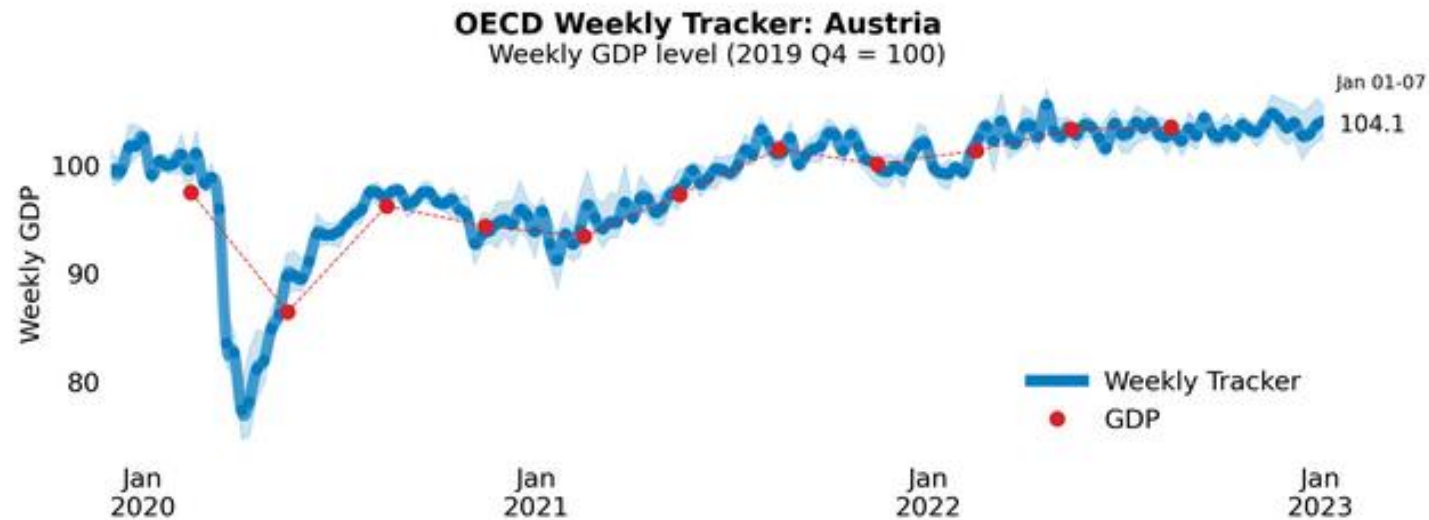


# Covid-19 and Economic Policy

Economic and Fiscal Policy

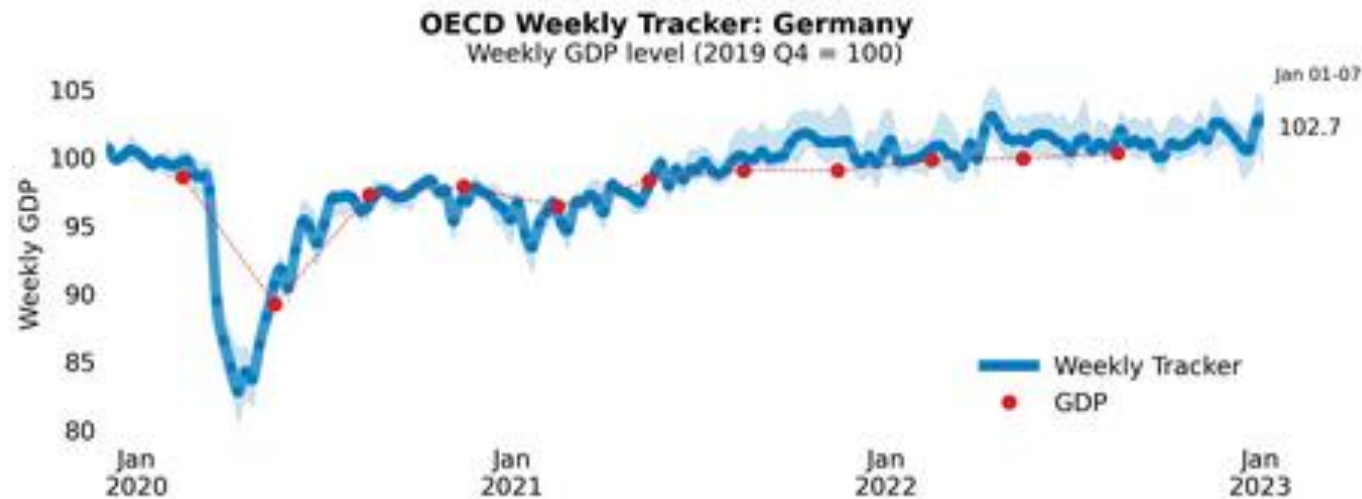
# Growth



Note: The Weekly Tracker provides an estimate of weekly GDP based on Google Trends search data and machine learning.  
Source: OECD Weekly Tracker (Woloszko, 2020), <https://www.oecd.org/economy/weekly-tracker-of-gdp-growth>;  
OECD Quarterly National Accounts.

