

# Discussion

## Tre Effectiveness of Job Rentention schemes

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<http://oe.cd/employment-outlook>

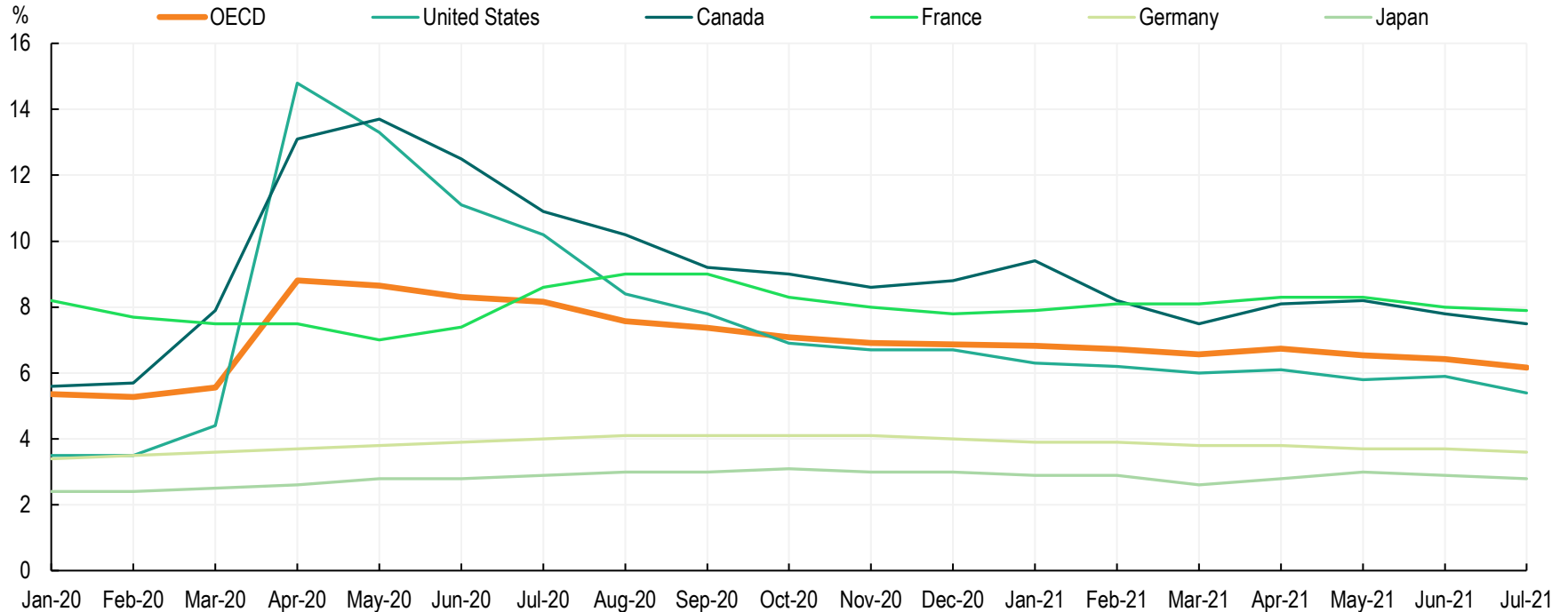
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# *1. Preliminary evidence of the likely impact of JRS*

