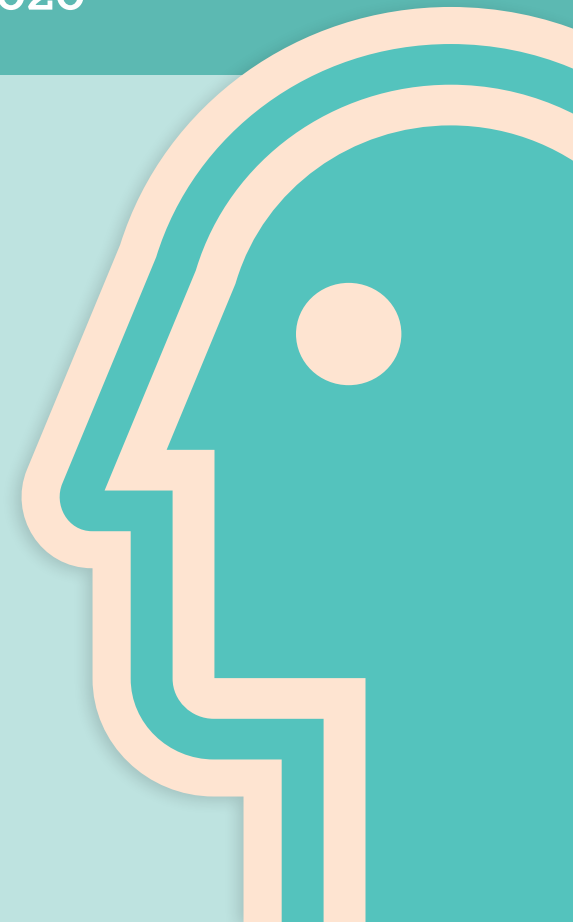




THE ADECCO GROUP

Comparing the outcome of Governments' response to Covid-19

Analysis of mid-May 2020



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A. Executive summary



Ambition: This paper aims to compare government responses to the Covid-19 crisis, in order to determine which policies lead to the best economic outcome. This is the second iteration of this paper published first in mid-April 2020, using updated economic indicators, and adding two new countries (Japan & USA) in this mid-May 2020 edition.



Methodology: Applying the same methodology, we compare 12 countries on a set of macro-economic indicators, plotting that against various policy responses, both in terms of lockdown/isolation measures and economic support measures to workers and businesses.



Conclusion: As the effects of the government measures emerge, our data points to the following conclusions at this moment of the Pandemic:

- **Switzerland, Sweden and Germany** (still) seem to show the most favourable economic forecast, with Sweden rallying up our listing. They form the top tier (Group A). Their policy recipe is based on
 - **Short-time work**
 - **A sizeable economic stimulus of up to 10% of GDP for Switzerland and Germany (increased from 6-8% of GDP a month ago)**
- Other countries are ranked as follows:
 - Group B consisting of countries with generally decent performances per our indicators but some individual weaknesses including **Belgium, France, the Netherlands, the US and Japan.**
 - Group C consisting of **Austria and Italy**, which show more weaknesses, but still some individual good performances.
 - A clear bottom tier (Group D) is formed by **Spain** and the **UK**, which show generally weaker performances across indicators.
- As one of the correlations identified, countries with higher mortality rates also face a higher drop in GDP. The exception is **Sweden**, which despite high fatality rate faces a moderate drop in GDP.
- The number of cases in a country is not the only determinant of economic impact however. With an apparent effective government response **Switzerland** has been able to mitigate the impact of a high number of infections with the least impact on macroeconomic performance. The **UK** however is at the other end of that scale, with fewer relative infections but a significant economic impact.

Recommendations:

One month after the first analysis, our reading of the effects of the government response to COVID-19 confirms our recommendations, with a set of added dimensions.

- **Keep up economic activity:** while workers' health and safety is the absolute baseline and the unique specificity to this crisis, it is becoming apparent that every week without economic activity exponentially increases the negative economic impact of the crisis, and the potential for economic recovery.
- **Responsiveness:** a month in, our data confirms that the countries that reacted swiftly politically in terms of putting in place an economic stimulus package have supported the upkeep of GDP. Important at this stage of the crisis is that the support measures are being extended and adjusted - notably by adding funds to the stimulus packages and prolonging the support schemes.
- **Social peace:** more than any crisis before, this pandemic demands the cooperation of all country decision makers. The rankings confirm that those countries with a model of social dialogue based on negotiation and not confrontation are faring best, importantly also with regards to trust in the political process and consumer confidence, needed to accelerate the pace towards economic growth.
- **Support employment:** data confirms that in Europe alone applications to put about a quarter of the EU workforce or 50 million workers on short-time work or similar schemes were made, as keeping people in work and thus avoiding lay-offs seems to be the right answer to such endemic shocks. Practice shows that the implementation of those schemes varies from country to country in terms of inclusiveness, volume and duration. Those countries who in addition already had adequate social protection systems in place, to create security and predictability, are faring best under this indicator.
- **Focus on driving the financial support to the beneficiaries:** with a month passed, businesses and workers in many countries have still not received the funds spoken in the respective stimulus packages. This will hamper consumption and is already leading to an increase of poverty and bankruptcies, which will impact economic recovery. Getting the funds to businesses and workers is becoming a critical component in the mitigation of this crisis.



B. Introduction

This crisis is different. It was triggered by the need to protect the world's population from falling victim to a virus that knows no boundaries. It has left no country in the world unaffected, impacting economies, labour markets and consumption patterns throughout. The level of political intervention in economic, policy and monetary policy – as well as labour market policy – is unprecedented. As indicated a month ago, containment policies flatten the health curve but they have steepened the recession curve. This unavoidable trade-off has led to responses from the Governments diverse in size and scope, speed of onset and communication.

This paper aims to compare government responses to the Covid-19 crisis, in order to carve out the most effective policies. Building on a first analysis made in mid-April, the conclusions drawn in the current edition of mid-May allow us to start identifying trends and continue to draw lessons for countries that are still in the middle of the pandemic. As is, we are still working on the basis of incomplete data. This is why this paper continues to be a living document, which is now in its second version, and which we aim to update further as our understanding of the impact of government measures improves.

This paper focuses on 12 countries: Austria, Belgium, France, Germany, Italy, Netherlands, Spain, Sweden, Switzerland, the UK and as newly added countries Japan and the USA. These were selected to offer a wide variety of policy responses within a global context. The country base may be expanded upon in future versions of the paper.

In our analysis, we looked at the following variables:

- Macro-economic indicators
- Type and timing of lockdown/isolation measures
- Measures to support businesses
- Measures to support workers, including where applicable specifically also agency workers

The findings are complemented by country overviews structured along the same set of indicators.

C. Macroeconomic analysis

Methodology:

We ranked the twelve countries in scope, based on the change in the macroeconomic KPIs in March/April vs. the pre-COVID-19 period (either January or February 2020).

From 1 to 12, each receives a score based on the ranking. We summed all the scores, and the country with the lowest score is the best (meaning it has, on average, been ranked top across the KPIs).

Best, under our assumptions, means that the KPIs have seen, on average across the indicators, the lowest move, such as the lowest increase in unemployment, or the smallest drop in GDP.

Results:

Based on the above methodology, we can indicate that the macroeconomic impact continues to have responded best in **Switzerland** (lowest score at 14), making the case for effective government policy, while the measures have yet still to show good results in Spain. The **UK** has in the past month dropped significantly in our rankings.

Per our analysis, we see patterns emerging which lead us to establish four groups of performers:

- **Group A** consisting of **Switzerland, Sweden and Germany**, showing good results across indicators.
- **Group B** consisting of countries with generally decent performances but some individual weaknesses including **Belgium, France, the Netherlands, the US and Japan**.
- **Group C** consisting of **Austria and Italy**, which show more weaknesses, but still some individual good performances, e.g. **Austria** 2nd rank on GDP and **Italy** 2nd rank on relative changes in unemployment.
- **Group D** consisting of **Spain and the UK**, which show generally weaker performances across indicators.

