

Getting people back into work

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How do we get people back to work, both safely and productively?

The government faces difficult trade-offs in deciding when and how to ease lockdown restrictions; it has to take these decisions

- with limited knowledge of what is happening to firms and workers, and what the health and economic consequences of alternative policies will be
- considerable uncertainty about how events will unfold and how best to promote inclusive economic recovery
- when thinking about this highly unusual crisis there are a few key insights from economics that can be helpful in guiding policy thinking

Externalities

At the core of this crisis is the issue that **the actions of one person have very important impacts on others**

- my behaviour will affect the likelihood that you get infected
- if I stock up on toilet paper it makes it more difficult for you to get some

When people take decisions individually they don't necessarily take account of all of these external costs

- by taking account of these, or by implementing policies that encourage others to account for them, the government can improve things

Investment, innovation and uncertainty

We need to adapt the ways we organise work, commute, shop, ...

- the gains from this will typically be felt more widely than only the innovator

There is enormous uncertainty going forward

- uncertainty discourages firms from taking action and investing
 - where we want firms to take action policies that can mitigate that uncertainty will be beneficial
- uncertainty also discourages workers from investing/finding new job
 - policies that can mitigate that uncertainty will be beneficial
 - we also want to insure individuals against bad outcomes, but this insurance can disincentivise effort; need to balance these
- need for appropriate policy
 - where firms/workers have better information use regulation/subsidies
 - where government has better information be more directional
 - important role of government in coordination of information sharing

Dislocation in the labour market

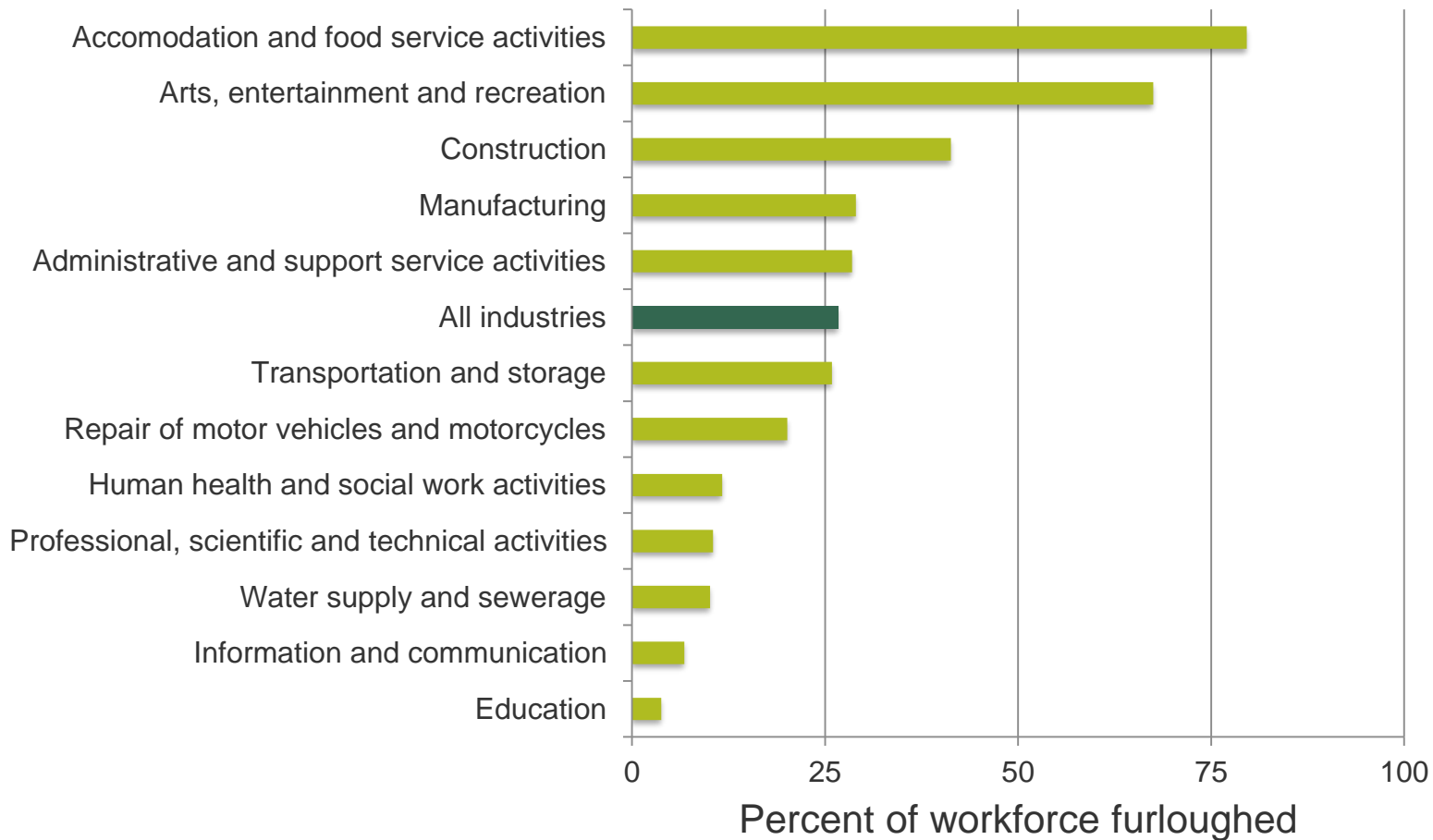
The crisis, and the fast adoption of new technologies to facilitate social distancing, has left a large number of workers without a job or temporarily furloughed

- millions of workers may need to find new jobs, in different firms and different sectors, either temporarily or permanently
- there is an unusually strong case for the government to play an active role in helping the labour market adjust
 - we know that large mismatches in the labour market can hamper employment and economic growth (Sahin et al., 2014)
 - policy can help to minimise the frictions in the labour market by, for instance, providing platforms for job posting and matching in specific sectors or occupations
 - policies to incentivise retraining may also facilitate the formation of new high-quality matches

