

TACKLING CORONAVIRUS (COVID-19)
CONTRIBUTING TO A GLOBAL EFFORT

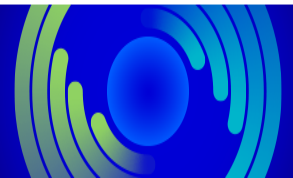
RECOVERY: FROM RESCUE TO REALLOCATION

Dublin Economics Workshop

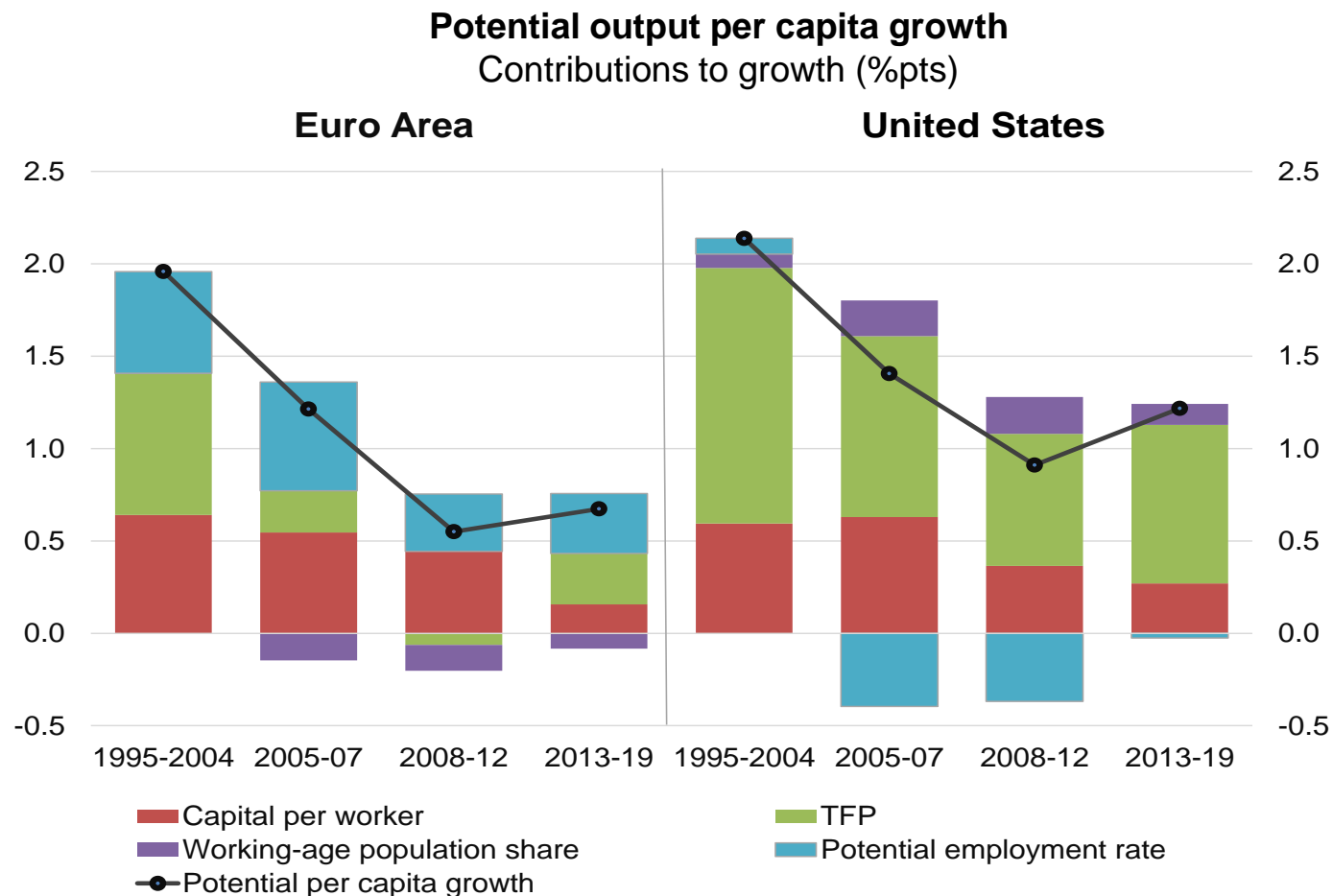
10 September 2020

Luiz de Mello
Director, OECD Economics Department

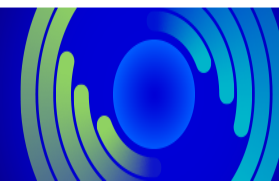
Setting the scene:
COVID-19 and pre-crisis challenges