# Growth

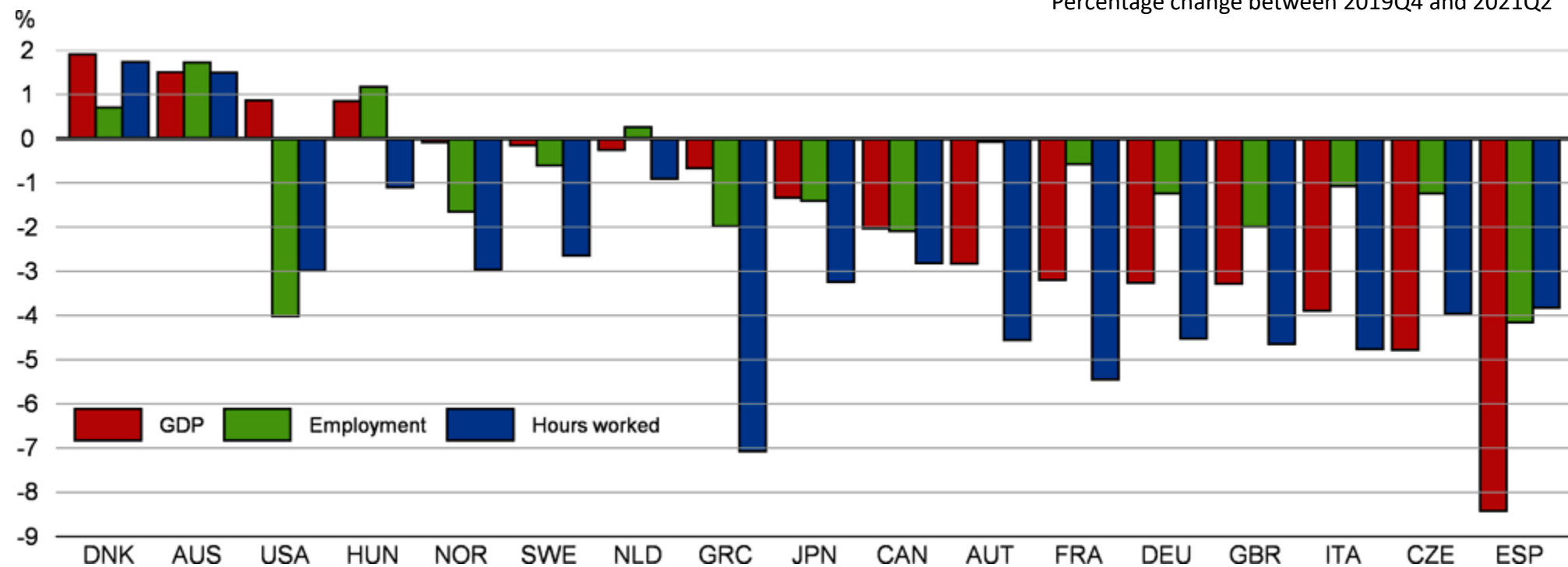
## Germany



Note: The Weekly Tracker provides an estimate of weekly GDP based on Google Trends search data and machine learning.  
Source: OECD Weekly Tracker (Woloszko, 2020), <https://www.oecd.org/economy/weekly-tracker-of-gdp-growth>;  
OECD Quarterly National Accounts.

# Employment

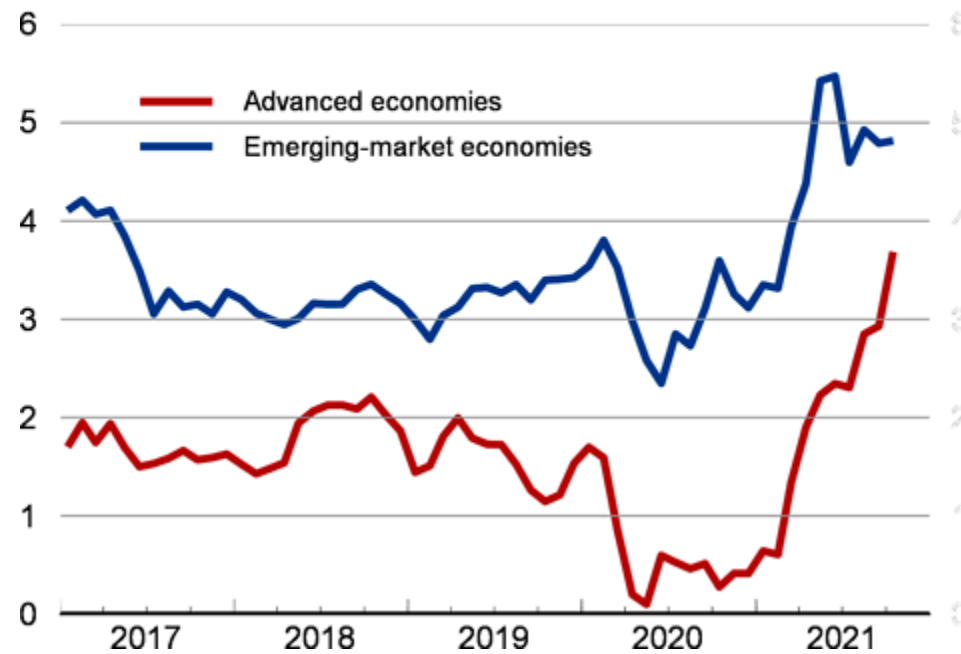
Source: OECD Econ Outlook 110:  
Percentage change between 2019Q4 and 2021Q2