Outline

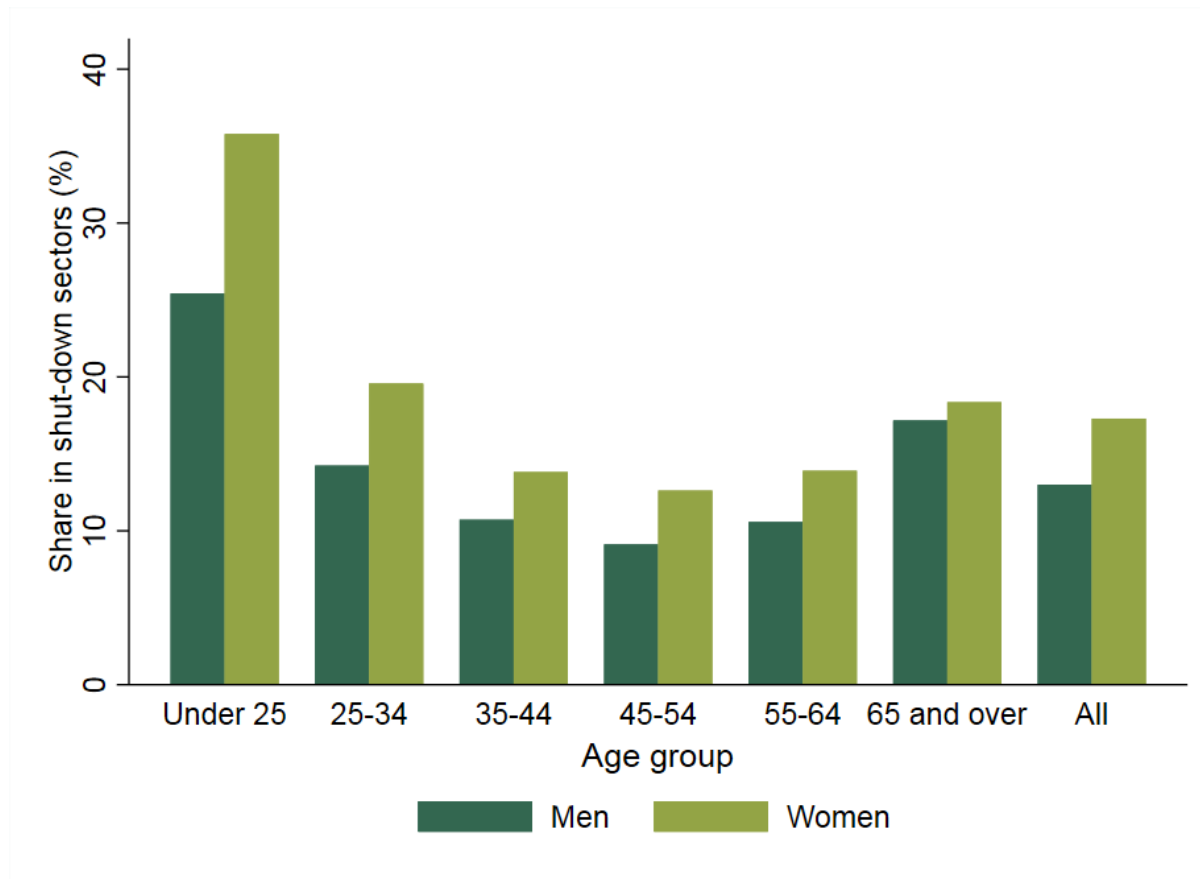
- Who is (and isn't) currently working under lockdown?
- Working from home
- Commuting
- Social distancing in the workplace
- Who will find it difficult to return to work?
- Wrap-up

Who is furloughed?