	#cases/1mil	Cases Rank	TOTAL SCORE ECONOMIC KPIs
Austria	1,763	2	37
Belgium	4,612	11	33
France	2,718	6	32
Germany	2,060	3	26
Italy	3,636	9	37
Japan	125	1	32
Netherlands	2,497	4	34
Spain	5,735	12	45
Sweden	2,641	5	19
Switzerland	3,506	8	14
UK	3,286	7	45
USA	4,187	10	34

Source: May 12th WHO

	GDP			Unemployment			
	%	vs. Jan fcst	Rank (Score)	%	Forecast	vs. Forecast	Rank (Score)
AT	-5.5%	-6.5%	2	4.4%	5.8%	31.8%	6
BE	-7.2%	-8.4%	6	5.2%	7.0%	34.6%	7
FR	-8.2%	-9.5%	9	8.1%	10.1%	24.7%	3
DE	-6.5%	-7.6%	5	3.2%	4.0%	25.0%	4
IT	-9.1%	-9.6%	10	9.7%	11.8%	21.6%	2
JP	-5.0%	-5.4%	1	2.4%	4.3%	79.2%	9
NL	-6.8%	-8.4%	7	2.9%	5.9%	103.4%	11
ES	-9.4%	-11%	12	13.6%	18.9%	39.0%	8
SE	-6.1%	-6.9%	4	7.6%	9.7%	27.6%	5
CH	-5.0%	-6.5%	2	2.3%	2.7%	17.4%	1
UK	-8.3%	-9.7%	11	3.7%	6.7%	81.1%	10
US	-6.5%	-8.5%	8	3.7%	9.2%	148.6%	12

EC SF 5/20 IMF (Apr 2020)

Eurostat EC SF 5/20

	Stock mkt Index				Rank (Score)
	P3M	Jan 1st	Latest	YTD	
AT	-30.1%	3,229.4	2,200.8	-31.9%	12
BE	-26.4%	4,015.9	3,067.8	-23.6%	8
FR	-25.8%	6,041.5	4,472.5	-26.0%	9
DE	-20.6%	13,385.8	10,819.5	-19.2%	6
IT	-29.4%	23,836.3	17,559.3	-26.3%	10
JP	-14.0%	23,204.8	20,366.5	-12.2%	3
NL	-17.1%	612.9	520.4	-15.1%	5
ES	-32.5%	9,691.2	6,762.7	-30.2%	11
SE	-17.1%	1,808.6	1,570.0	-13.2%	4
CH	-12.7%	10,699.8	9,733.5	-9.0%	1
UK	-21.2%	4,231.7	3,294.6	-22.1%	7
US	-12.6%	3,257.9	2,870.1	-11.9%	2

Market Watch

Market Watch

	Economic Sentiment Indicator			PMI Composite			
	Abs	vs. prev.	Rank (Score)	Abs	3m ago	vs. prev.	Rank (Score)
AT	61.9	-40%	11	31.6	50.2	-37%	6
BE	60.3	-40%	10	41.3	52.9	-22%	2
FR	82.7	-22%	1	11.1	51.1	-78%	10
DE	72.1	-29%	3	17.4	51.2	-66%	8
IT	71.6	-29%	4	10.9	50.4	-78%	11
JP	21.6	-44%	12	25.8	50.1	-49%	7
NL	65.6	-36%	9	41.3	52.9	-22%	2
ES	73.3	-29%	2	9.2	51.5	-82%	12
SE	67.7	-32%	5	45.9	49.1	-7%	1
CH	60.7	-33%	6	36.0	49.5	-27%	4
UK	62.4	-35%	8	13.8	53.3	-74%	9
US	86.9	-34%	7	27.0	40.9	-34%	5

Market Watch

Trading Economics of GlobalEconomy

Highlighted scores

- **GDP¹:** Lowest decline: **Japan** and **Switzerland** project a relatively modest decline of their GDP by 5% making for -5.4%pt and -6.5%pt gaps respectively compared to pre-Covid-19 estimates.
- **Unemployment²:** The worst results are in the **US**, where unemployment has started to skyrocket as a result of the crisis: estimates vary between 148% (EC, 5/2020) and up to 191% (IMF, 4/2020). The **Netherlands** too are expected to see doubling unemployment figures with an increase of 103%, but overall unemployment remains comparatively low at 5,9%. At an increase of 17.4%, **Switzerland** delivers the best protection for its labour market.
- **Stock market³:** The mildest decline continues to be in **Switzerland**, while **Austria** continues to show the strongest decline. This factor, in our analysis, greatly explains the drop of Austria in our ranking.
- **Economic Sentiment⁴:** The **large economies in the EU** – **France, Germany, Italy, Spain** - perform best on consumer confidence. This shows that despite of their particularly serious public health situations at the peak of the pandemic, consumers in these countries have the most optimistic/ least pessimistic expectations for the economic recovery.
- **Purchasing intentions⁵:** **Spain, Italy** and **France** show the steepest declines, and have lost roughly 4/5 of their respective pre-corona bases.

¹The GDP 2020 growth rate in April is compared to January forecast (according to IMF forecasts)

²The Unemployment rate in April is compared to January forecast (according to IMF forecasts; Eurostat where IMF not available).

³Relevant Local Market Stock index (CAC40, DAX, SMI, etc). We look at rebound compared to January 1st 2020 as a pre-Covid-19 comparison (YTD).

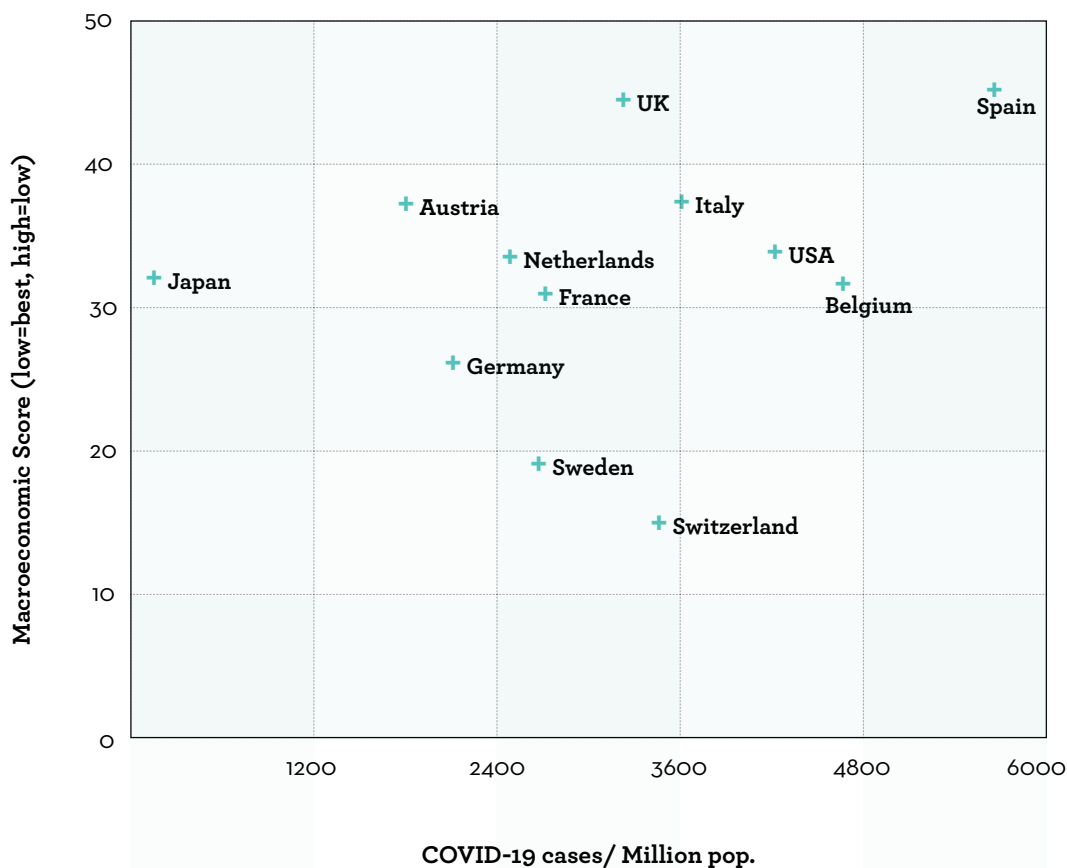
⁴Economic Sentiment Indicator (ESI), is a composite indicator made up of five sectoral confidence indicators with different weights: industrial confidence indicator (40 %); construction confidence indicator (5 %); services confidence indicator (30 %); consumer confidence indicator (20 %); retail trade confidence indicator (5 %). The growth of the ESI points to an improvement in the situation both at the industry level and at the consumer level.