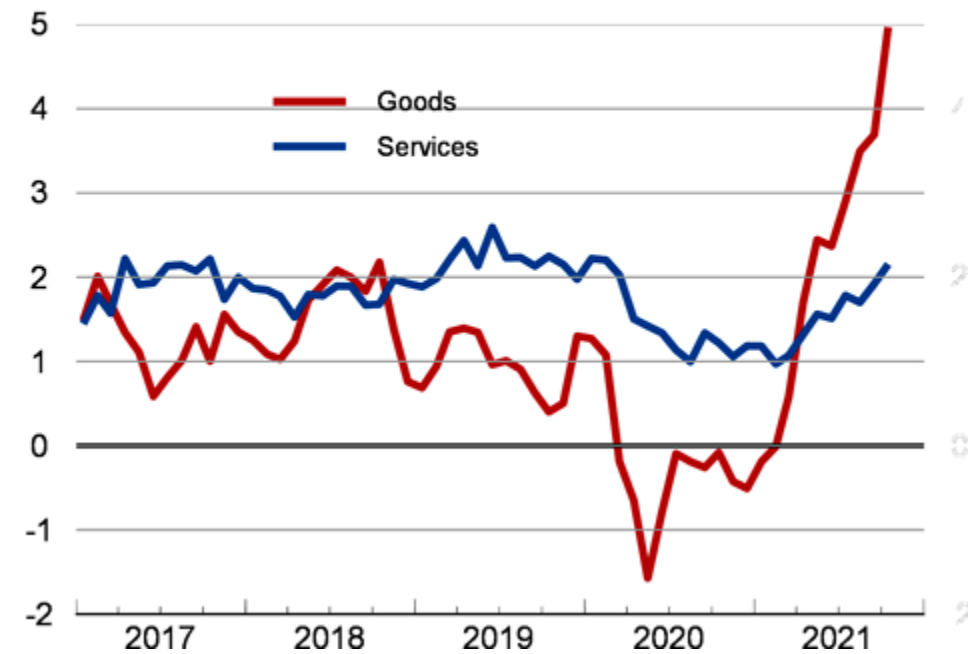
# Prices

Source: OECD Econ Outlook 110

**A. Headline consumer price inflation  
in median economy**  
Y-o-y % changes

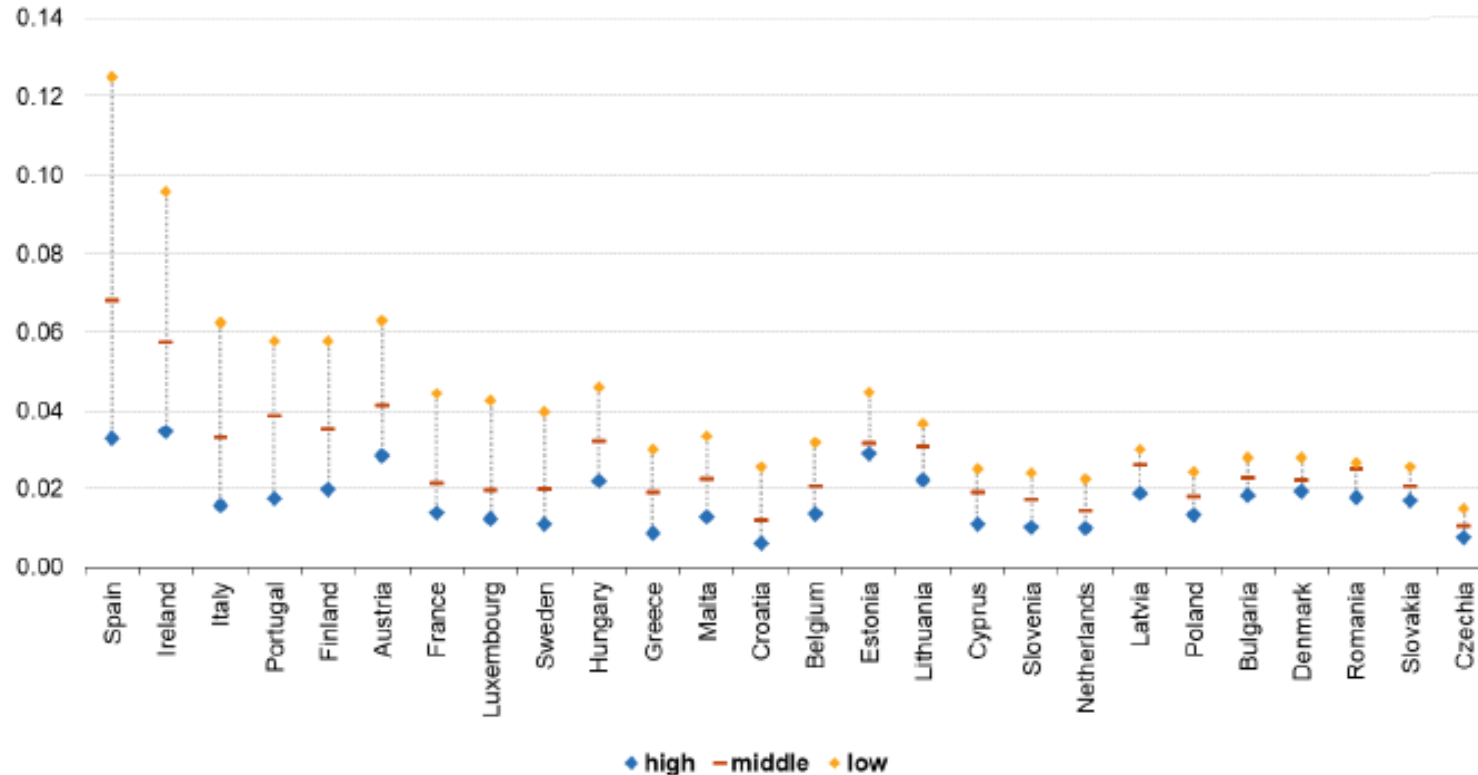


**B. Sectoral consumer price inflation  
in median advanced economy**  
Y-o-y % changes