Source: Office for National Statistics, 2020

Younger workers are much more likely to work in shutdown sectors

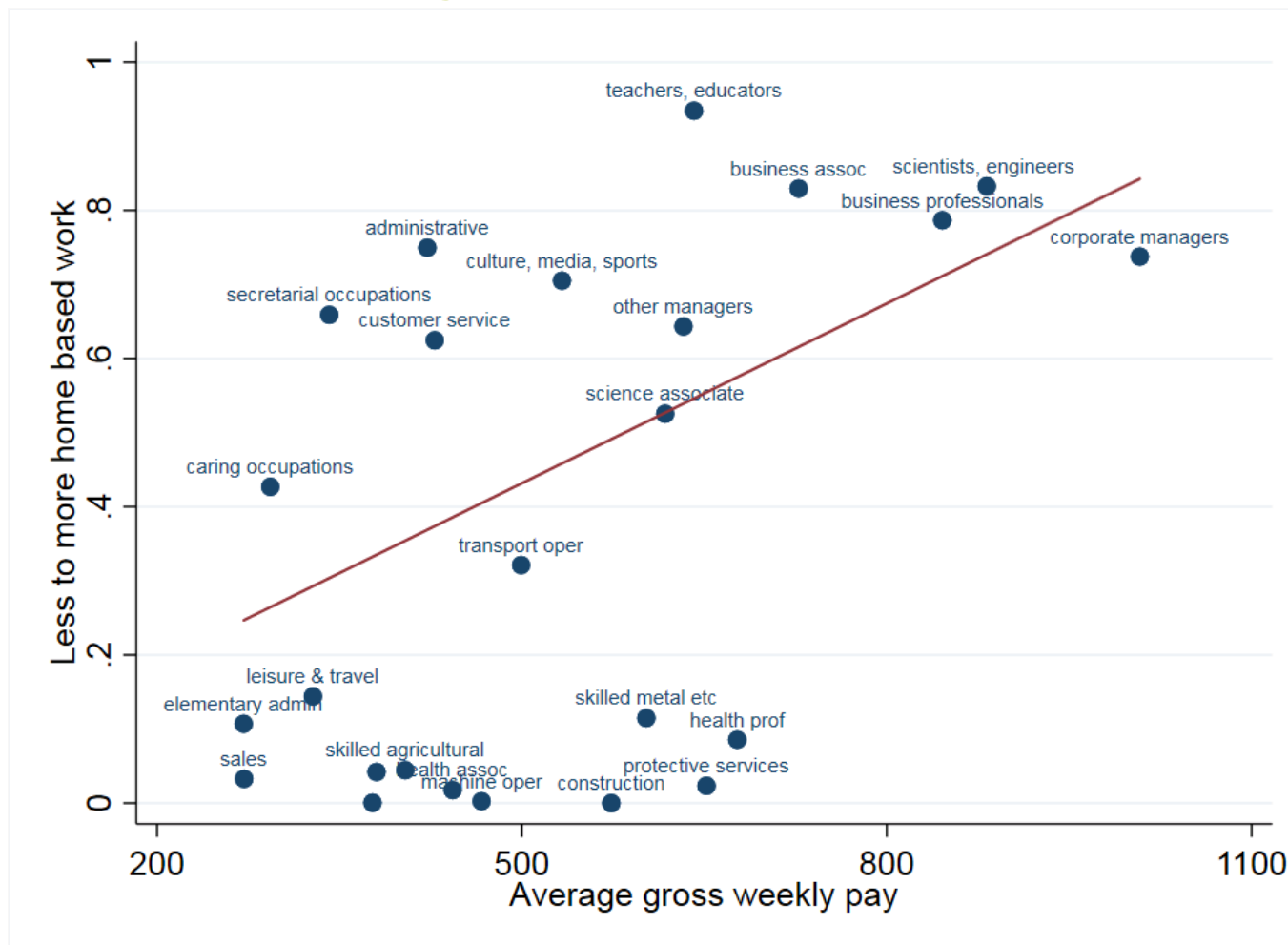


Source: Joyce and Xu (2020) using the Quarterly Labour Force Survey.

Working from home

“Ability” to work from home pre-crisis

Easier to work at home in higher paid occupations



Source: LFS data for 2018-2019. “Can work from home” assessed using O*NET data on task content of jobs, including whether works outdoors everyday, deals with safety equipment, uses machinery, and deals with the public.