Productivity slowdown has been constraining output growth

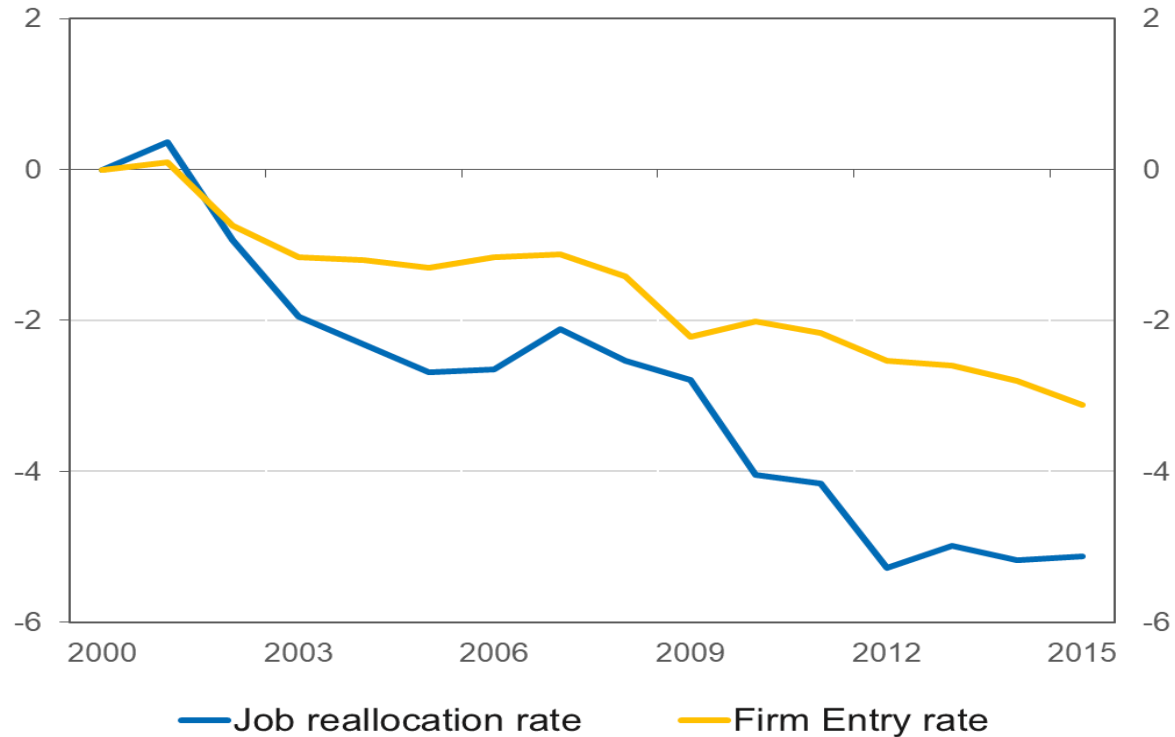


Source: OECD Economic Outlook database.