# Inequality

FIGURE 3: RISK OF JOB LOSS IN EUROPE BETWEEN FIRST AND SECOND QUARTER OF 2020, BY INCOME AND COUNTRY



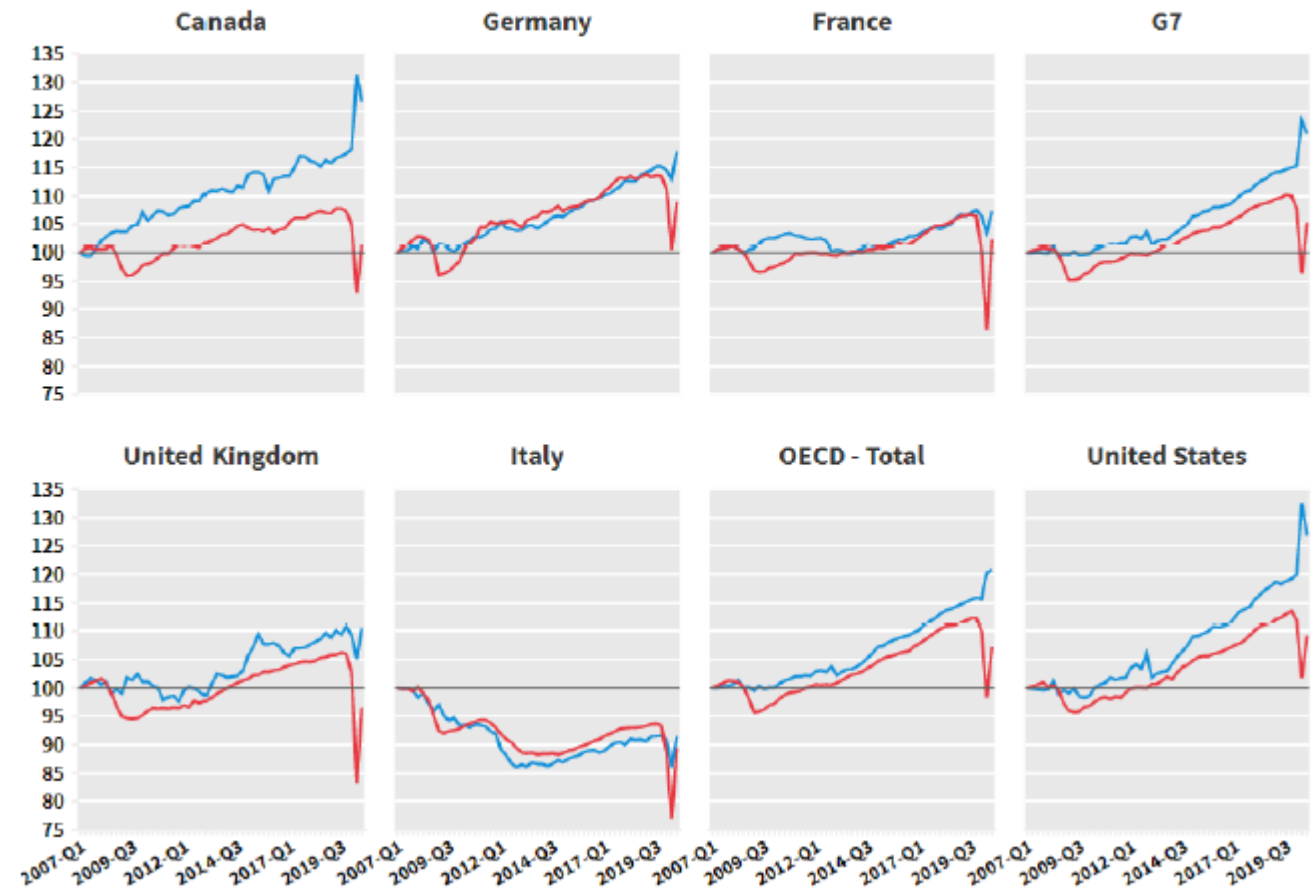
Source: Stantcheva, Stefanie.  
„Inequalities in the Times of a  
Pandemic“. Economic Policy, 2020, 60.

# Inequality

Source: Stantcheva, Stefanie.  
„Inequalities in the Times of a  
Pandemic“. Economic Policy, 2020, 60.