⁵PMI Composite (combination of Manufacturing and Services).

Economic performance is in this crisis a result of the severity of the health crisis. When we compare the macroeconomic indicators with infection numbers (number of cases per 1 million population), we get an indication where a country is on the curve, as well as severity. In such a comparison, there are countries that stand out positively or negatively. This suggests that other factors, such as government response, can have significant impact on the economic outcome too.

A couple of remarks ensue from that:

- **Switzerland** is a success story so far: New infections have stabilised at a low level over the last weeks making Switzerland the country with the fifth highest number of cases per capita, but with the least impact on the macroeconomic KPIs.
- On the opposite is the **UK**, which has a relatively moderate number of cases per capita, but the measures taken are not sufficient in averting strong macroeconomic effects.
- In the first version of this paper (published mid-April), **Sweden** and **UK** showed similarly good results, but were admittedly at less advanced stages of the crisis than other countries. This has changed over the last five weeks with very different results for both countries: Both are now similarly close to the average of 3,064 cases p. Mn. across all countries in scope, but **Sweden** (2,641 cases p. Mn.) has the second-best score in macroeconomic KPIs and the UK (3,286 cases p. Mn.) is tied with **Spain** (5,735 cases p. Mn.) for the last rank.
- **Spain** is showing the hardest difficulties to manage the highest number of cases per capita.
- At 125 cases per Million, **Japan** has far fewer infections than all other countries in scope. However, the impact on macroeconomic KPIs is on par with other countries in **Group B**.



In order to better understand the relationship between the seriousness of the public health crisis and the results on the economy, we plotted the latest GDP change forecasts (Y) against the current Case Fatality Rates (X) in the countries in scope. Two distinct groups can be observed:

1. All countries with a Case Fatality Rate of less than 6.5% are expected to experience less than 6.5% decline of their GDP.
2. On the other hand, all countries with Case Fatality Rates above 11%, are expected to experience more than 6.8% decline of their GDP.

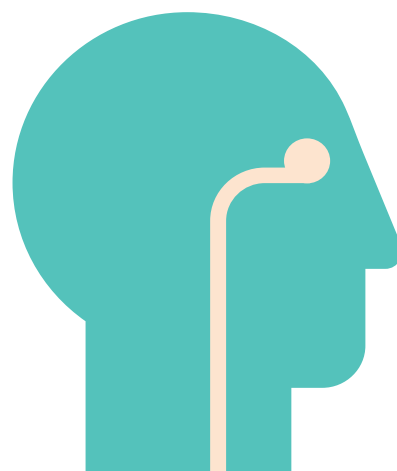
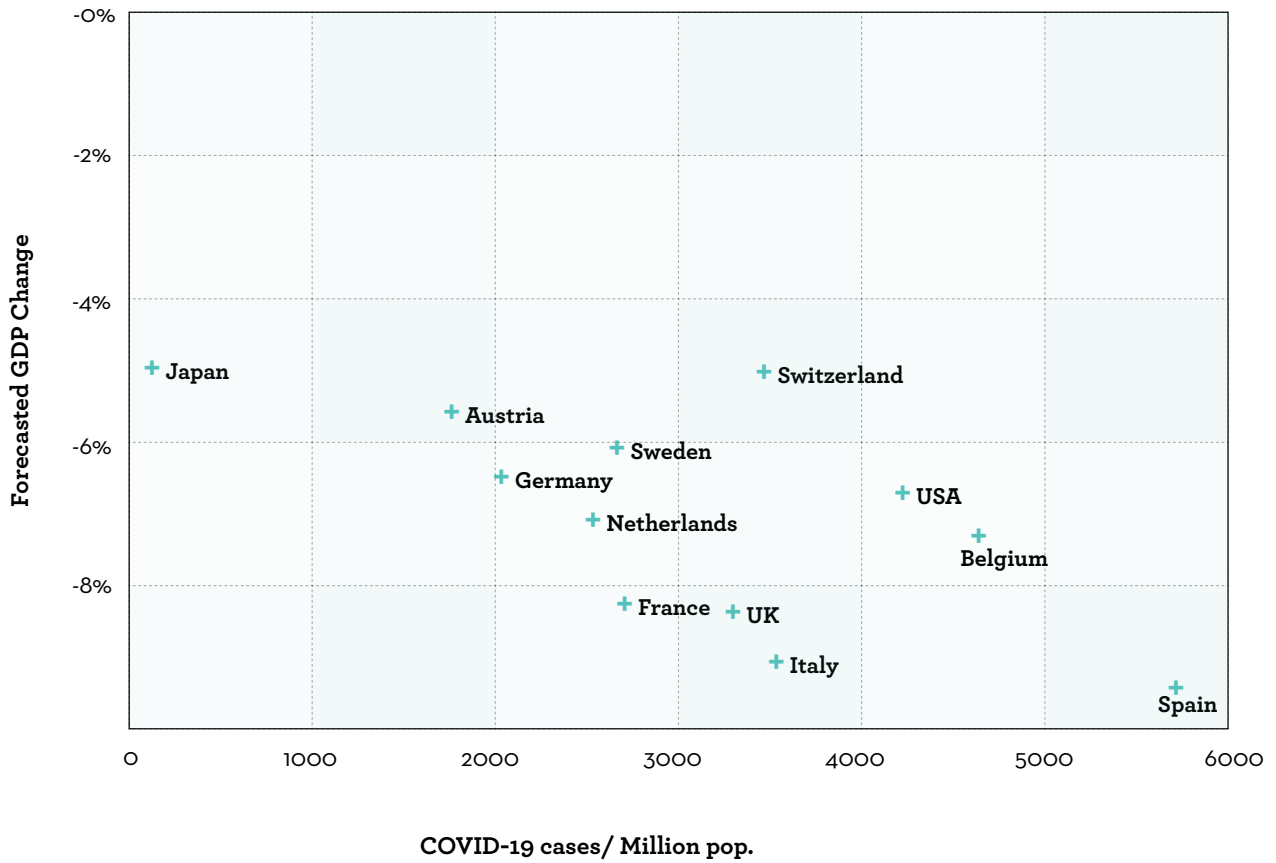


With a Case Fatality Rate of above 12% but GDP decline of 6.1%, Sweden is the only exception to the rule.

This confirms the approach that an early investment into flattening the curve and preserving capacity of public health systems not only saves lives, but also safeguards the economy from steeper declines.