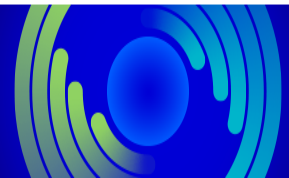


Market dynamism has also been trending down in OECD countries

OECD Market dynamism indicators
Within-country-industry cumulative change (%pts)

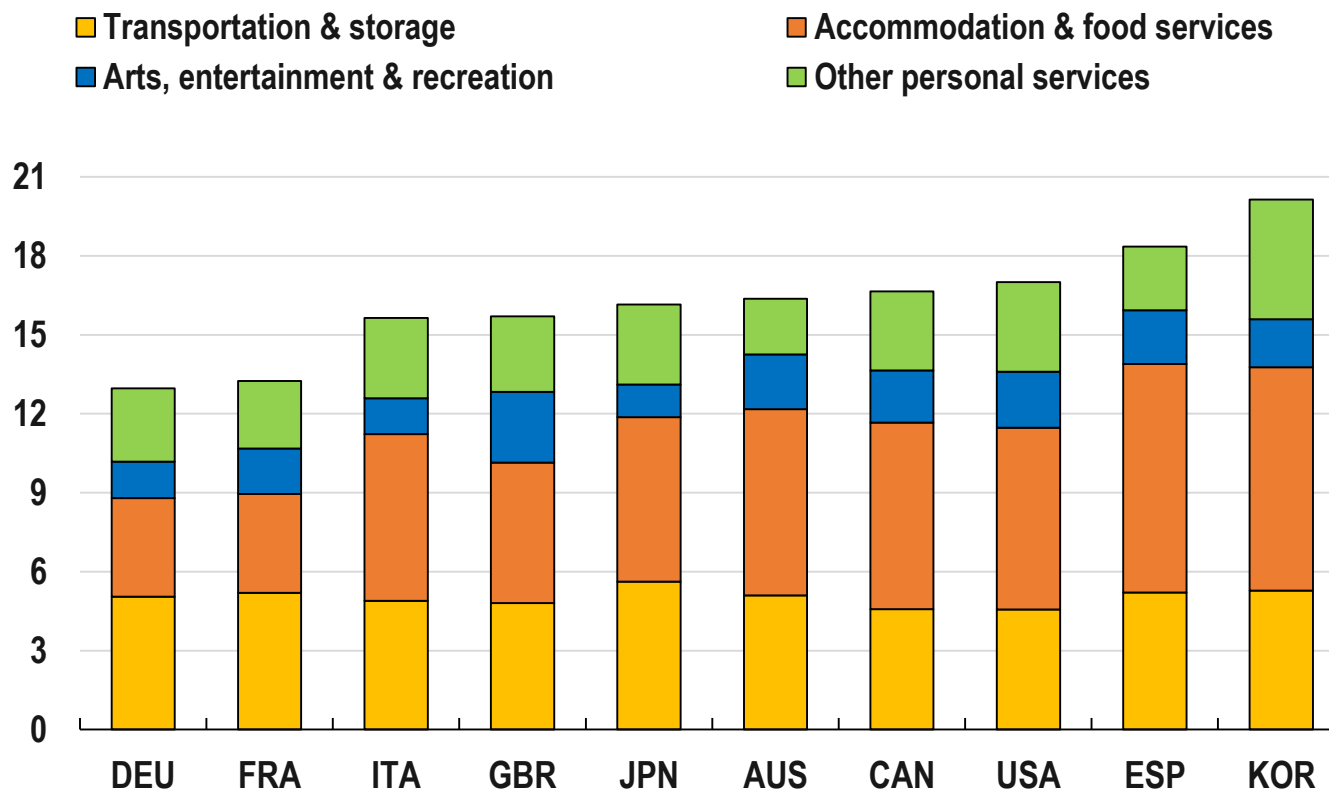


Source: OECD Economic Outlook database. OECD DynEmp 3 Database.