FIGURE 1: EVOLUTION OF HOUSEHOLD INCOME PER CAPITA AND REAL GDP FROM 2007-Q1 TO 2020-Q3 IN OECD COUNTRIES

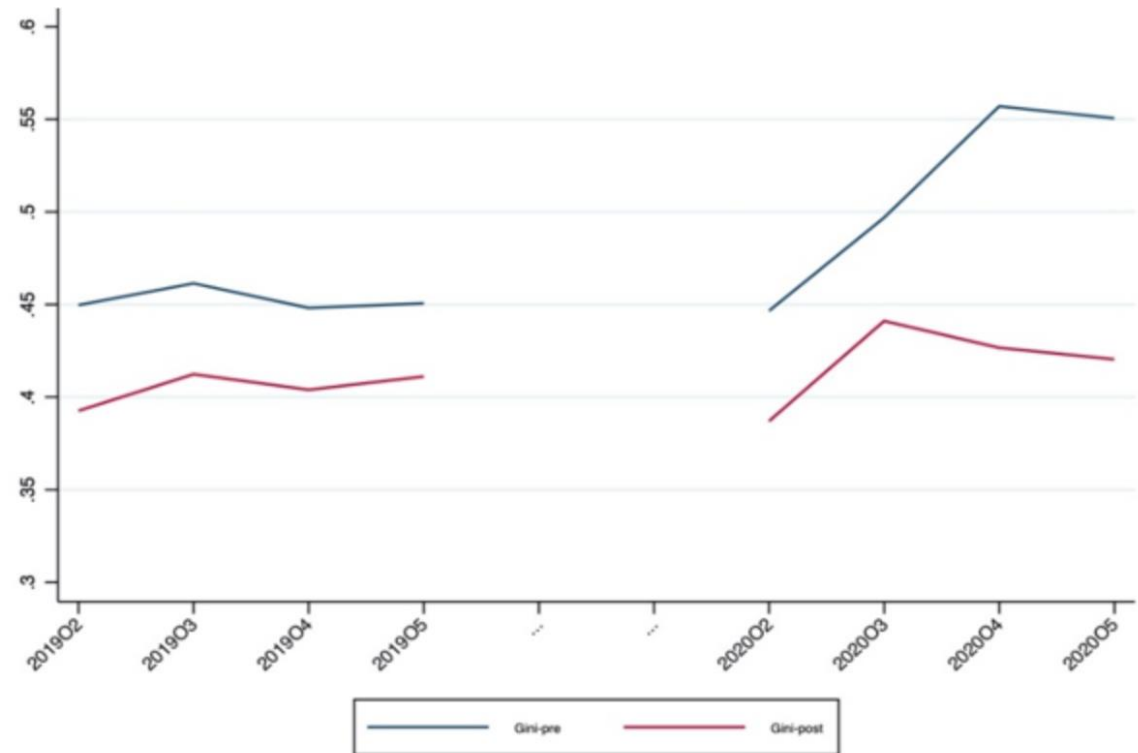
■ Household income ■ GDP



# Inequality

- Case study: Spanish bank account data
- Inequality increases substantially
  - Job loss
  - Pay stagnation
- Compensating effects of government policy

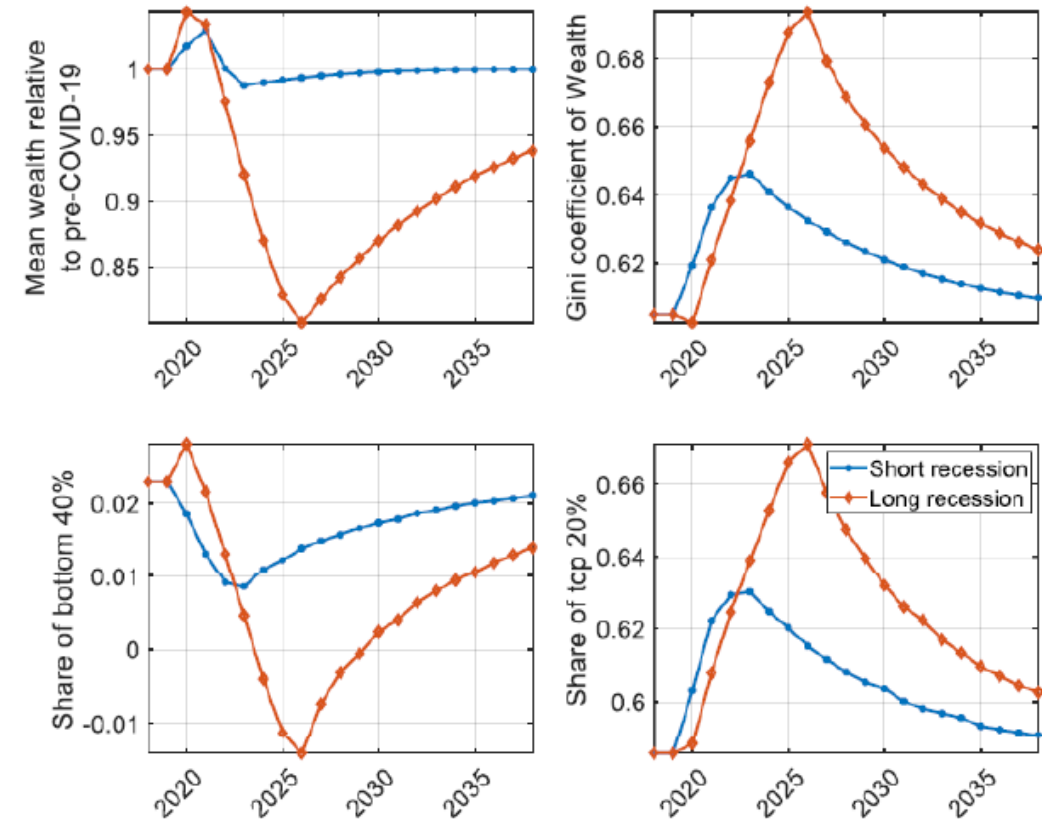
Source: Aspachs, Oriol, Ruben Durante, José García-Montalvo, Alberto Graziano, Josep Mestres, und Marta Reynal-Querol. „Measuring income inequality and the impact of the welfare state during COVID-19: Evidence from bank data“. *VoxEU.org* (blog), 22. September 2020. <https://voxeu.org/article/income-inequality-and-welfare-state-during-covid-19>.