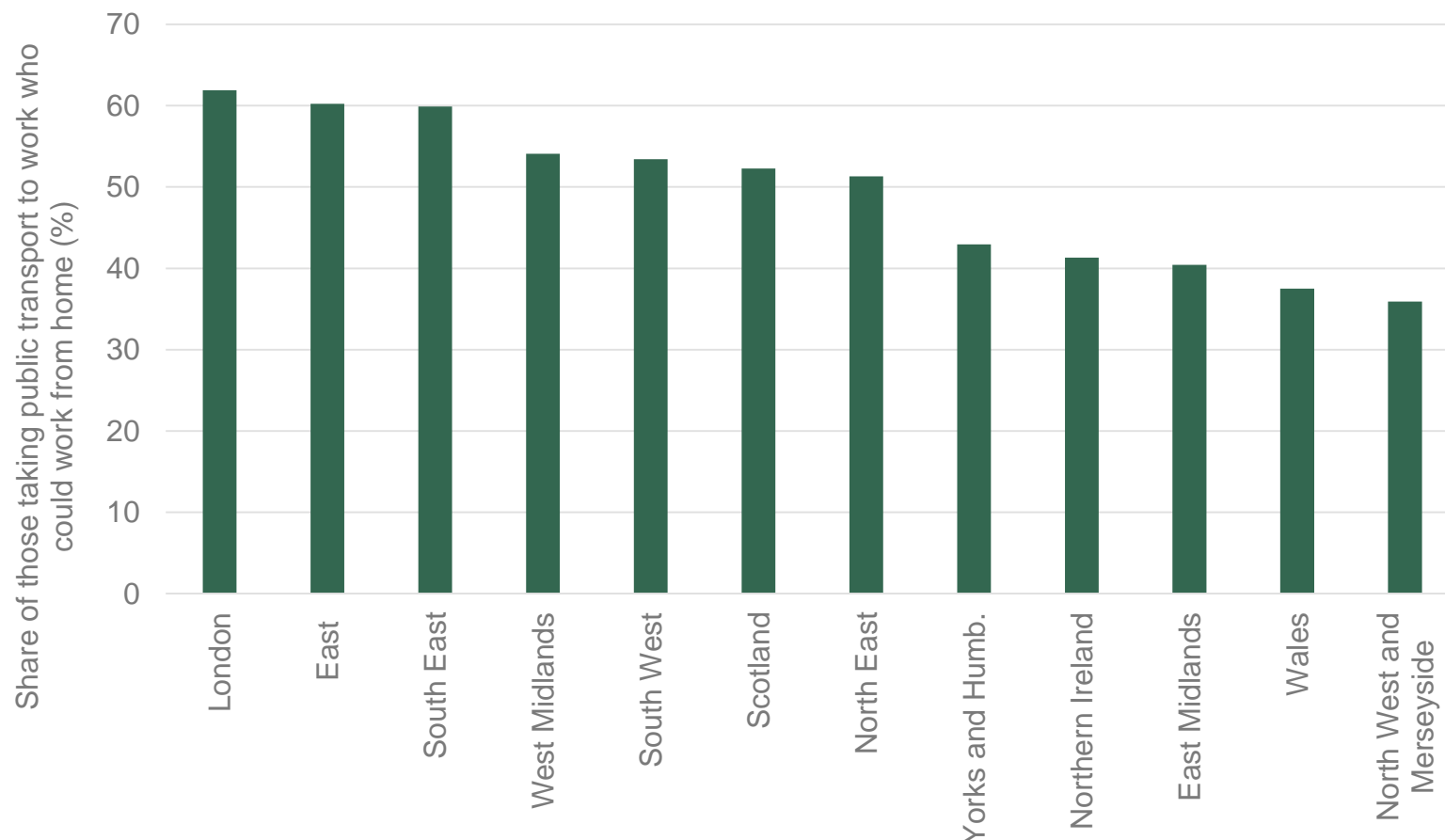
Commuting

When Londoners commute they tend to use public transport – much rarer elsewhere



Source: Authors' calculations using UK Household Longitudinal Survey (wave 8). 'Public transport' includes those who travel by bus/coach, train or metro/underground/tram/light railway. 'Other' includes those who travel by motorbike or taxi, as well as those who usually work from home so do not commute. Calculations based on region of residence.

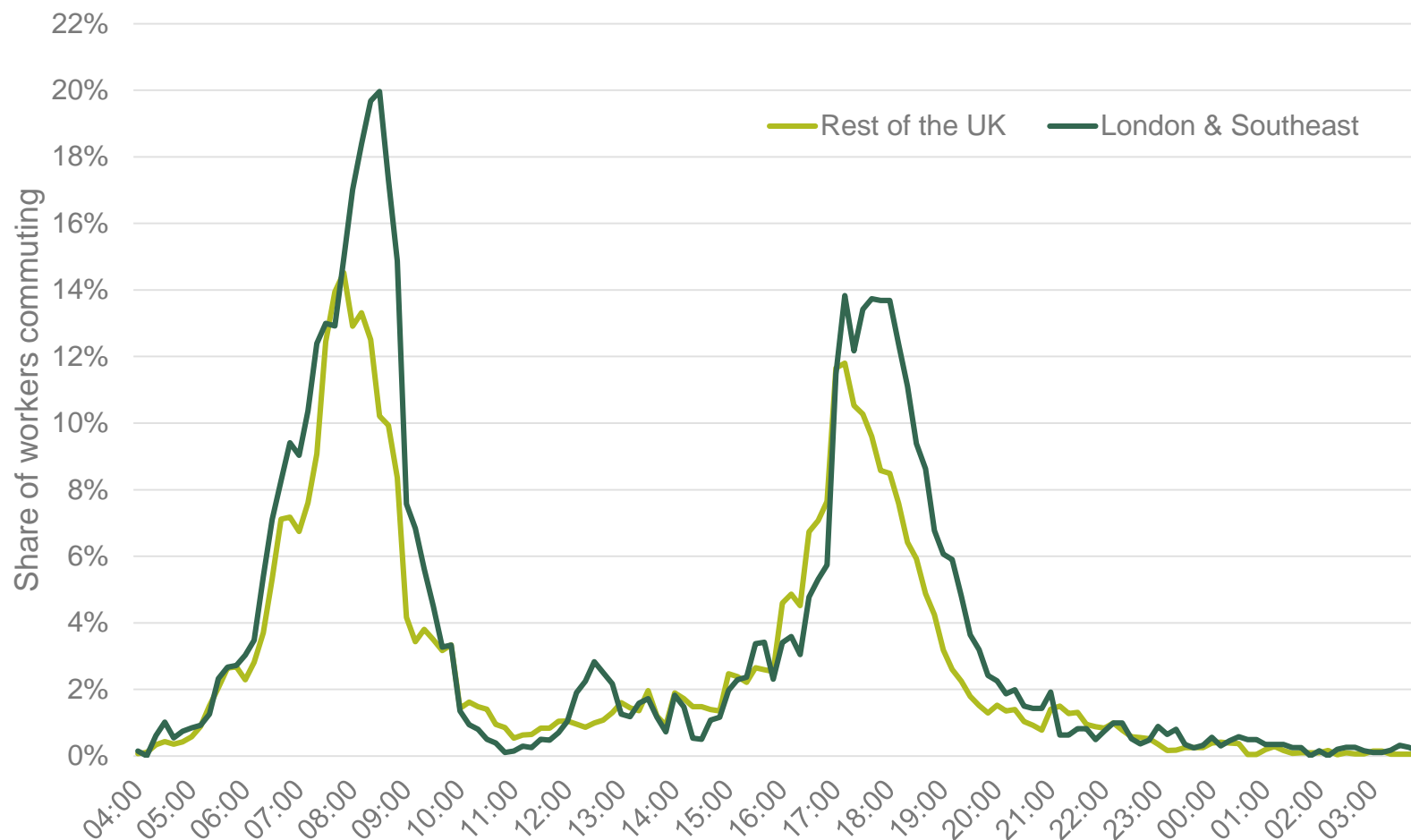
Many of those normally taking public transport could work from home – especially in London



Source: Authors' calculations using Quarterly Labour Force Survey 2019 and measures of whether occupations can work from home taken from Dingel and Neiman (2020).

Note: Calculations based on region of residence.