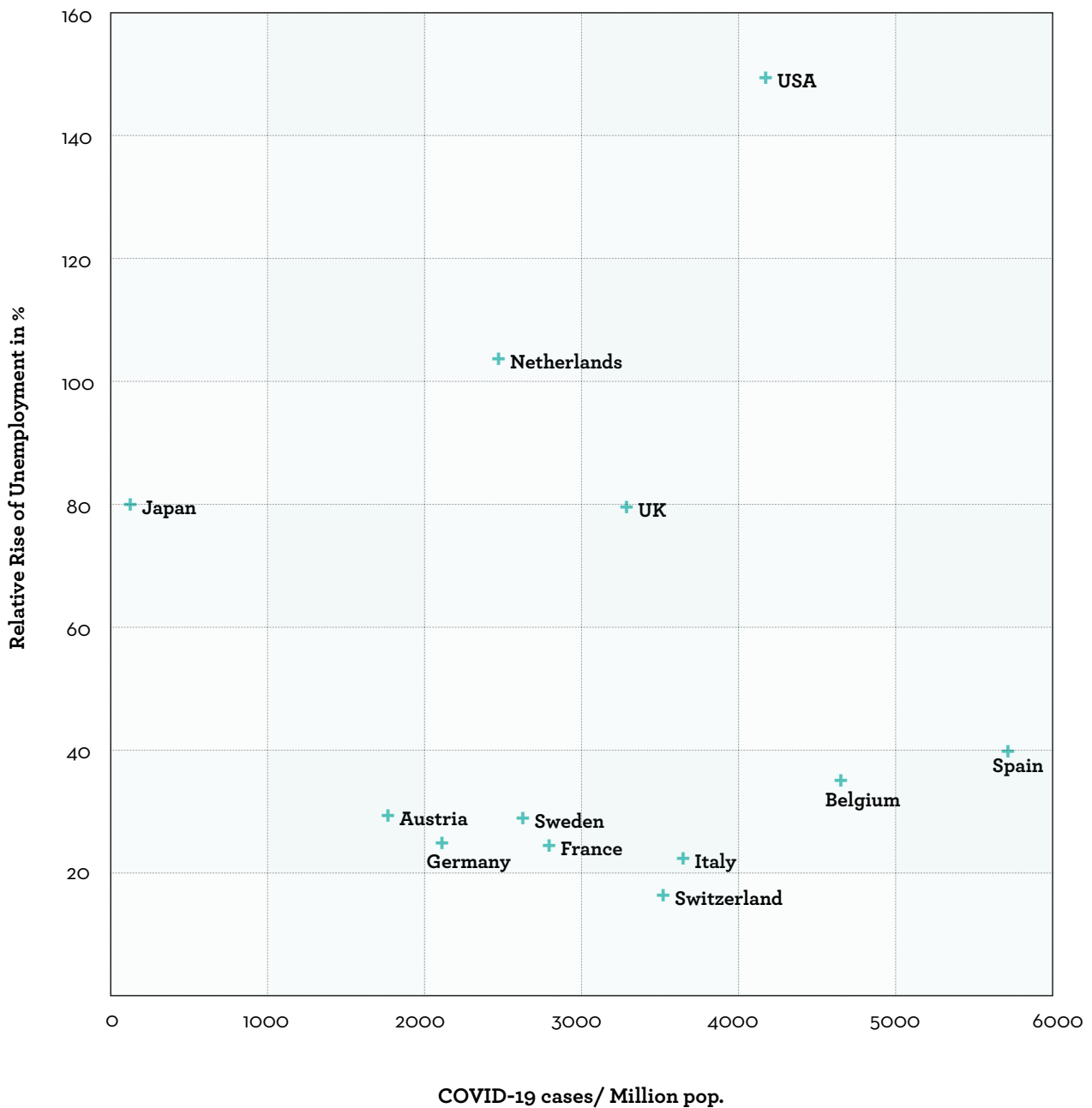


Plotting the forecast for GDP change against the number of Covid-19 cases per million rather than the case fatality rate shows a slightly different picture, which may be due to the different methodologies that countries use to track both Covid-19 cases and deaths. In this comparison, besides **Group A** countries, particularly **Japan** and **Austria** show good results as well.



A look at the relative rise of **unemployment** (Y) against the backdrop of cases per million (X) reveals four extreme cases of labour markets that are expected to be hit particularly hard as a result of the pandemic: **Japan**, the **UK**, the **Netherlands** and, **most severely, the US**. These respective labour markets are characterised by different features:

- **Japan**, the **Netherlands** and the **UK** each face a steep increase (79%, 103% and 81% respectively), but come from a relatively low base. Even with the increase, their unemployment rates will be lower than other countries' rates in the pre-Covid-19 situation! Nevertheless, this steep increase in unemployment is a worrying sign that policy makers need to address.
- The **USA** is the only country in our comparison that does not have any form of short-time work in place. The threefold increase of unemployment in the USA serves to illustrate the value of these schemes to keep workers out of unemployment until a potential economic rebound.



D. Overview of measures

The below gives an overview of the most common measures that we have encountered across the countries.

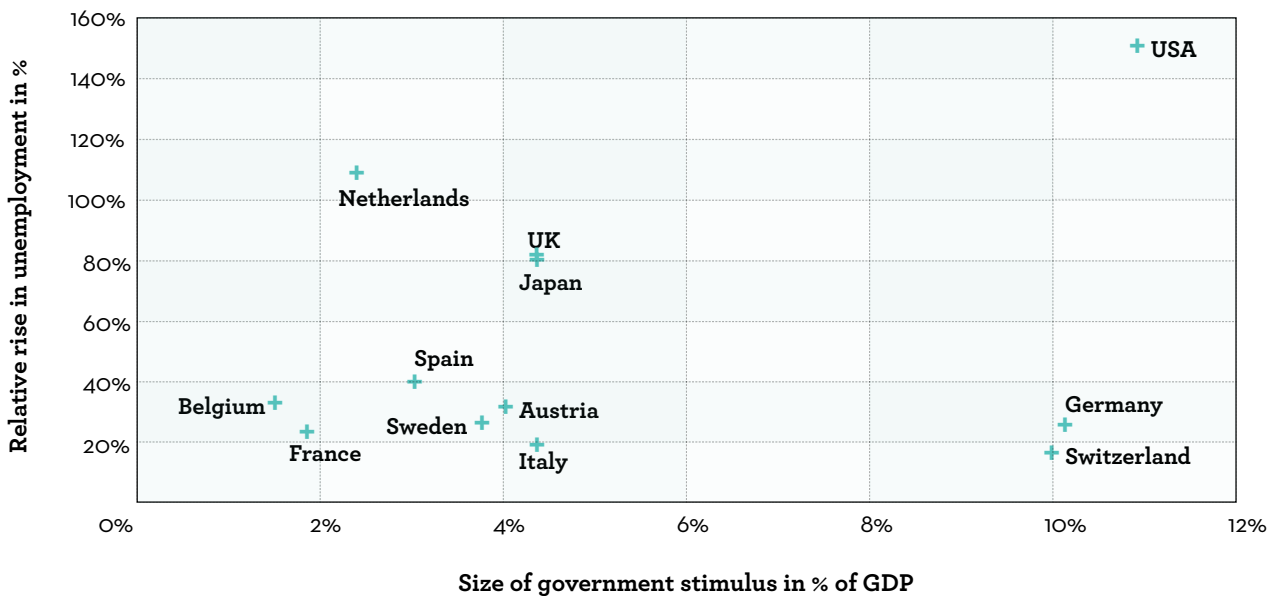
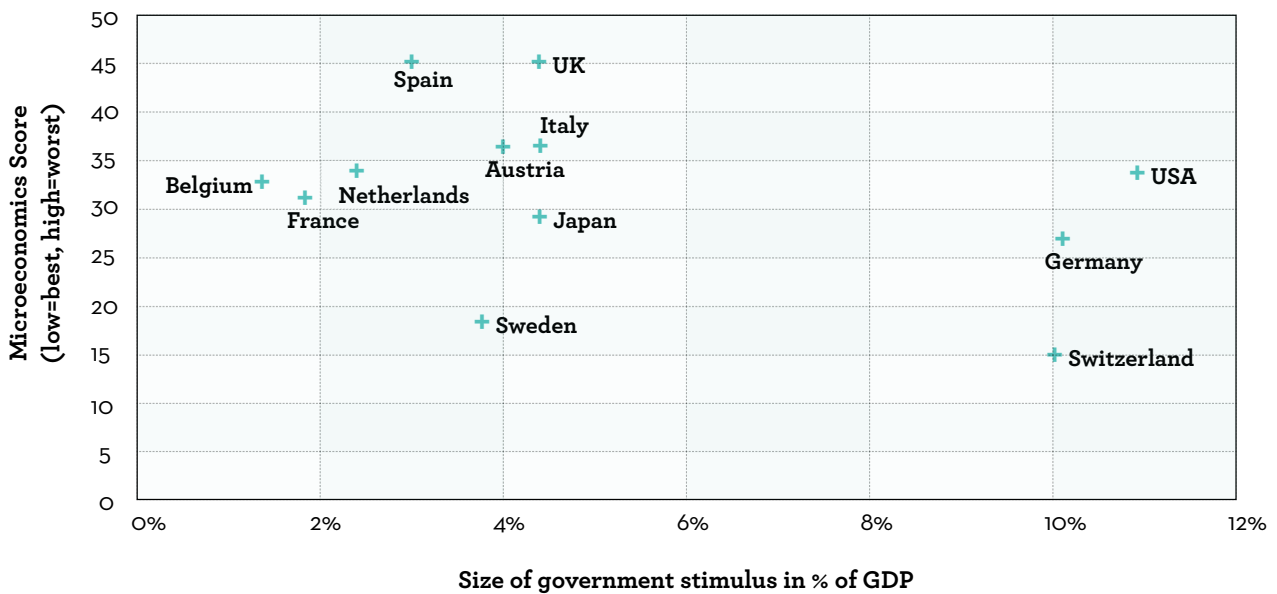
- General
 - By now, every country has responded with economic support measures for businesses and workers. As a matter of fact, most countries have already followed up with a **second wave** of stimulus packages, and / or an extension of the schemes.
 - The different approaches to **testing population** for Covid-19 continue to influence government policy. Only it has become apparent that a government's ability to execute tests is less linked to a strategic policy approach than the actual capability of providing tests. As governments claim to follow the science, having access to the right data is crucial to inform policy making.
 - The response by governments in terms of tapping into their coffers continues to be impressive. A month in, monetary injections are up to 11% of GDP in the highest case. The differences are becoming apparent though, as the **size of the respective economic stimulus packages** in most countries is between 2-5% of GDP
 - **Covid-19 cases and Case Fatality Rate** provide an insight into the severity of the pandemic in the individual countries from a public health perspective. The Case Fatality Rate expresses the ratio between confirmed deaths and confirmed cases.
- Support to businesses
 - A month in, all governments have kept up the provision of the wide range of measures offered to companies, ranging from easier access to **credit to the waiving or postponement** of certain taxes, fees or social security contributions to the payment of certain **subsidies for business costs**. In some cases, these are earmarked for specific purposes like workers' salaries, in other cases they come as generic contributions.
 - The most comprehensive measure taken seems to be **short-time work**. The model differs between countries, but it is rooted in the retention of the workforce, with the government covering (part of) the worker's salary for the hours the workers have agreed – often within a timeframe prescribed by government, not to work. At the end of April 2020, in the EU27 there were more than 42 million applications for support for workers on short-time work or similar schemes, which corresponds to about one quarter of the overall EU workforce. If one includes the UK and Switzerland, the number of applications for short-time work rises to more than 50 million.