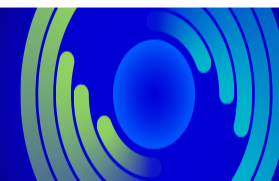


COVID-19: asymmetric shock across sectors

Share of employment in hardest-hit sectors
Per cent of total

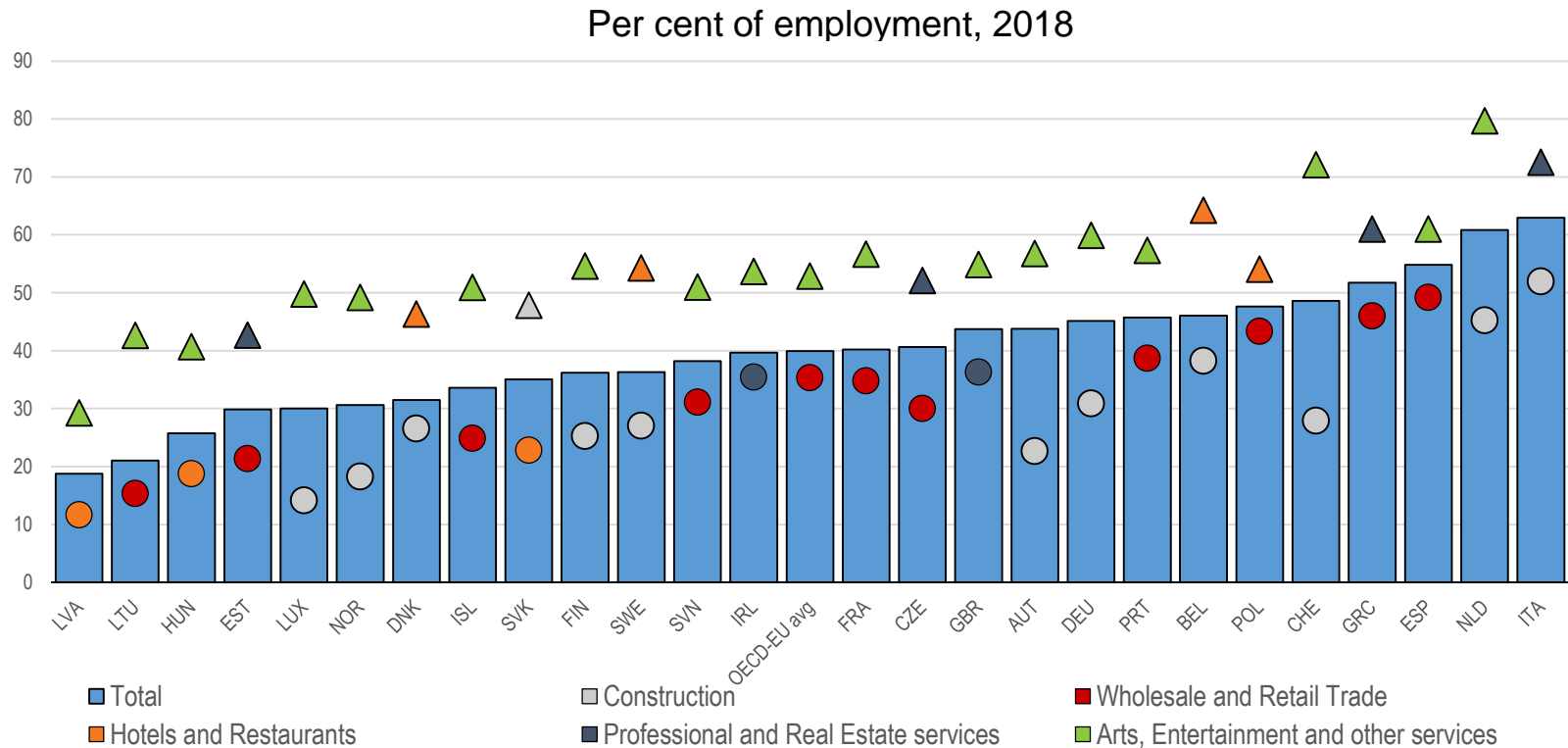


Source: National sources; OECD Annual Labour Force Statistics; OECD STAN database; OECD Annual National Accounts; and OECD calculations.

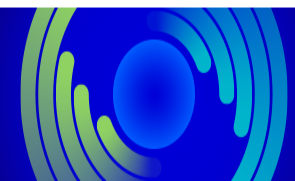


The hardest-hit sectors often employ vulnerable workers

Share of non-standard workers (workers in temporary contracts, in part-time jobs, and the self-employed) in hardest-hit sectors

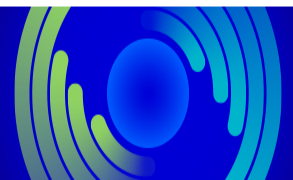


Source: OECD calculations based on EULFS data.