# Inequality

FIGURE A.4: EVOLUTION OF MEAN WEALTH AND WEALTH INEQUALITIES POST-COVID 19 IN THE U.K. ANGELOPOULOS ET AL. (2021)

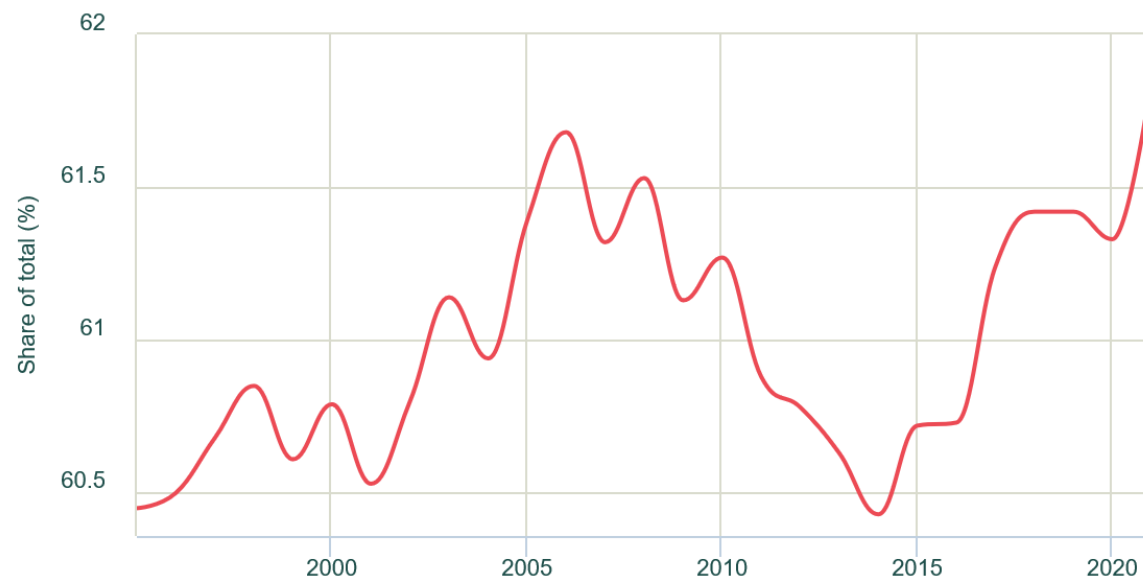


Source: Stantcheva, Stefanie.  
„Inequalities in the Times of a  
Pandemic“. Economic Policy, 2020, 60.

# Inequality

**Top 10% net personal wealth share, Austria, 1995-2021**

<https://wid.world/country/austria/>



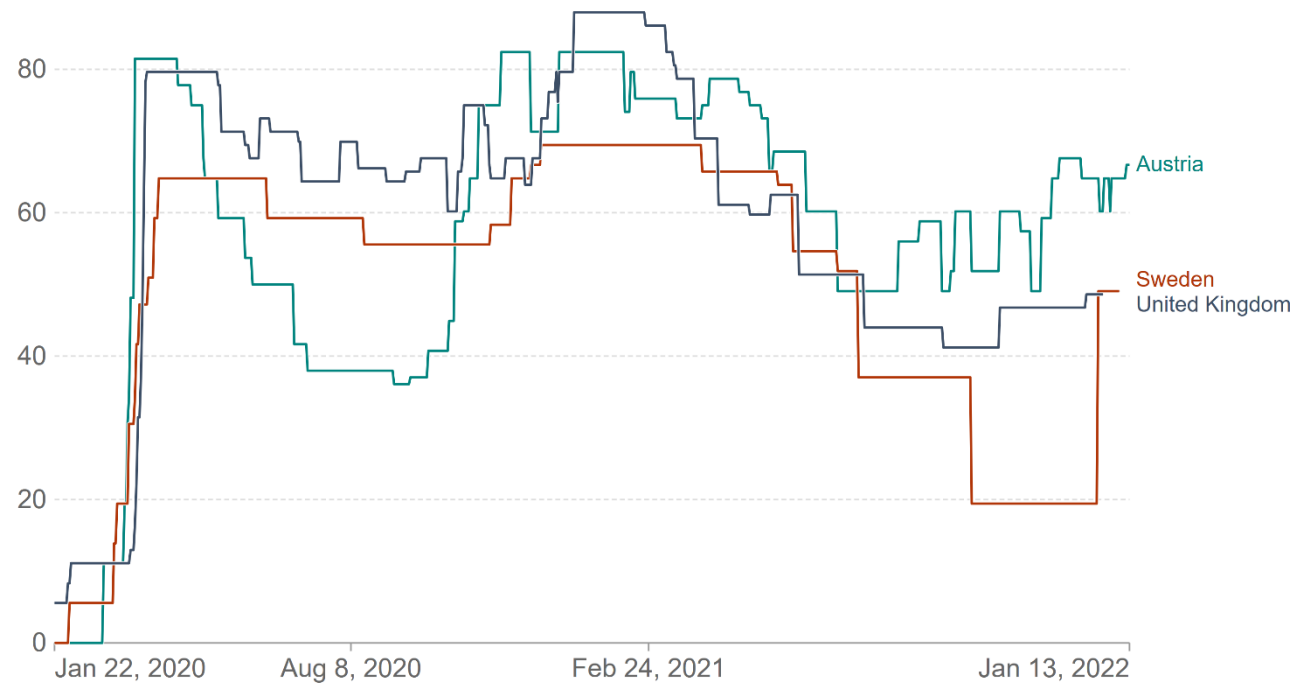
— Net personal wealth | Top 10% | share | adults | equal split  
Graph provided by [www.wid.world](https://www.wid.world)

