

**Employment and the Recovery Strategy: Three Policies (Andrew Oswald, Warwick University). July, 2020.**

High rates of UK unemployment look inevitable. If the virus burns itself out in the summer, the economy will self-stabilize. However, a more plausible outcome is multiple waves before a vaccine is available. I suggest the following policies now.

**Run an intensive information campaign to restore health confidence.** People are scared; they do not know the facts. Scared people hoard money and do not buy things. The information campaign would explain to the public that adults under age 40 are 99.97% safe and that 40-50 year olds are 99.88% safe.\* Thus individuals aged 20-50 can go back to their lives with virtually no risk (though they should avoid the old). They can work and buy and go out to dinner; they do not need to socially distance unless unusually risk-averse. This would boost confidence enormously. It would allow the majority of the missing economy to restart – and crucially to keep going if a second wave appears. This public-information policy would be the simplest cost-effective way to prevent mass UK unemployment.\*\*

**Fund a large new programme of child-care support.** This would be expensive. But it would raise female employment rates, be of special help to non-white and low-education parents, draw praise from around the globe, and redress a range of unfairnesses endured by particular demographic groups during Lockdown.\*\*\*

**Plan ahead in case of a corporate-debt crisis.** Few commentators are writing about a major problem -- behind the scenes -- from the continuing rolling-up of corporate debt. As with emerging-markets debt crises of decades ago, governments may soon have to help debt-ridden organizations to be able to sell bad assets on a secondary market. The government might seek to do so by establishing regional or sectoral banks to assume non-performing commercial debt currently on banks' balance sheets. Otherwise good bits of businesses will perish in a spiral downwards -- with severe effects on UK employment.

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\*At the time of writing, approximately 46,500 people have died of COVID-19 in the UK. Of those, 14 have been under age twenty; 70 have been in their twenties; 194 have been in their thirties; 654 have been in their forties. Fatality risk among adults aged 20-40 can be calculated in the following way. In that age band, 264 people have died. Assume that 7% have been infected (as in ONS estimates). Multiply 264 by  $100/7 = 3800$  people approx., assuming an implausible worst-case scenario in which every person ends up becoming infected. There are approximately 15 million people in the age band 20-40. Hence the fatality risk is approximately  $3800/15000000 = 0.0003$ . This is lower than their risk of getting cancer before the age of 40. Equivalent calculations to these can be done for those aged 40-50.

\*\* Plenty of people aged 50-70 are still safely drawing full salary in front of a computer screen. For any tetchy 65 year olds who insist on going back to normal life, that would be both their right and their risk.

\*\*\**The Economic Consequences of Family Policies: Lessons from a Century of Legislation in High-Income Countries.* By: Olivetti, Claudia; Petrongolo, Barbara. *JOURNAL OF ECONOMIC PERSPECTIVES* Volume: 31 Issue: 1 Pages: 205-230 Published: WIN 2017.

*National Family Policies and Mothers' Employment: How Earnings Inequality Shapes Policy Effects across and within Countries.* By: Hook, Jennifer L.; Paek, Eunjeong. *AMERICAN SOCIOLOGICAL REVIEW* Article Number: 0003122420922505. Early Access: JUN 2020.

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