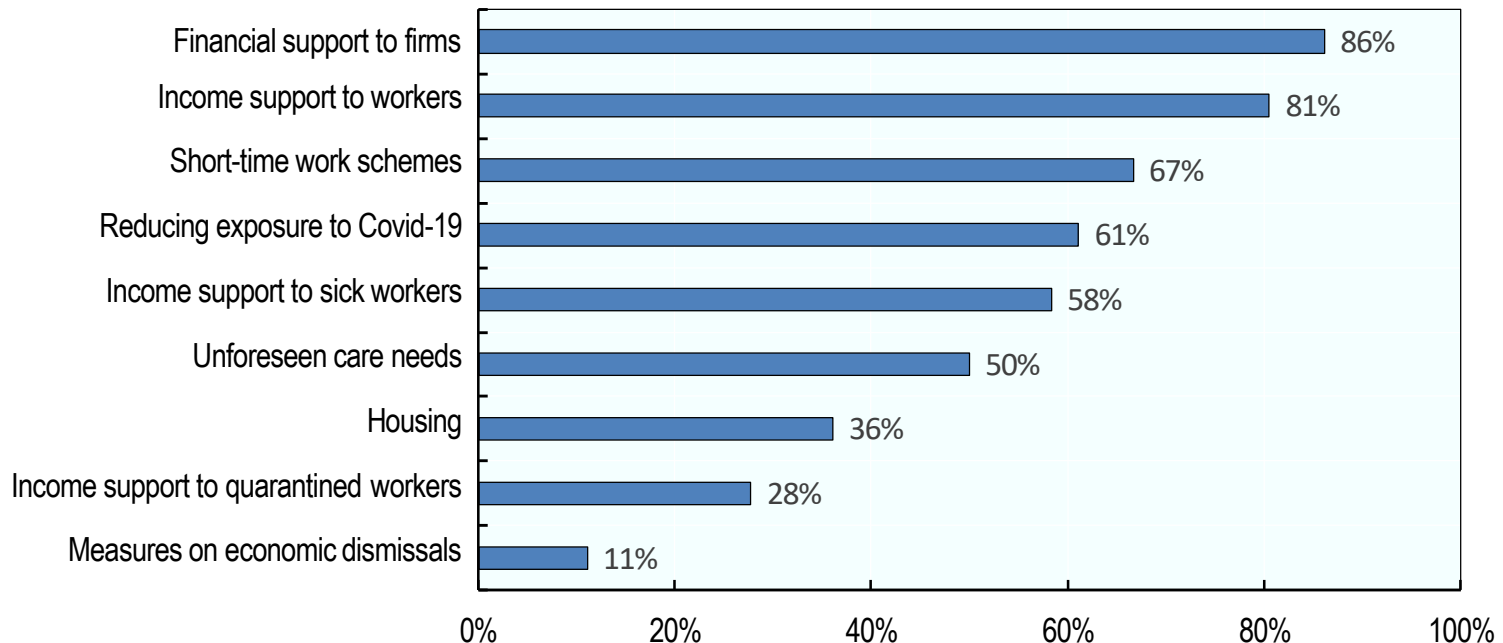
Income support to workers losing their jobs or self-employment income

Financial support to firms affected by a drop in demand



Countries have taken bold and unprecedented measures

Share of OECD countries that have introduced (or announced) new measures or expanded existing ones in response to Covid-19



Source: OECD (2020), "Supporting people and companies to deal with the Covid-19 virus: Options for an immediate employment and social-policy response", ELS Policy Brief on the Policy Response to the Covid-19 Crisis, OECD, Paris, <http://oe.cd/covid19briefsocial>.



Extending short-time work schemes to preserve jobs and secure incomes

Short-time work schemes (*Kurzarbeit*, *Chômage partiel*, *Cassa integrazione*, ...) proved very effective during the global financial crisis. In times of low demand, they

- help firms **hold on to qualified staff**
- provide **income support** to workers

- **Introducing, extending or temporarily relaxing access requirements** for short-time work
- **Simplifying procedures** and provide easy access to online information for employers.
- Promoting the **uptake of online training** to invest in employees' skills during the downturn.