# Government

## COVID-19 Stringency Index

The stringency index is a composite measure based on nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100 (100 = strictest). If policies vary at the subnational level, the index shows the response level of the strictest subregion.

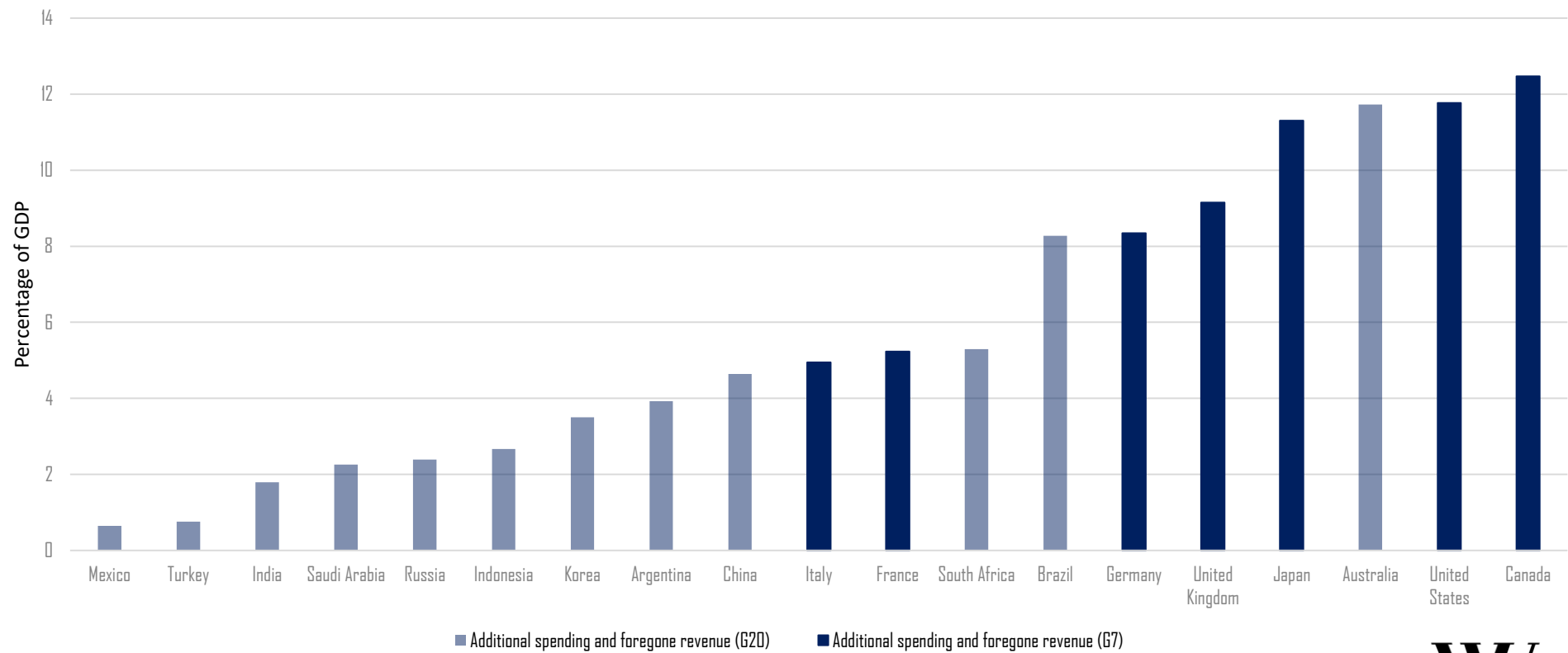
Our World  
in Data



Source: Oxford COVID-19 Government Response Tracker, Blavatnik School of Government, University of Oxford – Last updated 13 January 2022, 23:50 (London time)  
OurWorldInData.org/coronavirus • CC BY