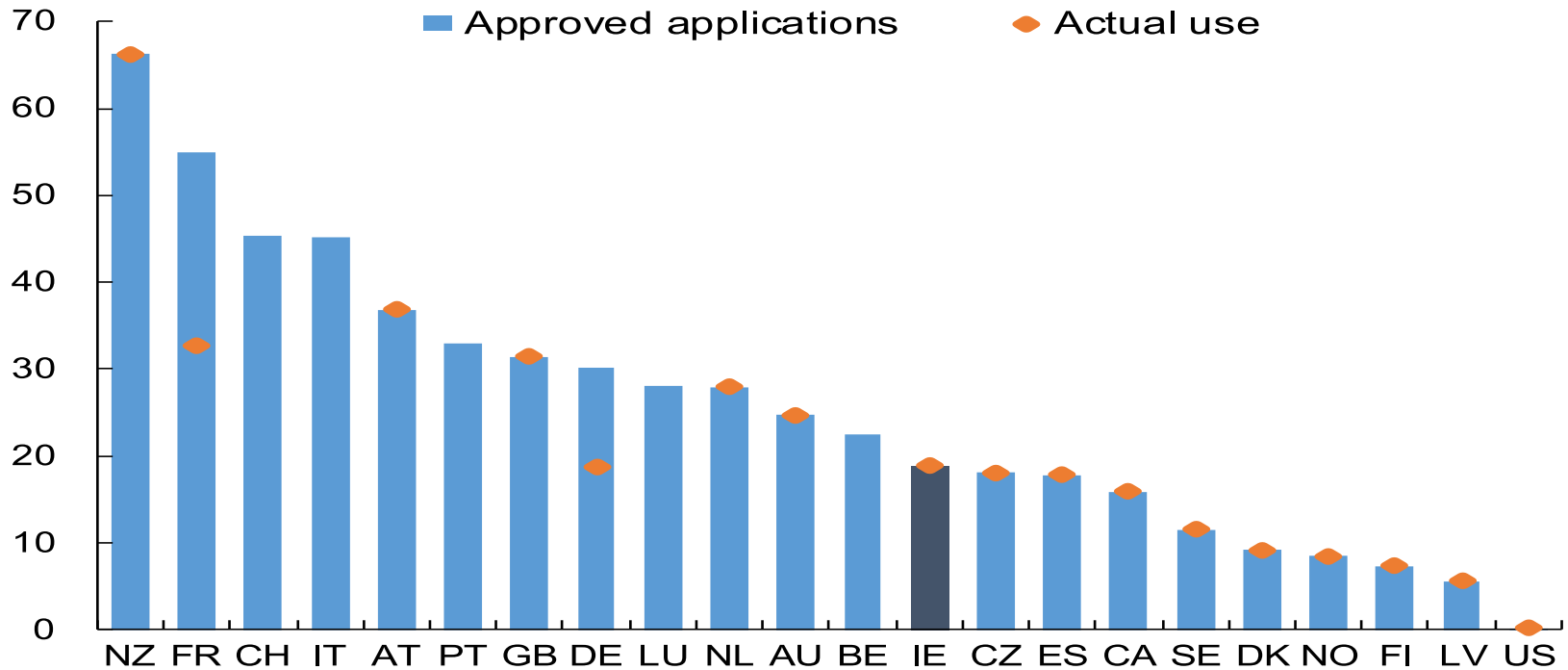
A tale of 3Rs:

Recovery depends on moving from *rescue* to *reallocation*

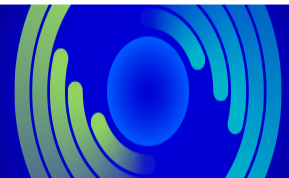


Rescue phase has focused on preservation, given uncertainty about the duration of the shock