Commutes – especially in London – cluster at peak times

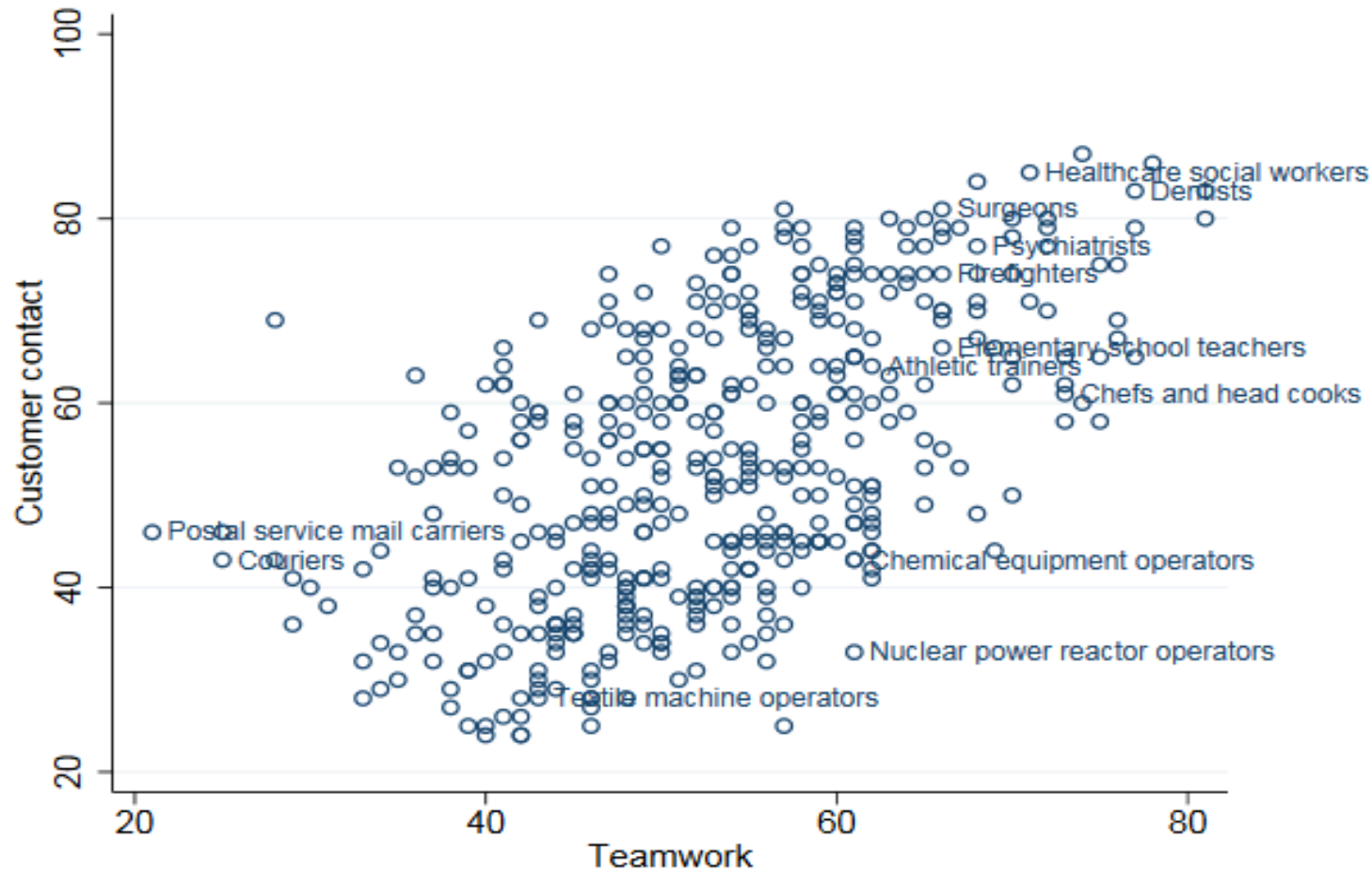


Note: Chart shows the share of workers who report their main activity in a 10-minute interval as commuting. Data are for a randomly selected weekday.

Source: Authors' calculations using UK Time Use Survey 2014-15.

Ability to socially isolate at work

Can we make work safer?