Providing financial support to firms affected by the crisis

Besides means of quickly adjusting staff numbers, many firms will require **liquidity**

- **Defer tax and social contribution** payments.
- Provide **public grants and emergency credits** to temporarily support companies' liquidity.

See also the Policy Brief on SMEs by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities.



Containing the epidemic while minimising its economic effects

- Reducing workers' exposure to Covid-19 in the workplace
 - Telework and higher health and safety standards
- Strengthening income support for sick or quarantined workers
 - Extending coverage and duration notably for non-standard workers and include quarantine.
 - Reimbursing employers if they provide paid sick leave to quarantined workers.
 - Adapting sickness certification requirements.



Containing the epidemic while minimising its economic effects

- **Supporting workers and families with unforeseen caring responsibilities**
 - Alternative care arrangements and financial support.
 - Financial subsidies to employers who provide workers with paid leave.
 - Adapting telework requirements to workers' caring responsibilities in terms of working hours and work load.
- **Providing protection to workers who lost their jobs or self-employment income**
 - Extend access to unemployment benefits, including to non-standard workers.
 - Help workers stay in their homes.



Thank you

ELS POLICY BRIEF ON THE POLICY RESPONSE TO THE COVID-19 CRISIS



Beyond Containment: *Health systems responses to COVID-19 in the OECD*

20 March 2020

<https://oe.cd/covid19briefhealth>

ELS POLICY BRIEF ON THE POLICY RESPONSE TO THE COVID-19 CRISIS



Supporting people and companies to deal with the Covid-19 virus: *Options for an immediate employment and social-policy response*

20 March 2020

<https://oe.cd/covid19briefsocial>

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Read more about our work:

www.oecd.org/els and <http://www.oecd.org/coronavirus/>



OTHER SLIDES



COVID-19 Outbreak: Assessment

- Viral outbreak, originated in China and now a global health threat
- It is a concern among the public health community because, compared to other infections:
 - High reproduction rate (it spreads quickly)
 - (seemingly) higher mortality than flu and some other common viruses
- 5%-20% of those infected need access to healthcare services and this may overload healthcare systems



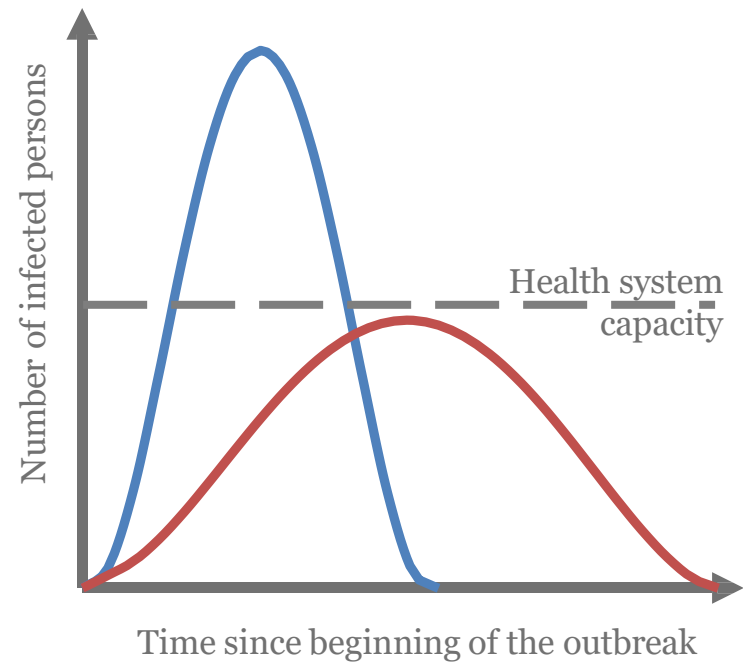
Source: <https://hgis.uw.edu/virus/>



COVID-19 Outbreak: Priorities For Action

- In the short-term countries should implement measures to contain and mitigate the outbreak (e.g. social distancing and hygiene);
- In the medium-term countries should work to strengthen surveillance and public health systems, including in LMICs, to be ready for the next outbreak.