# The rise of unemployment was limited where JRS was used extensively

Unemployment rate, % of labour force, seasonally adjusted

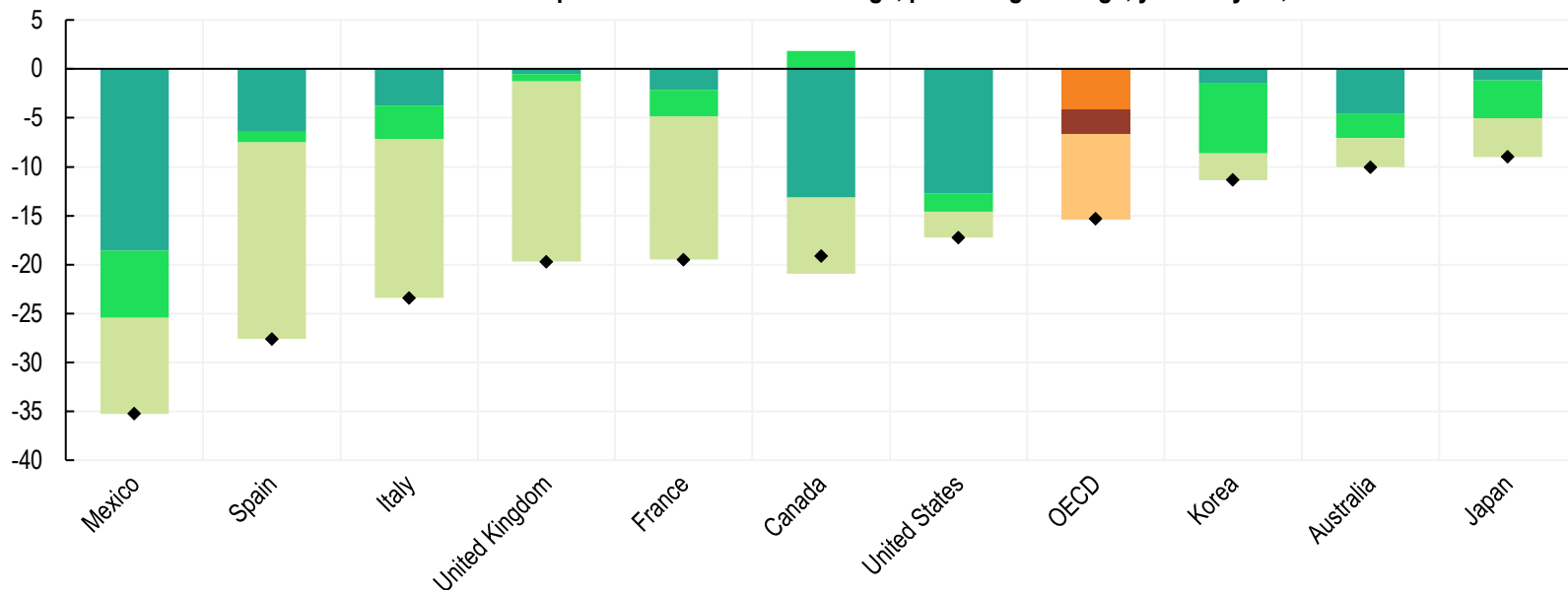


# Reduced hours accounted for most of the fall in hours worked

## Decomposition of total hours change, percentage change, year-on-year

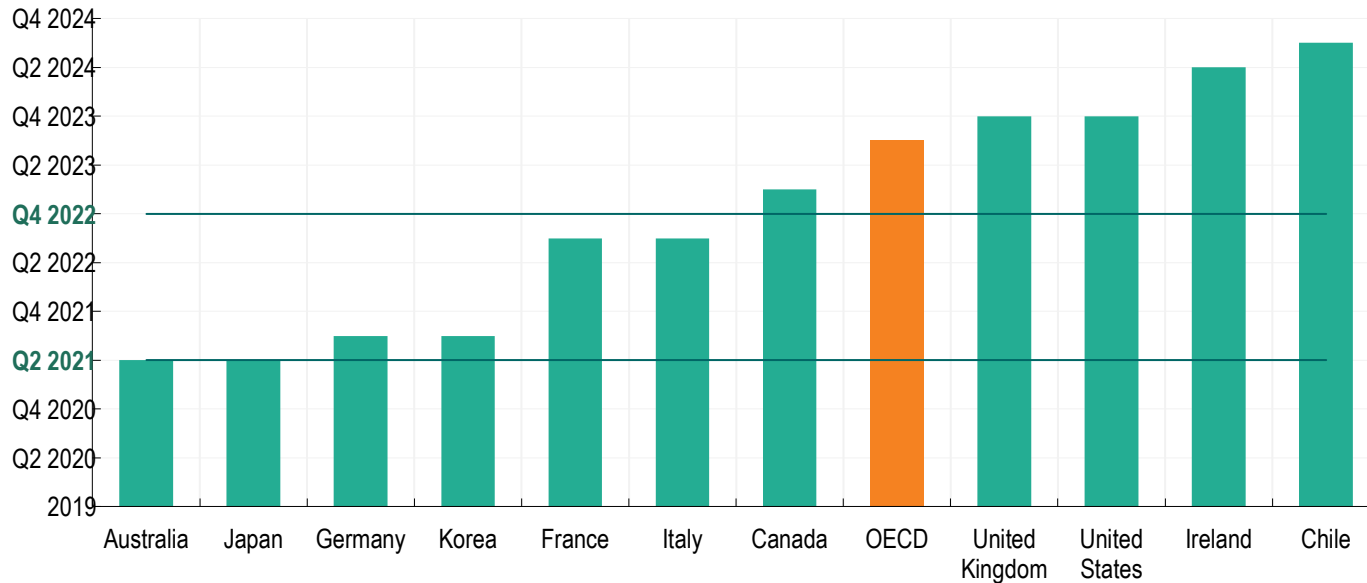
Joblessness (net of population change)   Hours per at work employees   0 hours employment   Total change in hours