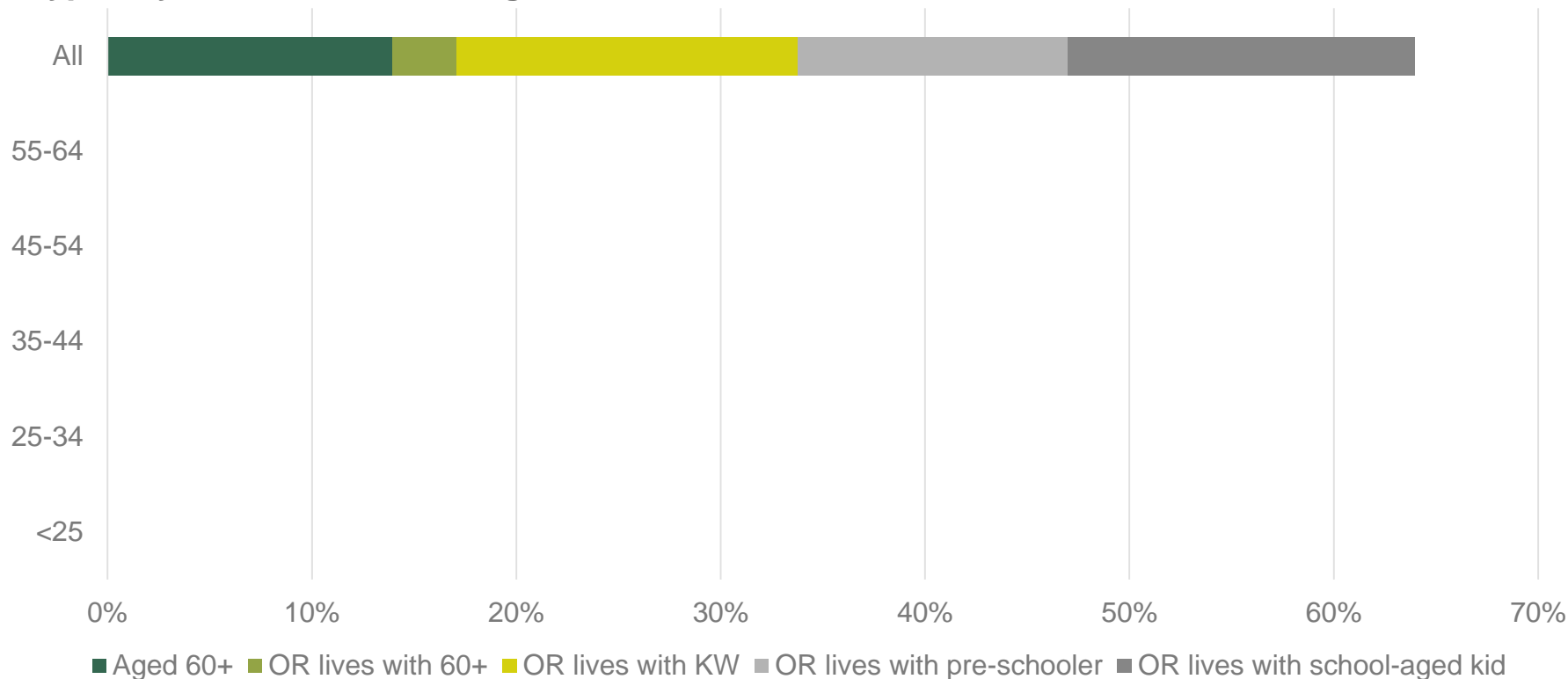


Notes and source: Figure 3 of Koren and Peto (2020). Figures are for the US.

Factors making it difficult or undesirable to go to work

Majority of workers face risks or constraints to working away from home

Constraints on working outside the home among non-key workers whose jobs don't typically allow home working

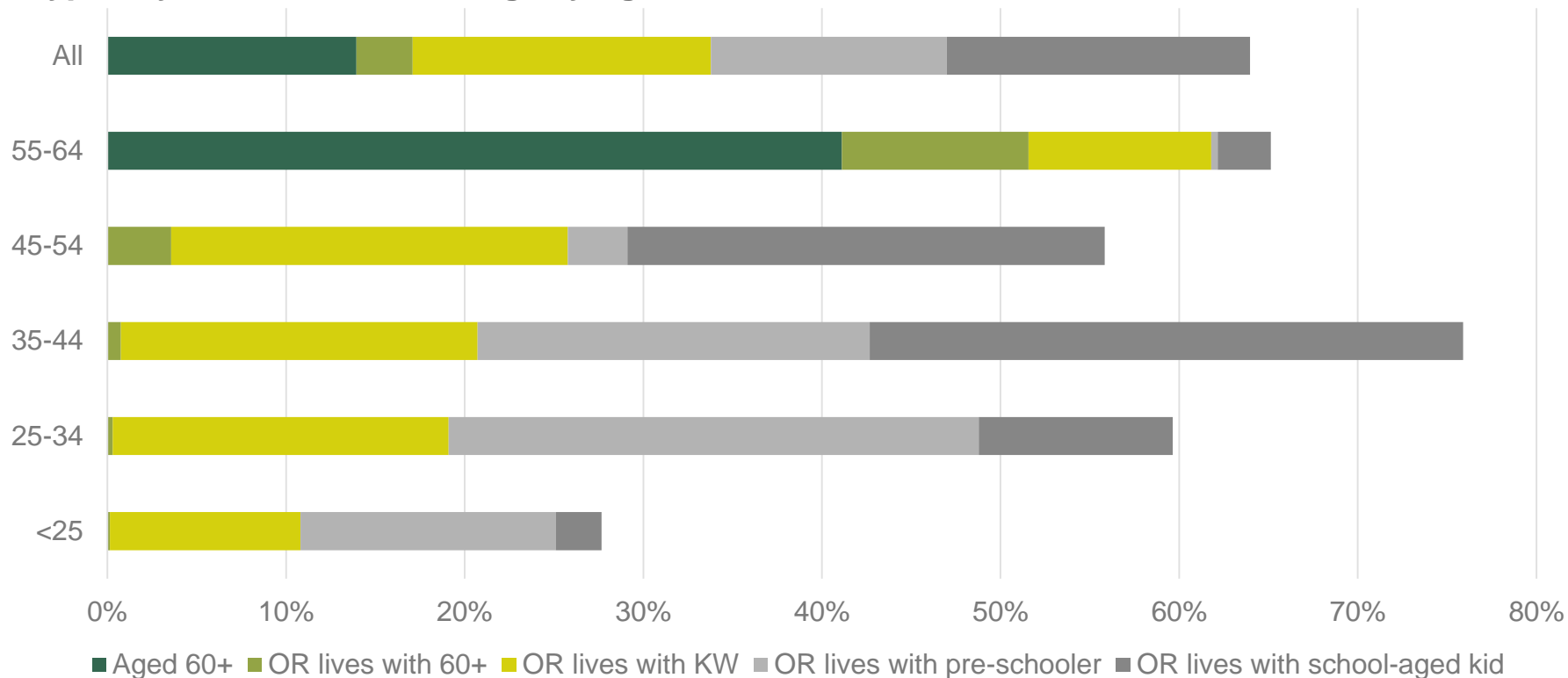


Note: These graphs build up who faces constraints to working. Workers will be counted in the left-most category that applies to them, i.e. there is no double-counting. The sample is all non-key workers who are in occupations where fewer than a third of workers are predicted to be able to work from home (pre-crisis).

Source: Authors' calculations using UK Labour Force Survey (Q42018-Q32019). Classification of ability to work from home based on Dingel and Neiman (2020).