Public health measures slow down the outbreak and buy us time



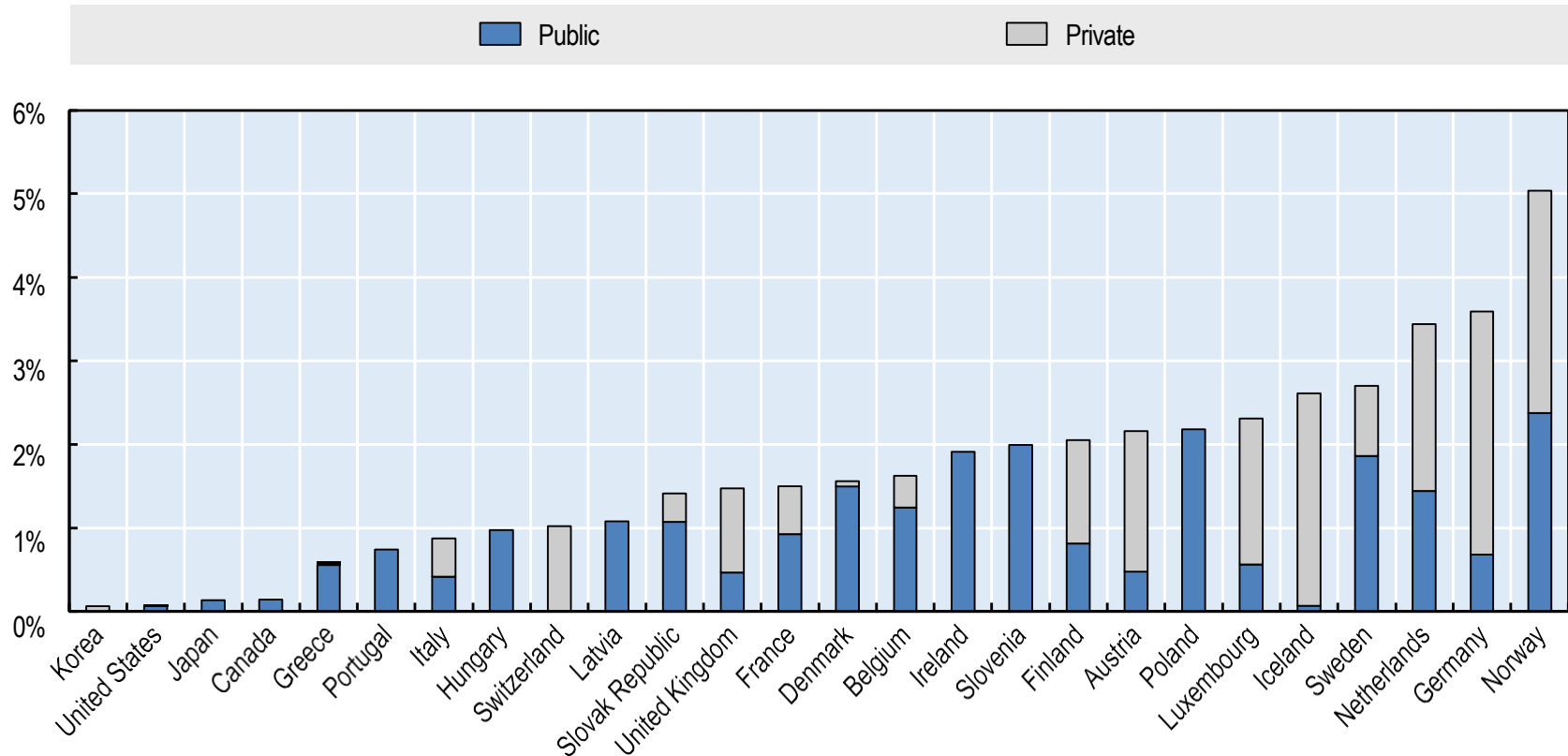
— Without measures — With measures



2. Strengthen income support for sick or quarantined workers

Not all countries offer generous **sick-leave compensation**

Public and private spending on sick leave compensation, as a percentage of employees' compensation, 2017 or latest year available