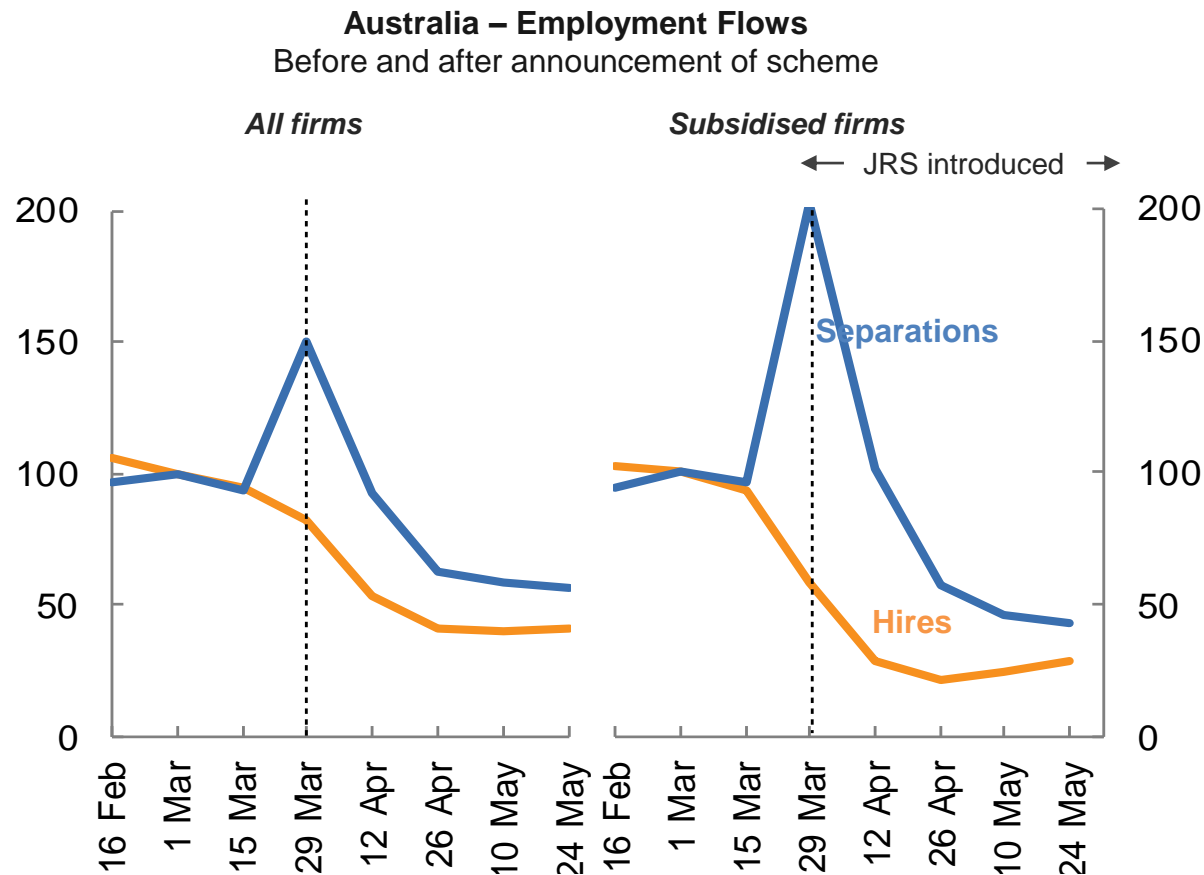
OECD – Participation in job retention schemes
Share of dependent employees (%)



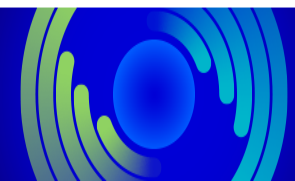
Sources: OECD (2020) *Employment Outlook*.