Decomposition of total hours change, percentage change, year-on-year, Q2 2019 - Q2 2020



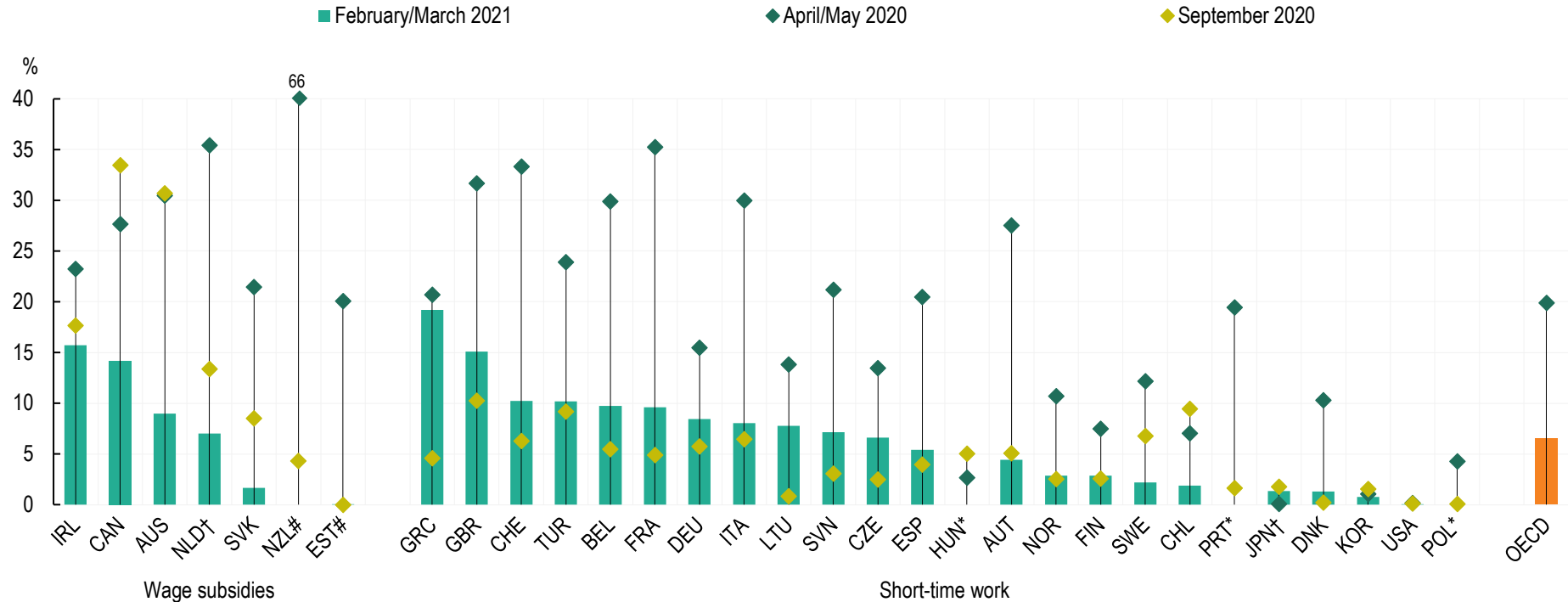
# Employment also tends to recover faster in countries that used JRS