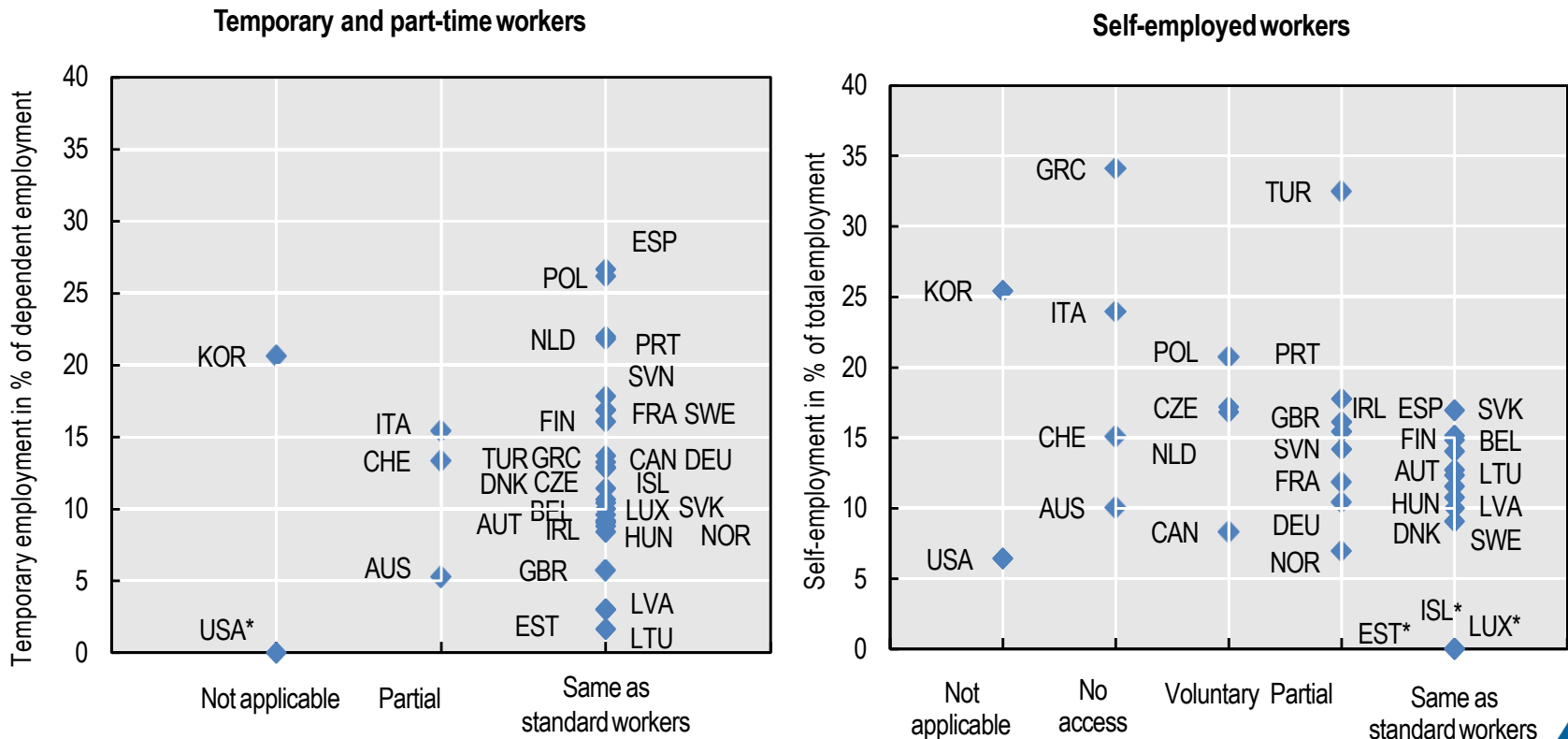




2. Strengthen income support for sick or quarantined workers

...particularly to workers in **non-standard forms of employment**

Statutory access to sickness benefits for non-standard workers compared to standard workers by contract type and incidence of employment form, 2017





4. Protect workers who lost their jobs or self-employment income

Jobs and livelihoods are at risk, particularly for workers in non-standard forms of employment

Overall support package for working-age individuals, 2014-15

▲ Baseline: past standard work ◆ Past non-standard (significant gap) ◇ Past non-standard (non-significant gap)

A. Probability of receiving benefits