- Support to workers
 - As the government response has unfolded, the expanded access of sick pay to all workers has driven policy making through the countries in scope.
 - The same applies to the **increased or simplified access to unemployment benefits**, extending it to a larger amount of workers across diverse contractual forms. In many countries, income support is also being granted to freelancers, self-employed and specific cohorts such as artists and sports people.
 - Considering the unique nature of the crisis, a number of countries continue to pair their support measures, especially short-time work, with a **moratorium on dismissals**.
 - The number of countries offering **investment in skills** in parallel to other support measures seems to be increasing, as governments start to consider instruments such as active labour market policies in relation to supporting the unemployed.



When we compare the extend of these government measures expressed in size relative to country GDP with the macroeconomic outcome, as well as with the expected rise in unemployment, a few things stand out:

- The USA is the country with the largest economic stimulus, but that does not prevent it from performing in the middle tier in terms of all macroeconomic KPIs, and facing a massive rise in unemployment. Part of the explanation for this fact might be that a large part of the US stimulus goes towards unemployment benefits and sick pay for workers, tagged as relief measures. These measures are part of standard social protection schemes in other countries, and are thus not counted as specific stimulus in those countries.
- Germany and Switzerland have both invested large sums in economic stimulus, in part linked to their far-reaching Short-Time Working Schemes. This investment does pay off however, with strong macroeconomic scores and low rises in unemployment.













E. Conclusions




As countries face different starting points as well as different exposure to the actual pandemic, a comparison of the effectiveness of specific measures continues to pose a certain risk, not least because there is a considerable degree of speculation in inferring causality for certain macroeconomic effects from specific policy measures at the current dynamic stage. With that said, the data for the 12 countries in scope seems to suggest that:




- ▶ **Switzerland, Sweden and Germany** perform best across macroeconomic indicators. While **Switzerland** and **Germany** share similarities in terms of relative size of economic stimulus, design of their short-time work schemes and case fatality rates, which suggests that there are certain factors that benefit a better macroeconomic performance, the **Swedish example** shows that alternative approaches too can deliver good results.
- ▶ There seems to be no direct linkage however between the range/number of policy measures announced, and the actual economic impact these measures have. Rather, the timely implementation of targeted measures that safeguard employment and liquidity is key.
- ▶ Our model shows that **protecting the public health system** early on to keep case fatality rates as low as possible not only protects lives, but also the economy as a whole as GDP declines are less severe.
- ▶ As one of the correlations established, countries with higher mortality rates also face a higher drop in GDP. The exception is **Sweden**, which despite high fatality rate faces a moderate drop in GDP.
- ▶ The number of cases in a country is not the only determinant of economic impact however. With an apparent effective government response **Switzerland** has been able to mitigate the impact of a high number of infections with the least impact on macroeconomic performance. The **UK** however is at the other end of that scale, with fewer infections per capita but a significant economic impact.
- ▶ While there are question marks around the accuracy of the data on the number of Covid-19 cases and deaths in **Japan** due to low testing rates, this example nevertheless illustrates that in an interdependent and globalised economy, even countries with a very low infection rate suffer economic setbacks comparable to heavily affected, similarly developed economies.
- ▶ The **common market of the European Union** appears to improve the outlook for economic recovery as France, Germany, Italy and Spain show better Economic Sentiment Index scores than other large economies outside the block (Japan, US, UK) and high-performer Switzerland.




F. Country fiches (in alphabetical order)




 AUSTRIA 				
Commentary	Government Measures			
Austria continues to perform particularly well on GDP expectations and its focus on maintaining employment links contributes to making the labour market healthier than the average. However, investors and consumers appear to have less confidence in the Austrian economy, which results in low scores on stock market and economic sentiment indicators.	 General	First announcement of response measures	15/3	
		Size of economic stimulus package (% GDP) / in April	8% / 8%	
		Population tested for Covid-19	8%	
		Covid-19 cases/ Million pop. Case Fatality Rate	1763 3.92%	
Key indicators	 Support to businesses	Access to credit	✓	
GDP growth (vs. Jan forecast)		-5.5% (-6.5%p)	Payments to governments postponed/cut	✓
Forecasted Unemployment (vs 2019)		5.8% (+31.8%)	Subsidies for business costs	✓
Macroeconomic Rank /12 (Rank in April / 10)		9 (2)	Compensation for workers on sick leave	✓
C	 Support to workers	Short-time work	✓	
		Expand access to sick pay		
		Increased or simplified access to unemployment benefits		
		Moratorium on dismissals	✓	
Group	Total Score	Income support for self-employed	✓	
		Investment in skills		
		Other social support measures	✓	
		8	Austria introduced a new short-time work scheme specifically for Covid-19, which sets a moratorium on dismissals and makes wage compensation dependant on average earnings.	