But there are tensions between (short-term) preservation and (longer-term) reallocation

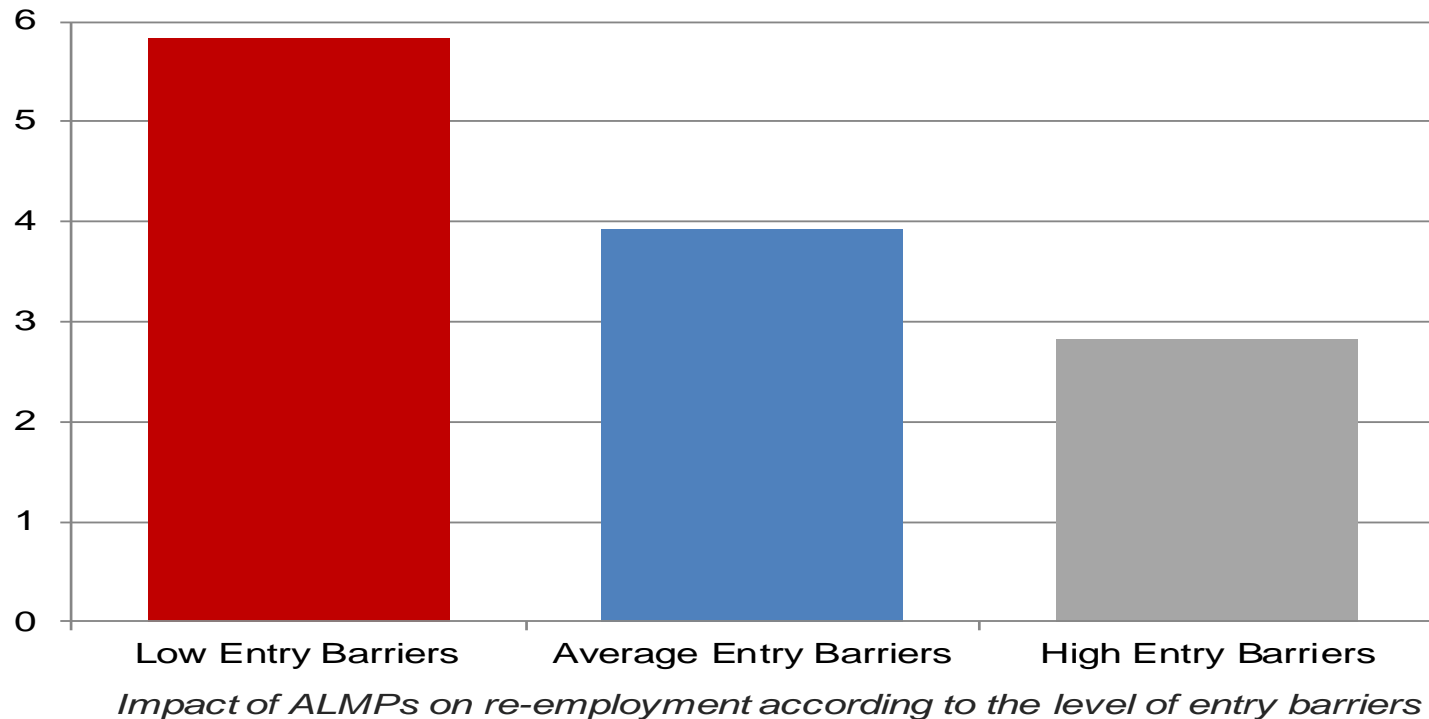


Sources: Australian Treasury (2020), [The JobKeeper Payment: Three Month Review](#) 21 July 2020

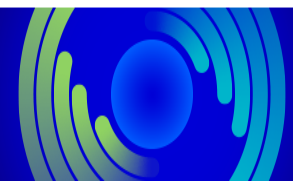


Dynamism-enhancing reforms can do much to facilitate reallocation

Re-employment probability of displaced workers
Impact of a 0.25 percent of GDP increase in active labour market policy (ALMP) spending



Sources: Andrews and Saia (2017), "Coping with creative destruction: Reducing the costs of firm exit", OECD Economics Department Working Papers, No. 1353.



Thank you!

<http://www.oecd.org/economy/>