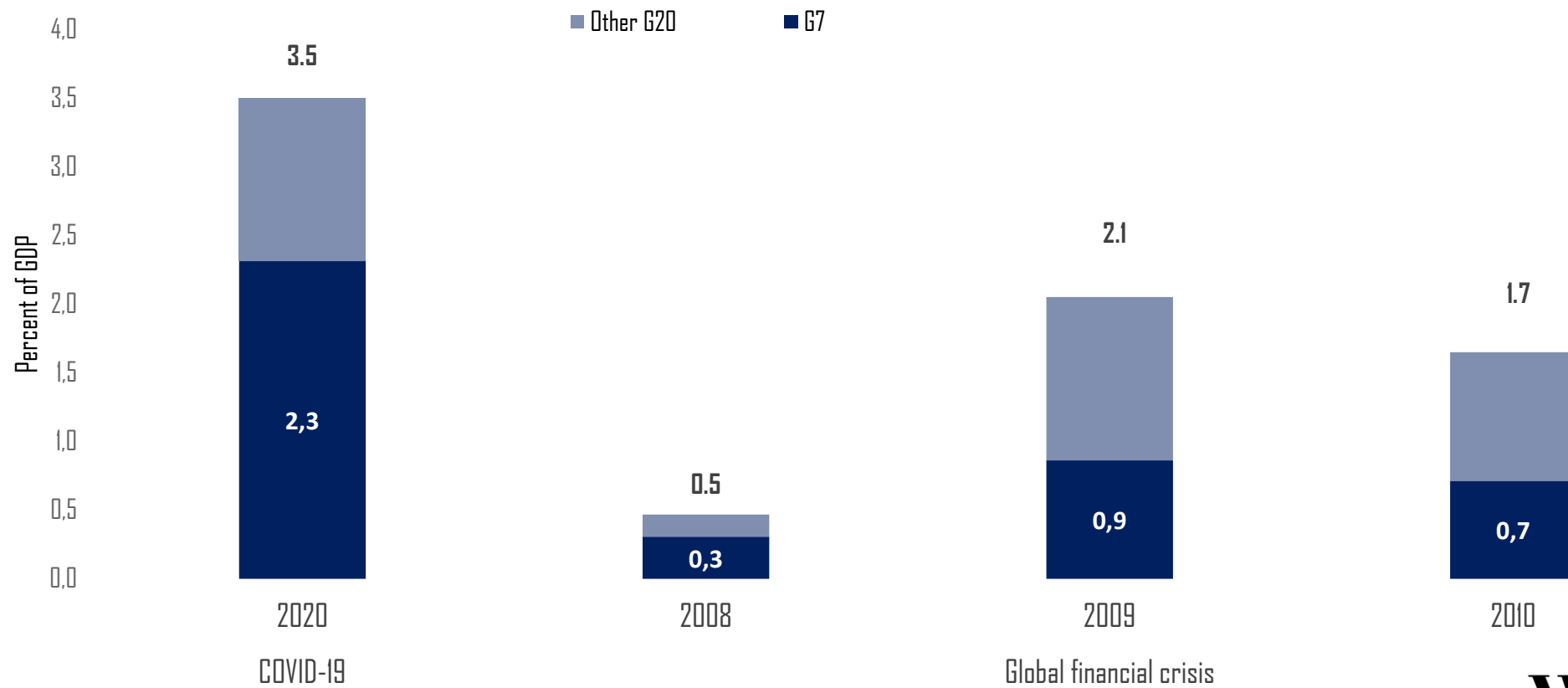
# Government

Discretionary fiscal response (Source: IMF)



# Government

Quelle: IMF Fiscal Monitor April 2020. in The CORE Team. Macroeconomics of the COVID-19 Pandemic



# Policy

- Short time work arrangements: Maintaining skills matches (13.5 bio) see Theurl, Matthias Schnetzer, Dennis Tamesberger and Simon. „Austrian Short-Time Work Model: A Labour-Market Policy for the Many, Not the Few“. *Social Europe (blog)*, 6. April 2020. <https://socialeurope.eu/austrian-short-time-work-model-a-labour-market-policy-for-the-many-not-the-few>.
  - reduction in working hours while maintaining the employment relationship and granting almost full wage compensation
  - includes the possibility of a temporary reduction to as few as zero hours
  - Depending on the former income level, the model grants compensation of between 80 and 90 per cent (compare unemp benefit replacement rate)
  - company will only pay for the actual working time
  - If there is an elected works council (*Betriebsrat*) in the applicant company, a plant-level agreement (*Betriebsvereinbarung*) specifying details of the short-time work is required – otherwise individual agreements
  - AMS administered

# Policy

- Further important measures
  - Priority for tax reductions for low incomes: boosting economic activity
  - Recovery package (public investment - COVID-19-Investitionsprämie für Unternehmen", investment subsidies, ...)
  - Local government investment package (~2.95 bio)
- Generally:
  - separation from other support measures fluid
  - Evaluation not completed
  - Role of different layers of government and social partners
  - Popularity of short term work arrangements, criticism for other measures (liquidity support and subsidies)

# Policy

- Visit the Eurofound COVID Policy Observatory (<https://static.eurofound.europa.eu/covid19db/database.html>). You will find a policy-tracker, which summarises policies enacted in different countries as a response to COVID-19. Choose among policy areas from either "Reorientation of business activities " or "supporting businesses to stay afloat. Select one country and compare the policy measures to those put in place in Austria. Comparisons may look at questions such as "Do policies differ?", "Do policy characteristics such as the actors involved differ?",...



# Fast Feedback

<https://eval.wu.ac.at/lva/8876584>