 BELGIUM 				
Commentary	Government Measures			
The Belgian stimulus - despite its modest size - delivers decent results for the economy and the labour market, especially considering that Belgium has the 2nd highest number of Covid-19 cases per million. The Belgian policy response has a bottom-up approach that appears to put more emphasis on support for workers.	 General	First announcement of response measures	3/3	
		Size of economic stimulus package (% GDP) / in April	1.25% / 0.7%	
		Population tested for Covid-19	39.8‰	
		Covid-19 cases/ Million pop. Case Fatality Rate	4612 16.3%	
Key indicators	 Support to businesses	Access to credit	✓	
GDP growth (vs. Jan forecast)		-7.2% (-8.4%p)	Payments to governments postponed/cut	✓
Forecasted Unemployment (vs 2019)		7.0% (+31.4%)	Subsidies for business costs	
Macroeconomic Rank /12 (Rank in April / 10)		6 (4)	Compensation for workers on sick leave	
B	 Support to workers	Short-time work	✓	
		Expand access to sick pay		
		Increased or simplified access to unemployment benefits	✓	
		Moratorium on dismissals		
Group	Total Score	Income support for self-employed	✓	
		Investment in skills		
		Other social support measures	✓	
		6	The federal government made its short-time work scheme more accessible by making all temporary unemployment subject to force majeure and added a daily allowance to be paid to employees on top of their wage compensation.	






FRANCE				
Commentary	Government Measures			
<p>France improved its ranking since the first Policy Brief by 4 ranks and shows better results across economic indicators. The French policy measures cover a broad range of issues, but the overall size of the direct fiscal stimulus remains very low compared to the top scorers. Sadly, France now has the highest Case Fatality Rate of all countries in scope.</p>	 General	First announcement of response measures	12/3	
		Size of economic stimulus package (% GDP) / in April	19% / 2%	
		Population tested for Covid-19	12.7‰	
		Covid-19 cases/ Million pop. Case Fatality Rate	2718 19.25%	
Key indicators		 Support to businesses	Access to credit	✓
GDP growth (vs. Jan forecast)	-8.2% (-9.5%p)		Payments to governments postponed/cut	✓
Forecasted Unemployment (vs 2019)	10.1% (+24.7%)		Subsidies for business costs	✓
Macroeconomic Rank /12 (Rank in April / 10)	4 (8)		Compensation for workers on sick leave	✓
<p>B</p>	 Support to workers	Short-time work	✓	
		Total Score	Expand access to sick pay	✓
			Increased or simplified access to unemployment benefits	✓
			Moratorium on dismissals	✓
Income support for self-employed	✓			
<p>Group</p>	Total Score	Investment in skills	✓	
		Other social support measures	✓	
		10		
		<p>The French state continues to pay 100% of employer's wage bills for now. Workers are incentivised to take-up training through higher wage compensations.</p>		






GERMANY				
Commentary	Government Measures			
<p>Germany has drastically expanded its economic stimulus since the first version of this paper. After individual sectors led the way in paying higher wage compensations and following a broad discussion among social partners, the German government made additional funds available to increase the wage compensation of workers in short-time work. Wage compensations now increase to 70% (77% for parents) and 80% (87%) after 4 and 7 months of short-time work.</p>	 General	First announcement of response measures	9/3	
		Size of economic stimulus package (% GDP) / in April	10.1% / 6.9%	
		Population tested for Covid-19	32.9‰	
		Covid-19 cases/ Million pop. Case Fatality Rate	2060 4.46%	
Key indicators		 Support to businesses	Access to credit	✓
GDP growth (vs. Jan forecast)	-6.5% (-7.6%p)		Payments to governments postponed/cut	✓
Forecasted Unemployment (vs 2019)	4.0% (+25.0%)		Subsidies for business costs	✓
Macroeconomic Rank /12 (Rank in April / 10)	3 (5)		Compensation for workers on sick leave	
<p>A</p>	 Support to workers	Short-time work	✓	
		Total Score	Expand access to sick pay	
			Increased or simplified access to unemployment benefits	✓
			Moratorium on dismissals	
Income support for self-employed	✓			
<p>Group</p>	Total Score	Investment in skills	✓	
		Other social support measures		
		7		
		<p>As part of the skills incentive, both employers and employees can request vouchers for training programs. The incentive is integrated into the short-time work scheme, but not limited to it, so that training will continue to be funded after short-time work ends.</p>		






ITALY			
Commentary	Government Measures		
Italy has been able to stabilise after suffering the first public health crisis in the wake of the pandemic in Europe. A sizable additional economic stimulus refinanced depleted sectoral social funds and safeguarded social protection for temporarily unemployed workers. Comparatively good results regarding unemployment and economic sentiment give reason to be cautiously optimistic.	 General	First announcement of response measures	17/3
		Size of economic stimulus package (% GDP) / in April	4.5% / 2%
Population tested for Covid-19		39.8‰	
Covid-19 cases/ Million pop. Case Fatality Rate		4612 16.3%	
 Support to businesses		Access to credit	✓
	Payments to governments postponed/cut	✓	
	Subsidies for business costs	✓	
	Compensation for workers on sick leave	✓	
	Short-time work	✓	
 Support to workers	Expand access to sick pay	✓	
	Increased or simplified access to unemployment benefits	✓	
	Moratorium on dismissals	✓	
	Income support for self-employed	✓	
	Investment in skills		
Group	Total Score	10	
	Italy introduced sector-specific social funds 3 years ago, which helped to dampen the initial impact of the crisis on worker's wages. For authority-mandated quarantine, the government will assume all sick pay and infections stemming from work are considered work accidents.		
Key indicators			
GDP growth (vs. Jan forecast)	-9.1% (-9.6%p)		
Forecasted Unemployment (vs 2019)	11.8% (+21.6%)		
Macroeconomic Rank /12 (Rank in April / 10)	9 (9)		
C			






JAPAN			
Commentary	Government Measures		
Japan was one of the first countries outside China to feel the impact of the pandemic. Although testing is low and actual infections may be higher than reported, impact seems to be relatively minimal, achieved by enforcing strict rules on social distancing and remote work. These measures have delivered good results and so far successfully limited economic damages. Yet, the structure of the Japanese labour market has long been considered one-dimensional and the pandemic is estimated to have severe effects on unemployment.	 General	First announcement of response measures	/
		Size of economic stimulus package (% GDP) / in April	4.5%
Population tested for Covid-19		1.6‰	
Covid-19 cases/ Million pop. Case Fatality Rate		125 4.17%	
 Support to businesses		Access to credit	✓
	Payments to governments postponed/cut	✓	
	Subsidies for business costs	✓	
	Compensation for workers on sick leave	✓	
	Short-time work	✓	
 Support to workers	Expand access to sick pay	✓	
	Increased or simplified access to unemployment benefits		
	Moratorium on dismissals		
	Income support for self-employed	✓	
	Investment in skills		
Group	Total Score	7	
	European-style short-time work schemes are not as common in Asian economies. In Japan, the government technically provides a subsidy on partially paid leave for workers. In order to incentivise remote working, the government offers a 50% subsidy on installation costs for technology needed to maintain employment during Covid-19.		
Key indicators			
GDP growth (vs. Jan forecast)	-5% (-5.4%)		
Forecasted Unemployment (vs 2019)	4.3% (+79.1%)		
Macroeconomic Rank /12 (Rank in April / 10)	4 (n/a)		
B			