Not much crossover between vulnerability and childcare constraints

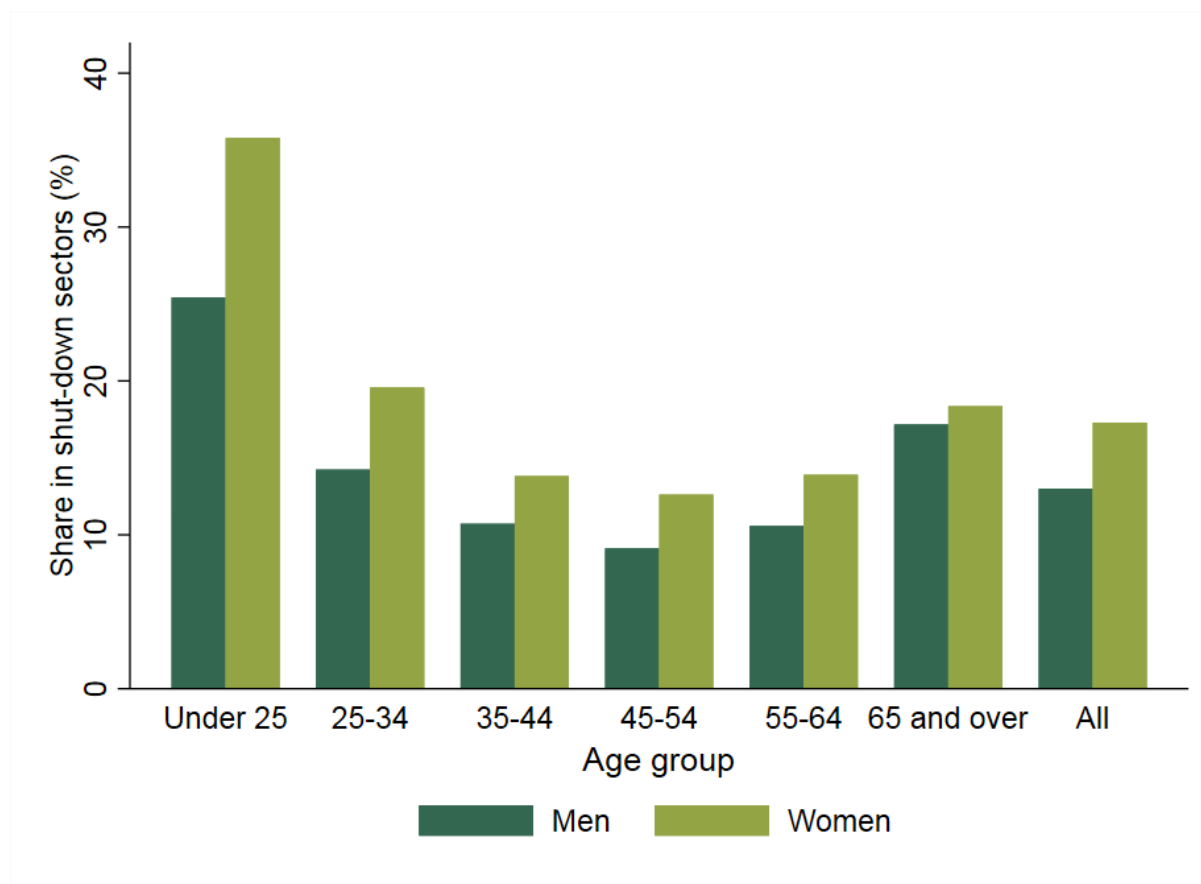
Constraints on working outside the home among non-key workers whose jobs don't typically allow home working: By age



Note: These graphs build up who faces constraints to working. Workers will be counted in the left-most category that applies to them, i.e. there is no double-counting. The sample is all non-key workers who are in occupations where fewer than a third of workers are predicted to be able to work from home (pre-crisis).

Source: Authors' calculations using UK Labour Force Survey (Q42018-Q32019). Classification of ability to work from home based on Dingel and Neiman (2020).

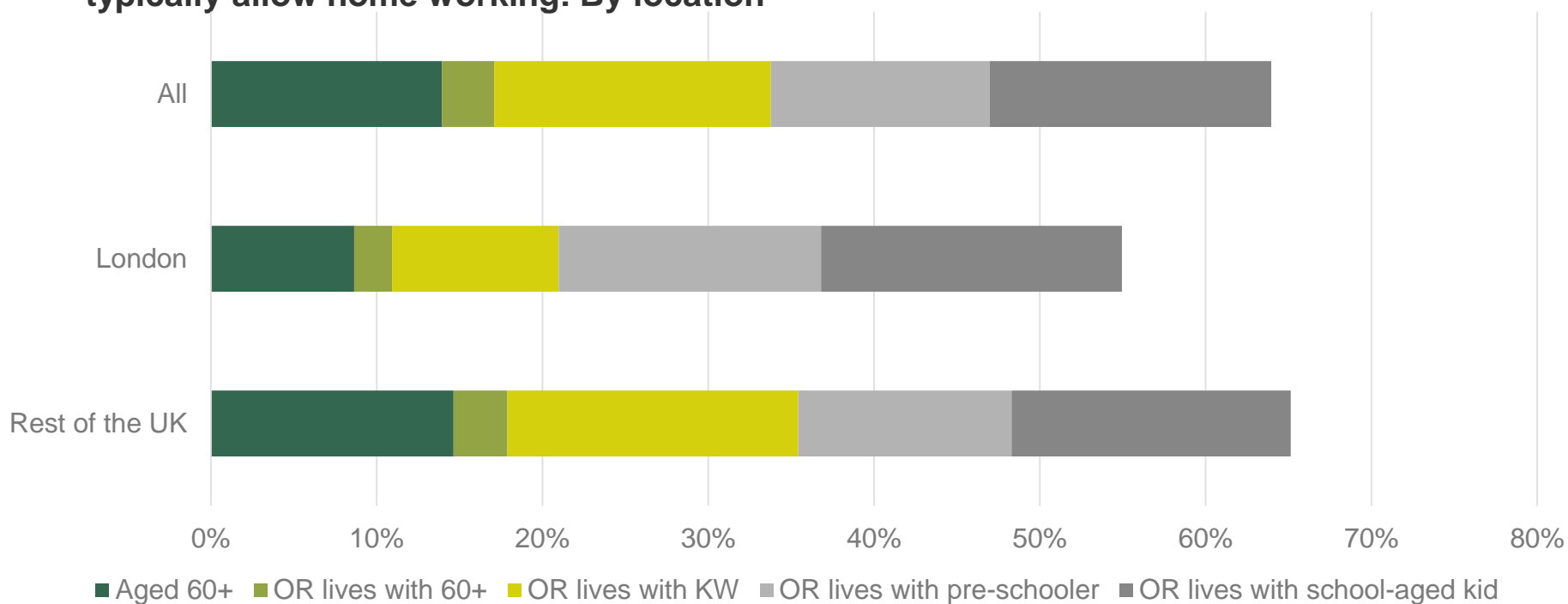
Remember that almost a third of employees aged < 25 are in sectors currently shut down