Projected date to full recovery of the employment rate



# Job retention schemes protected up to 20% of jobs

## Percentage of dependent employment

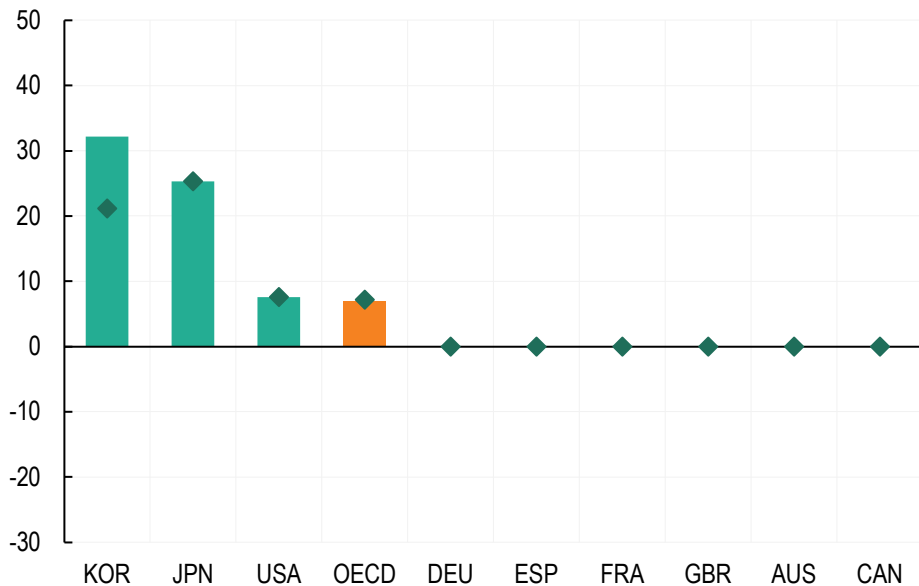


# Support to firms and workers was unprecedented

Cost for maximum permissible reduction in working time, May/June 2020

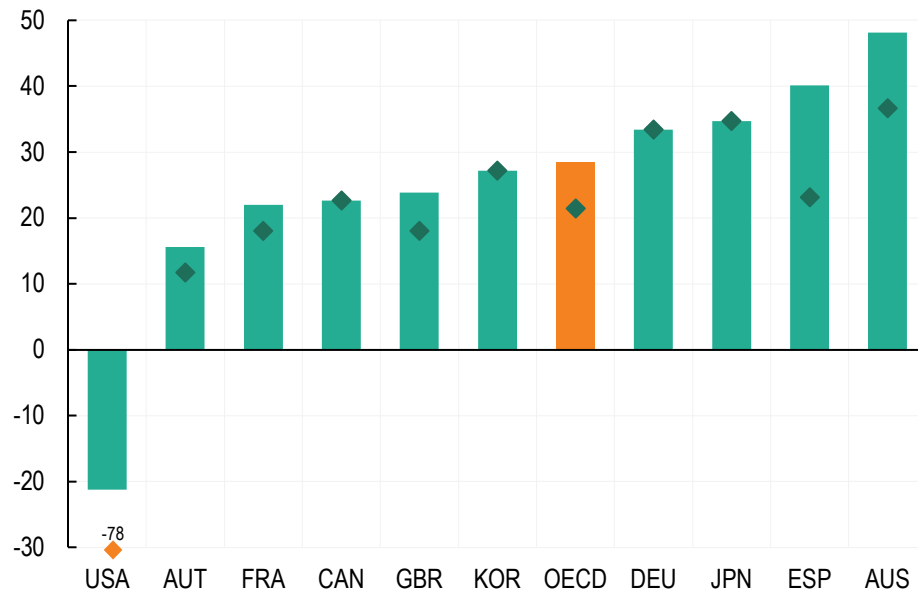
A. Cost to firms (% of labour cost)

■ At the average wage    ◆ At 67% of the average wage



B. Cost to workers (% of labour cost)

■ At the average wage    ◆ At 67% of the average wage



## *2. Identifying the impact of JRS in this crisis*



# Problems with identifying the impact of JRS

JRS likely to save jobs and increased hours of work. But to what extent? And at what cost?

## Problems:

- JRS take-up and unemployment are both positively influenced by the size of the shock, or pre-existing policies & institutions (*endogeneity*)
- Rising unemployment can cause governments to facilitate access to JRS and increase its generosity (*reverse causality*)



# Nature of the shock

Paper uses heterogeneity of shock on labor demand due to different pre-crisis shares of Contact-Intensive / Accommodation&Food jobs across regions (Bartik shock)

## ***Problem:***

- This is by construction a measure of the exposure to sector-specific shocks, involving different types of firms.
- Use other measures such as the variation in the incidence of Covid-19 cases across regions.
- Still no single measure is perfect...



# Identification strategy

Take up is instrumented with share of workforce eligible to JRS, i.e. the share of standard employees

## ***Problem:***

- The share of standard vs. non-standard jobs likely affects the dynamics of employment and unemployment to a labour demand shock: is the exclusion restriction really satisfied?
- Not sure any of the controls deals with this concern: even when controlling for employment share in hard-hit sectors, a higher incidence of non-standard jobs is likely to make employment more elastic to the shock *and* influence JRS take-up



# Other comments

- **Cost-benefit** analysis would be welcome
- Assessing the **distributional impact** across occupations and groups would be nice (youth, low paid, etc.)
- Analysis of impact **job reallocations** is based on GFC but no discussion how relevant this is post-Covid
- Analysis on **consumption** original, but discussion missing on how specific this is to Covid context.



# *Thank You !*

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