 NETHERLANDS 																
Commentary	Government Measures															
<p>The Netherlands' overall macroeconomic performance is moderate to good. Its good economic basis helps significantly. What stands out however is a doubling of unemployment numbers. While an unemployment rate of 5.9% is still relatively moderate, this sudden increase is a worrying sign.</p>	<div style="display: flex; align-items: center;">  <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>First announcement of response measures</td> <td style="text-align: right;">17/3</td> </tr> <tr> <td>Size of economic stimulus package (% GDP) / in April</td> <td style="text-align: right;">2.5% / 1.6%</td> </tr> <tr> <td>Population tested for Covid-19</td> <td style="text-align: right;">14.85%</td> </tr> <tr> <td>Covid-19 cases/ Million pop. Case Fatality Rate</td> <td style="text-align: right;">2497 12.82%</td> </tr> </table> </div>	First announcement of response measures	17/3	Size of economic stimulus package (% GDP) / in April	2.5% / 1.6%	Population tested for Covid-19	14.85%	Covid-19 cases/ Million pop. Case Fatality Rate	2497 12.82%							
		First announcement of response measures	17/3													
Size of economic stimulus package (% GDP) / in April	2.5% / 1.6%															
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Covid-19 cases/ Million pop. Case Fatality Rate	2497 12.82%															
Key indicators	<div style="display: flex; align-items: center;">  <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Access to credit</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Payments to governments postponed/cut</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Subsidies for business costs</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Compensation for workers on sick leave</td> <td></td> </tr> <tr> <td>Short-time work</td> <td style="text-align: center;">✓</td> </tr> </table> </div>	Access to credit	✓	Payments to governments postponed/cut	✓	Subsidies for business costs	✓	Compensation for workers on sick leave		Short-time work	✓					
Access to credit		✓														
Payments to governments postponed/cut	✓															
Subsidies for business costs	✓															
Compensation for workers on sick leave																
Short-time work	✓															
GDP growth (vs. Jan forecast)	-6.8% (-8.4%p)															
Forecasted Unemployment (vs 2019)	5.9% (+103.4%)															
Macroeconomic Rank /12 (Rank in April / 10)	7 (5)															
Group	B	<div style="display: flex; align-items: center;">  <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Expand access to sick pay</td> <td></td> </tr> <tr> <td>Increased or simplified access to unemployment benefits</td> <td></td> </tr> <tr> <td>Moratorium on dismissals</td> <td style="text-align: center;">(✓)</td> </tr> <tr> <td>Income support for self-employed</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Investment in skills</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Other social support measures</td> <td style="text-align: center;">✓</td> </tr> <tr> <td style="background-color: #4F81BD; color: white;">Total Score</td> <td style="background-color: #4F81BD; color: white; text-align: center;">7</td> </tr> </table> </div> <p>In its second wave of the economic support package, the government is considering to abolish the moratorium on dismissals for employers that profited from the NOW scheme, to avoid pushing companies into bankruptcy.</p>	Expand access to sick pay		Increased or simplified access to unemployment benefits		Moratorium on dismissals	(✓)	Income support for self-employed	✓	Investment in skills	✓	Other social support measures	✓	Total Score	7
			Expand access to sick pay													
Increased or simplified access to unemployment benefits																
Moratorium on dismissals	(✓)															
Income support for self-employed	✓															
Investment in skills	✓															
Other social support measures	✓															
Total Score	7															

 SPAIN 																
Commentary	Government Measures															
<p>Spain continues to be the hardest-hit country in Europe. The government has extended its economic stimulus package and has wide-ranging policy measures in place, but positive results on macroeconomic indicators still remain to be seen. Spain now moves towards carefully restarting economic activity following over 60 days of strict lockdown.</p>	<div style="display: flex; align-items: center;">  <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>First announcement of response measures</td> <td style="text-align: right;">12/3</td> </tr> <tr> <td>Size of economic stimulus package (% GDP) / in April</td> <td style="text-align: right;">3% / 0.7%</td> </tr> <tr> <td>Population tested for Covid-19</td> <td style="text-align: right;">34.8%</td> </tr> <tr> <td>Covid-19 cases/ Million pop. Case Fatality Rate</td> <td style="text-align: right;">5735 11.8%</td> </tr> </table> </div>	First announcement of response measures	12/3	Size of economic stimulus package (% GDP) / in April	3% / 0.7%	Population tested for Covid-19	34.8%	Covid-19 cases/ Million pop. Case Fatality Rate	5735 11.8%							
		First announcement of response measures	12/3													
Size of economic stimulus package (% GDP) / in April	3% / 0.7%															
Population tested for Covid-19	34.8%															
Covid-19 cases/ Million pop. Case Fatality Rate	5735 11.8%															
Key indicators	<div style="display: flex; align-items: center;">  <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Access to credit</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Payments to governments postponed/cut</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Subsidies for business costs</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Compensation for workers on sick leave</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Short-time work</td> <td style="text-align: center;">✓</td> </tr> </table> </div>	Access to credit	✓	Payments to governments postponed/cut	✓	Subsidies for business costs	✓	Compensation for workers on sick leave	✓	Short-time work	✓					
Access to credit		✓														
Payments to governments postponed/cut	✓															
Subsidies for business costs	✓															
Compensation for workers on sick leave	✓															
Short-time work	✓															
GDP growth (vs. Jan forecast)	-9.4% (-11%p)															
Forecasted Unemployment (vs 2019)	18.9% (+39%)															
Macroeconomic Rank /12 (Rank in April / 10)	11 (10)															
Group	D	<div style="display: flex; align-items: center;">  <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Expand access to sick pay</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Increased or simplified access to unemployment benefits</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Moratorium on dismissals</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Income support for self-employed</td> <td style="text-align: center;">✓</td> </tr> <tr> <td>Investment in skills</td> <td></td> </tr> <tr> <td>Other social support measures</td> <td style="text-align: center;">✓</td> </tr> <tr> <td style="background-color: #4F81BD; color: white;">Total Score</td> <td style="background-color: #4F81BD; color: white; text-align: center;">10</td> </tr> </table> </div> <p>The Spanish short-time work scheme ERTE sets a moratorium on both dismissals and dividend pay-outs. Spain regards Covid-19 related lay-offs as force majeure, which allows employees to receive full unemployment benefits.</p>	Expand access to sick pay	✓	Increased or simplified access to unemployment benefits	✓	Moratorium on dismissals	✓	Income support for self-employed	✓	Investment in skills		Other social support measures	✓	Total Score	10
			Expand access to sick pay	✓												
Increased or simplified access to unemployment benefits	✓															
Moratorium on dismissals	✓															
Income support for self-employed	✓															
Investment in skills																
Other social support measures	✓															
Total Score	10															

 SWEDEN 														
Commentary	Government Measures													
<p>Having hesitated to enforce physical distancing for longer than other governments, the Swedish response to the pandemic has been one of the most controversial. Over the last month, Sweden's performance across macroeconomic indicators has drastically improved, putting it into the group of best-scoring countries in scope. Particularly unemployment estimates and PMI scores have improved. However, due to the longer response time, the Case Fatality Rate in Sweden is comparatively high.</p>	<div style="display: flex; align-items: center;">  <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>First announcement of response measures</td><td style="text-align: right;">13/3</td></tr> <tr><td>Size of economic stimulus package (% GDP) / in April</td><td style="text-align: right;">3.8%/ 3.8%</td></tr> <tr><td>Population tested for Covid-19</td><td style="text-align: right;">14.7‰</td></tr> <tr><td>Covid-19 cases/ Million pop.</td><td style="text-align: right;">2641</td></tr> <tr><td>Case Fatality Rate</td><td style="text-align: right;">12.3%</td></tr> </table> </div>	First announcement of response measures	13/3	Size of economic stimulus package (% GDP) / in April	3.8%/ 3.8%	Population tested for Covid-19	14.7‰	Covid-19 cases/ Million pop.	2641	Case Fatality Rate	12.3%			
	First announcement of response measures	13/3												
Size of economic stimulus package (% GDP) / in April	3.8%/ 3.8%													
Population tested for Covid-19	14.7‰													
Covid-19 cases/ Million pop.	2641													
Case Fatality Rate	12.3%													
Key indicators	<div style="display: flex; align-items: center;">  <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Access to credit</td><td style="text-align: center;">✓</td></tr> <tr><td>Payments to governments postponed/cut</td><td style="text-align: center;">✓</td></tr> <tr><td>Subsidies for business costs</td><td style="text-align: center;">✓</td></tr> <tr><td>Compensation for workers on sick leave</td><td style="text-align: center;">✓</td></tr> <tr><td>Short-time work</td><td style="text-align: center;">✓</td></tr> </table> </div>	Access to credit	✓	Payments to governments postponed/cut	✓	Subsidies for business costs	✓	Compensation for workers on sick leave	✓	Short-time work	✓			
Access to credit	✓													
Payments to governments postponed/cut	✓													
Subsidies for business costs	✓													
Compensation for workers on sick leave	✓													
Short-time work	✓													
GDP growth (vs. Jan forecast)	-6.1% (-6.9%)													
Forecasted Unemployment (vs 2019)	9,7% (+27,6%)													
Macroeconomic Rank /12 (Rank in April / 10)	2 (7)													
Group	A													
	<div style="display: flex; align-items: center;">  <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Expand access to sick pay</td><td style="text-align: center;">✓</td></tr> <tr><td>Increased or simplified access to unemployment benefits</td><td style="text-align: center;">✓</td></tr> <tr><td>Moratorium on dismissals</td><td></td></tr> <tr><td>Income support for self-employed</td><td style="text-align: center;">✓</td></tr> <tr><td>Investment in skills</td><td style="text-align: center;">✓</td></tr> <tr><td>Other social support measures</td><td></td></tr> <tr style="background-color: #27ae60; color: white;"><td style="text-align: center;">Total Score</td><td style="text-align: center;">8</td></tr> </table> </div> <p>Sweden introduced not a short-time work scheme, but rather a wage compensation for temporary lay-offs. The scheme halves employer's wage bills and compensates for more than 90% of worker's wages.</p>	Expand access to sick pay	✓	Increased or simplified access to unemployment benefits	✓	Moratorium on dismissals		Income support for self-employed	✓	Investment in skills	✓	Other social support measures		Total Score
Expand access to sick pay	✓													
Increased or simplified access to unemployment benefits	✓													
Moratorium on dismissals														
Income support for self-employed	✓													
Investment in skills	✓													
Other social support measures														
Total Score	8													

