

March 2020

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## IN THIS DIGEST

Dear Colleagues,

While the world is awaiting a vaccine/cure for COVID-19, countries have to decide on the appropriate response for changing the trajectory of this global pandemic. Preserving jobs and livelihoods amid the crisis is central. The International Labor Organization (ILO) estimates a rise in global unemployment of up to 24.7 million ("high" scenario), potentially surpassing the 22 million jobs lost during the global financial crisis of 2008-9. In the United States alone, about 3.3 million people have already applied for unemployment benefits due to job loss. Underemployment is also expected to increase widely, as the economic consequences of the virus outbreak translate into reductions in working hours, earnings and wages. Self-employment in developing countries—which often serves as a cushion for the impact of economic changes during recession—may not be effective due to restrictions on the movement of people and goods.

In this edition, we present a new blog series "**Confronting the Jobs Impacts of COVID-19**", launched by the Jobs Group which draws on the policy note "Managing the Employment Impact of the COVID-19 Crisis: Policy Options for the Short Term". The first blog post "Protecting Workers by Supporting Firms in COVID Crisis" identifies ways to help businesses survive. Another recent publication "Assessing the impact and policy responses in

support of private-sector firms in the context of the COVID-19 pandemic” delves into possible policy responses that governments around the world can deploy. Finally, we emphasize a key message from the chapter “Protecting People Now, Helping the Economy Rebound Later” which identifies a clear path for recovery and rebound, so long as governments enact early and aggressive economic policies that: i) support the liquidity of firms through large-scale lending programs, ii) offset lost wages for workers through targeted assistance programs and safety net schemes, and iii) stimulate the economy more broadly to aid a quick recovery after the pandemic has run its course.

Happy reading and stay safe!

Sincerely,



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Manager,  
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## COVID-19 AND ITS IMPACT ON WORK



**Protecting Workers by  
Supporting Firms in the COVID  
Crisis**



**Protecting People Now, Helping  
the Economy Rebound Later**  
Baldwin & Weder di Mauro | Book |

Tom Farole | Blog | March 2020

March 2020

Drawing on lessons from the policy note, **“Managing the Employment Impacts of the COVID-19 Crisis: Policy Options for the Short Term”** which focuses on supporting workers and firms during the COVID-19 pandemic, the blog post identifies some major supply and demand shocks — which include business and movement restrictions, as well as a drop in workers' income, wages and wealth. It further identifies two policy strategies that governments can adopt to help firms survive: injecting cash; and minimizing firms' cash outflows.

The twenty-first chapter of the book (“Mitigating the COVID Economic Crisis: Act Fast and Do Whatever It Takes”) provides a key message that the job of economic policy is to protect employees from the adverse effects of reduction in supply and demand, which could potentially force small companies out of business. The policy message in this chapter is to ensure the economy can rebound quickly by employing targeted assistance programs, safety net schemes and large-scale lending programs for businesses.

### Assessing the Impact and Policy Responses in Support of Private-Sector Firms in the Context of the COVID-19 Pandemic

FCI GP | Working Paper |  
March 2020

The paper provides a framework that presents the pathways through which the COVID-19 pandemic is affecting businesses. It also delves into possible policy responses, including examples of actions applied in the past or currently being deployed around the world.

### Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures

Gentilini, Almenfi & Orton |  
Working Paper |  
March 2020

The paper provides an overview of the social protection and jobs programs countries are putting in place in response to COVID-19.

## ESSENTIAL READINGS

### The Global Macroeconomic Impacts of COVID-19: Seven Scenarios

McKibbin & Fernando | Working Paper |  
March 2020

The paper attempts to quantify the

### COVID-19 and the World of Work: Impact and Policy Responses

ILO | Report  
March 2020

The report offers the ILO's preliminary

potential global economic costs of COVID-19 on macroeconomic outcomes including sectorial productivity, nominal wages and labor supply, under different possible scenarios.

assessment concerning the possible impacts of COVID-19 on the world of work and proposes a range of policy options to mitigate these impacts and facilitate strong and fast recovery.

### **Oxford COVID-19 Government Response Tracker**

OxCGRT | Website | March 2020

An ongoing collation of live data collected by OxCGRT on COVID-19. It provides information on several different common policy responses governments have taken, scores the stringency of such measures, and aggregates the scores into a common Stringency Index.



### **Policy Responses To COVID-19**

IMF | Website |  
March 2020

The policy tracker summarizes the key economic responses governments are taking to limit the human and economic impact of the COVID-19 pandemic as of end- March 2020. The tracker includes 186 economies.

### **COVID-19: SME Policy Responses**

OECD | Report  
March 2020

The report examines how SMEs are likely to be affected by the current coronavirus epidemic, reports on early evidence and estimates about the impact, and provides a preliminary inventory of country responses to foster SME resilience.

### **Short-time Work Compensation Schemes and Employment**

Pierre Cahuc | Working Paper  
May 2019

A key message in the article is that short-time work compensation schemes can help employers to adjust labor

### **The Coronavirus and the Great Influenza Pandemic: Lessons from the "Spanish Flu" for the Coronavirus's Potential Effects on Mortality and Economic Activity**

Barro, Ursúa & Weng | Working Paper |  
March 2020

to match demand during temporary periods of low demand such as recessions. However, such compensation should be used with care since it may hinder the reallocation of workers to more productive jobs.

The paper estimates the macroeconomic impact of the 1918-1920 Great Influenza Pandemic and relates findings to the potential effect of COVID-19 on economic activity.

## CRITICAL ONLINE ARTICLES



### **We Can't Travel, But We Can Take Measures to Preserve Jobs in the Tourism Industry**

Caroline Freund | Blog | March 2020

The article identifies actions that governments and private companies within the tourism industry can integrate to achieve a quick economic recovery after the COVID-19 pandemic.



### **Pandemics and the Labor Market: Then and Now**

Karen Clay | Blog | March 2020

The article compares the COVID-19 pandemic to the 1918-1919 influenza pandemic, which has similar scale and scope. It identifies its effect on workers and sectorial shift.

### **'I Feel Like I Have Five Jobs': Moms Navigate the Pandemic**

Jessica Bennett | Newspaper | March 2020

The article emphasizes how social inequities (in form of gendered roles) have come to light amidst COVID-19.

### **India's Looming Battle to Save its Workers from the Coronavirus**

Tish Sanghera | Newspaper | March 2020

The article discusses the vulnerability of work in India and the need for an efficient social protection system.

## Fighting a Coronavirus Recession

Daniel S. Hamermesh | Blog  
March 2020

The blog identifies relevant economic responses aimed toward workers and small businesses to tackle any setbacks caused by an impending recession from COVID-19.

## Some Thoughts on COVID-19 from a Labour Mobility Perspective: From 'Red-zoning' to 'Green-zoning'

Joan Monras | Newspaper | March 2020

The article concludes that limiting mobility in smart ways – only where it's necessary – can help cope with the trouble that restricting labor mobility poses to the economy.

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