Source: Joyce and Xu (2020), based on Labour Force Survey.

London has the advantage of being younger and containing fewer key workers

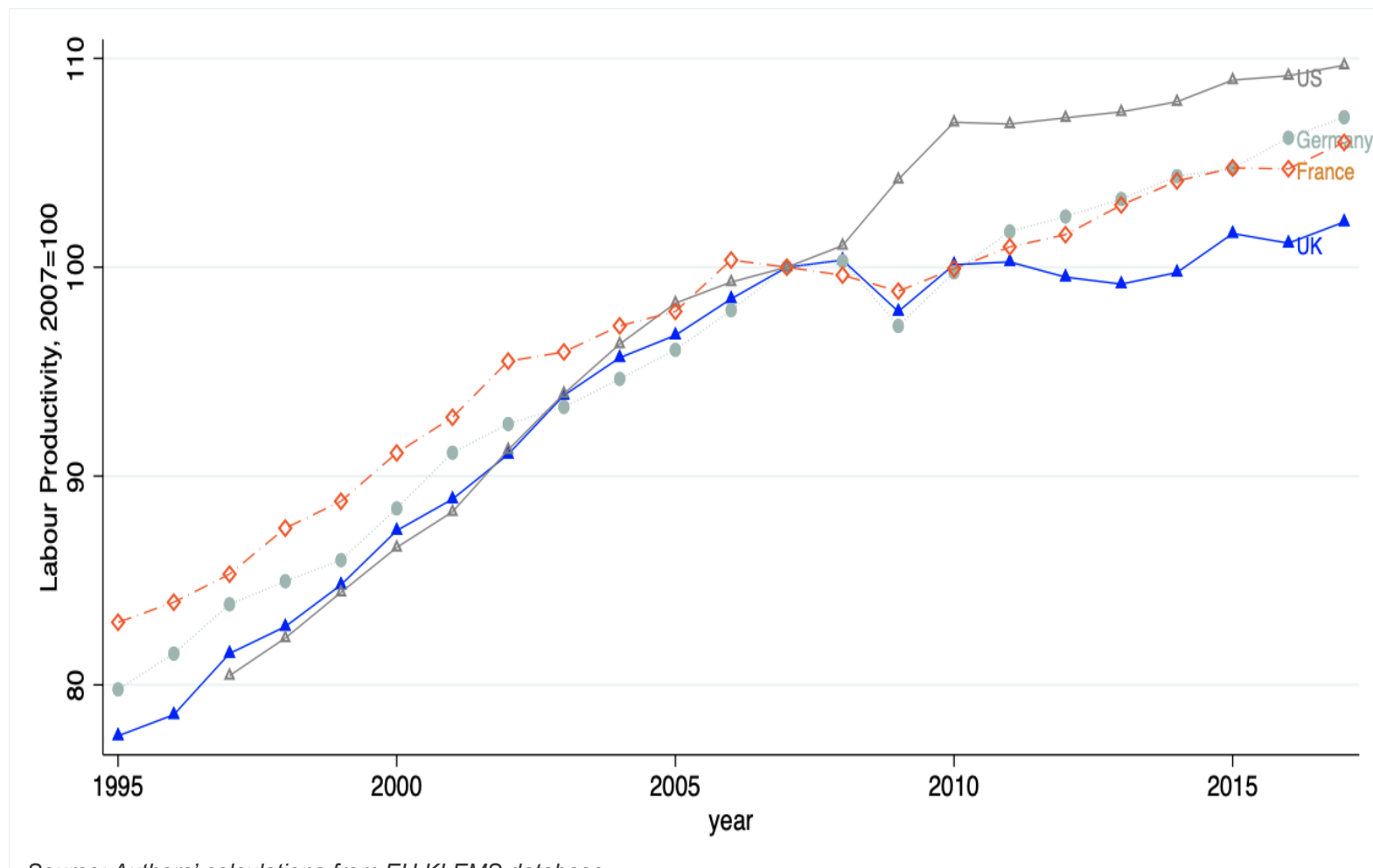
Constraints on working outside the home among non-key workers whose jobs don't typically allow home working: By location



Note: These graphs build up who faces constraints to working. Workers will be counted in the left-most category that applies to them, i.e. there is no double-counting. The sample is all non-key workers who are in occupations where fewer than a third of workers are predicted to be able to work from home (pre-crisis).

Source: Authors' calculations using UK Labour Force Survey (Q42018-Q32019). Classification of ability to work from home based on Dingel and Neiman (2020).

Finally... we really want to avoid a repeat of this



Source: Authors' calculations from EU KLEMS database.

Policy design and key roles for government

Clarity and certainty: “forward guidance”?

Coordination

Regulation and monitoring

Aligning incentives

Some direct intervention

Thank you

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