 SWITZERLAND 														
Commentary	Government Measures													
<p>Switzerland delivers good results across indicators and continues to be the top ranked country in scope. The government has further increased its economic stimulus package and Swiss employment protection programmes continue to deliver outstanding results. Having been among the countries with the highest per capita rate of infections, Switzerland has managed to stabilise new infections at a very low level. The Swiss response to the crisis and implementation of government measures continues to be a benchmark.</p>	<div style="display: flex; align-items: center;">  <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>First announcement of response measures</td><td style="text-align: right;">28/2</td></tr> <tr><td>Size of economic stimulus package (% GDP) / in April</td><td style="text-align: right;">10%/ 6%</td></tr> <tr><td>Population tested for Covid-19</td><td style="text-align: right;">35.8‰</td></tr> <tr><td>Covid-19 cases/ Million pop.</td><td style="text-align: right;">3506</td></tr> <tr><td>Case Fatality Rate</td><td style="text-align: right;">5.1%</td></tr> </table> </div>	First announcement of response measures	28/2	Size of economic stimulus package (% GDP) / in April	10%/ 6%	Population tested for Covid-19	35.8‰	Covid-19 cases/ Million pop.	3506	Case Fatality Rate	5.1%			
	First announcement of response measures	28/2												
Size of economic stimulus package (% GDP) / in April	10%/ 6%													
Population tested for Covid-19	35.8‰													
Covid-19 cases/ Million pop.	3506													
Case Fatality Rate	5.1%													
Key indicators	<div style="display: flex; align-items: center;">  <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Access to credit</td><td style="text-align: center;">✓</td></tr> <tr><td>Payments to governments postponed/cut</td><td style="text-align: center;">✓</td></tr> <tr><td>Subsidies for business costs</td><td></td></tr> <tr><td>Compensation for workers on sick leave</td><td></td></tr> <tr><td>Short-time work</td><td style="text-align: center;">✓</td></tr> </table> </div>	Access to credit	✓	Payments to governments postponed/cut	✓	Subsidies for business costs		Compensation for workers on sick leave		Short-time work	✓			
Access to credit	✓													
Payments to governments postponed/cut	✓													
Subsidies for business costs														
Compensation for workers on sick leave														
Short-time work	✓													
GDP growth (vs. Jan forecast)	-5% (-6.5%)													
Forecasted Unemployment (vs 2019)	2.7% (+17.4%)													
Macroeconomic Rank /12 (Rank in April / 10)	1 (1)													
Group	A													
	<div style="display: flex; align-items: center;">  <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Expand access to sick pay</td><td></td></tr> <tr><td>Increased or simplified access to unemployment benefits</td><td style="text-align: center;">✓</td></tr> <tr><td>Moratorium on dismissals</td><td></td></tr> <tr><td>Income support for self-employed</td><td style="text-align: center;">✓</td></tr> <tr><td>Investment in skills</td><td></td></tr> <tr><td>Other social support measures</td><td style="text-align: center;">✓</td></tr> <tr style="background-color: #27ae60; color: white;"><td style="text-align: center;">Total Score</td><td style="text-align: center;">6</td></tr> </table> </div> <p>Switzerland put in place an immediate support system mixing both short-time work measures and credit support to businesses. In the past weeks, Switzerland has expanded the support, leading to notably 37% of workers having applied to short-time work -instead of the estimated 15%. With that said, the unemployment rate in Switzerland is raising to seldom seen heights in Switzerland, standing at almost 4% as businesses have frozen hirings.</p>	Expand access to sick pay		Increased or simplified access to unemployment benefits	✓	Moratorium on dismissals		Income support for self-employed	✓	Investment in skills		Other social support measures	✓	Total Score
Expand access to sick pay														
Increased or simplified access to unemployment benefits	✓													
Moratorium on dismissals														
Income support for self-employed	✓													
Investment in skills														
Other social support measures	✓													
Total Score	6													

 UNITED KINGDOM 				
Commentary	Government Measures			
<p>The UK has been 2-3 weeks behind many other European countries in terms of infections and because of that has experienced the peak of the pandemic after the first version of this paper has been published. Consequentially, the UK's performance across indicators has now dropped dramatically. More recent unemployment and GDP estimates are decisively more pessimistic. As the UK faces a challenging recovery, the government's stimulus package has been increased and the JobRetention scheme extended until October.</p>	 General	First announcement of response measures	16/3	
		Size of economic stimulus package (% GDP) / in April	4.5% / 1.4%	
Population tested for Covid-19		18.7‰		
Covid-19 cases/ Million pop. Case Fatality Rate		3286 14.5%		
Key indicators		 Support to businesses	Access to credit	✓
GDP growth (vs. Jan forecast)	-6.5% (-7.9%)		Payments to governments postponed/cut	✓
Forecasted Unemployment (vs 2019)	6.7% (+81.1%)		Subsidies for business costs	✓
Macroeconomic Rank /12 (Rank in April / 10)	11 (3)		Compensation for workers on sick leave	✓
Group	D	 Support to workers	Short-time work	✓
			Expand access to sick pay	✓
			Increased or simplified access to unemployment benefits	
			Moratorium on dismissals	
		Total Score	Income support for self-employed	✓
			Investment in skills	✓
			Other social support measures	
			6	
		<p>The UK introduced a Coronavirus JobRetention Scheme in early April, covering almost all workers in the UK. The stimulus package was just drastically increased, and the JobRetention scheme extended.</p>		

 USA 				
Commentary	Government Measures			
<p>Infections in the US skyrocketed during the month of April making the US the most affected country globally and individual States, most notably New York, have experienced a severe public health crisis. In its response, the government introduced an economic stimulus package of massive proportions. However, this package was largely needed to pay for measures that are considered table stakes in other countries. Despite decent macroeconomic performance and a large stimulus, labour market protection has been ineffective.</p>	 General	First announcement of response measures	11/3	
		Size of economic stimulus package (% GDP) / in April	11%	
Population tested for Covid-19		26.3‰		
Covid-19 cases/ Million pop. Case Fatality Rate		4187 6.1%		
Key indicators		 Support to businesses	Access to credit	✓
GDP growth (vs. Jan forecast)	-6.5% (-8.5%)		Payments to governments postponed/cut	✓
Forecasted Unemployment (vs 2019)	9.2% (+148.6%)		Subsidies for business costs	✓
Macroeconomic Rank /12 (Rank in April / 10)	7 (n/a)		Compensation for workers on sick leave	
Group	B	 Support to workers	Short-time work	
			Expand access to sick pay	✓
			Increased or simplified access to unemployment benefits	✓
			Moratorium on dismissals	
		Total Score	Income support for self-employed	
			Investment in skills	
			Other social support measures	✓
			6	
		<p>With no short-time work or temporary unemployment measures in place and overall meagre automatic stabilisers, a large part of the stimulus package is needed to provide basic social protection.</p>		



THE ADECCO GROUP

