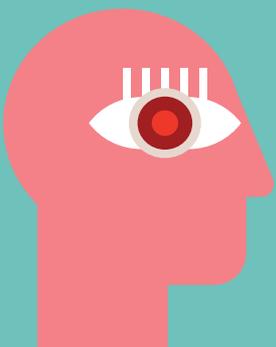# Comparing the outcome of Governments' response to Covid-19

Analysis of October 2020

Contents

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 fourth iteration of this paper, now with a truly global scope, taking into account countries from the Americas, Europe and Asia-Pacific. Earlier editions on selected European economies, the US and Japan were published in mid-April and mid-May 2020. An edition on selected economies in Asia-Pacific was published in August 2020.

Methodology: We compare 20 countries on a set of macroeconomic and pandemic indicators, plotting that against various policy responses, both in terms of pandemic response 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:

- **Five countries have been able to most effectively address the impact of the crisis:**

    ◦ South Korea, Sweden and Germany are top scorers on economic indicators, with a relatively low stimulus over time, pointing to a smart combination of effectively applied funds and other measures.

    ◦ Australia and Japan have also been able to mitigate the economic impact of the pandemic rather well, but have needed larger stimuli to reach that goal.

- As one of the correlations identified, countries with higher numbers of cases and mortality rates also face a higher drop in GDP. As much as no country in our analysis appears to be able to avoid economic decline, we do see a trend that a protection of the population and the public health system resulting in lower deaths per capita cushions economic decline as well.

    ◦ Contrary to that trend, particularly Sweden, the US and Brazil deliver better economic results than the state of the pandemic would suggest.

- The number of cases in a country is not the only determinant of economic impact however. Countries with similar numbers of Covid-19 infections, like Sweden and the UK, or Mexico and Italy, face vastly different economic impacts. In other words: an effective policy response matters.

- Some governments, like the US, have invested mainly in measures that support businesses, resulting in good stock market performance and high business confidence. Other countries such as Italy went the other way and invested in measures to support individual workers, resulting in lower unemployment growth and higher consumer confidence. Both recipes can yield results, at least until now.

Recommendations: 6 months 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.

- **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:** Short-time working schemes and other measures to support continuing work are effective. For example, since May, **Japan** has introduced its Employment Adjustment Subsidy, reducing the cost of labour. Subsequently, unemployment rose 37,5%, which was a step up from initial estimates of an 80% rise. 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.

- **Trigger Active Labour Market Policies:** as further interventions may be necessary and when prolonging existing support measures, countries should start to link instruments for skills development as conditions for continued access to wage subsidy schemes. Supporting skills development and other elements of active labour market policies such as supported recruitment in essential sectors and employability-oriented services to maintain labour market attachment allow for quicker redeployment of workers whose jobs are on the verge of disappearing, or lost already. Countries should maintain or increase funding for ALMPs providers as lockdowns are eased and recovery begins, to support effective transitions in the labour market.

NOTE:

Please note that the cut-off date for all data feeding into our analysis was October 20th 2020. With infections drastically increasing in numerous countries and some countries having announced or entered into second lockdowns since then, please be aware that the situation in individual countries might have changed.

B. Introduction

After 9 months of living with the unprecedented Covid-19 pandemic, accounting for the resulting uncertainty and swiftly responding to an ever changing situation has become key to running businesses and economies. After a "quieter" summer in large parts of Europe and Asia-Pacific, cases have surged again. A second wave of infections that appears to even eclipse the first wave experienced in spring is well underway in many countries. The rise of infections in the Americas did not tone down quite as much between June and August, but rather continued to exhibit high rates throughout. Despite unseen levels of political, fiscal and monetary intervention, the challenges for governments are now more adverse than ever. Having strained budgets considerably already and operating under the apparent assumption that the worst of the crisis lies behind us, many governments have announced and initiated phase-outs of their social and economic support measures to workers and employers. In light of spiking infections a number of countries have reintroduced restrictions and phase-out plans are now being questioned.

This paper aims to compare government responses to the Covid-19 crisis, in order to carve out the most effective policies. Building on our first analyses made in mid-April, mid-May and in July for the APAC region, the conclusions drawn in this latest version allow us to take stock of the development of government response 9 months into the pandemic. Drawing lessons from best practises in countries across the world, we aim to present an assessment of which policies have delivered the best results for labour markets and the economy as a whole while fighting the outbreak of the virus and its impact on public health systems. 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 fourth version, and which we may update further as our understanding of the impact of government measures improves.

This paper focuses on 20 countries from three global regions:

- **Americas:** Brazil, Canada, Mexico and the United States

- **Europe:** Austria, Belgium, France, Germany, Italy, the Netherlands, Poland, Spain, Sweden, Switzerland and the United Kingdom

- **Asia-Pacific:** Australia, Japan, New Zealand, Singapore and South Korea

The selection of countries offers a wide range of different approaches to policy design and pandemic response. While the countries featured fall primarily into the IMF-defined category of Advanced Economies, they represent various economic profiles and geographic contexts.

Our analysis considers the following variables and indicators:

- **Macro-economic impact**
  - Macro-economic impact is measured using the latest projections on GDP growth, Unemployment, Stock Market Response, Consumer Confidence and Purchasing Managers Index

- **Pandemic Response Measures**
  - Measures taken into account include the Size of Fiscal Stimuli, Government Stringency, Confinement and Testing Regimes and the severity of the COVID-19 outbreak

- **Measures to support businesses**
  - Policy Measures to support businesses include Access to credit, Payment deferrals, Subsidies for business costs, Compensation for workers on sick leave and Short-time work/ Wage subsidy schemes

- **Measures to support workers, including where applicable specifically also agency workers**
  - Measures to support workers included in this analysis are (Expanded) Access to Sick Pay and Unemployment Benefits, Moratoriums on Dismissals, Income Support for Self-Employed Workers, Skills Investments and other diverse support measures like Direct Aid.

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

C. Analysis

Methodology:

We ranked the twenty countries in scope, based on the change in the macroeconomic KPIs according to the latest projections vs. the pre-COVID-19 period at the end of 2019. We also include indicators on the pandemic response such as cases of COVID-19 per capita and deaths from COVID-19 per capita.

From 1 to 20, 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.

The following indicators are taken into account:

1. GDP:

We calculate the difference between pre-crisis estimates for GDP growth and the latest projections to conclude how gravely economies will be affected. Weighted 1.5x in our analysis.

2. Unemployment:

We calculate the growth of % of unemployment relating the latest estimates to measured unemployment levels at the end of 2019. Weighted 1.5x in our analysis.

3. Stock Market:

Looking at the leading respective stock market indices, we rank changes in stock market values on a YTD basis.

4. Consumer Confidence Index:

We rank the relative changes of the OECD's CCI values

5. Business Confidence Index:

We rank the relative changes of the OECD's BCI values

6. Cases per capita[1]:

We rank the number of cases per capita as a measure for how well governments have been able to prevent a further spread of the virus in their countries.

7. Deaths per capita:

We rank the number of deaths per capita as a measure for how well governments have been able to prevent a collapse of their public health systems.

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[1] Cases and Deaths per capita as per ourworldindata.org on October 19th 2020
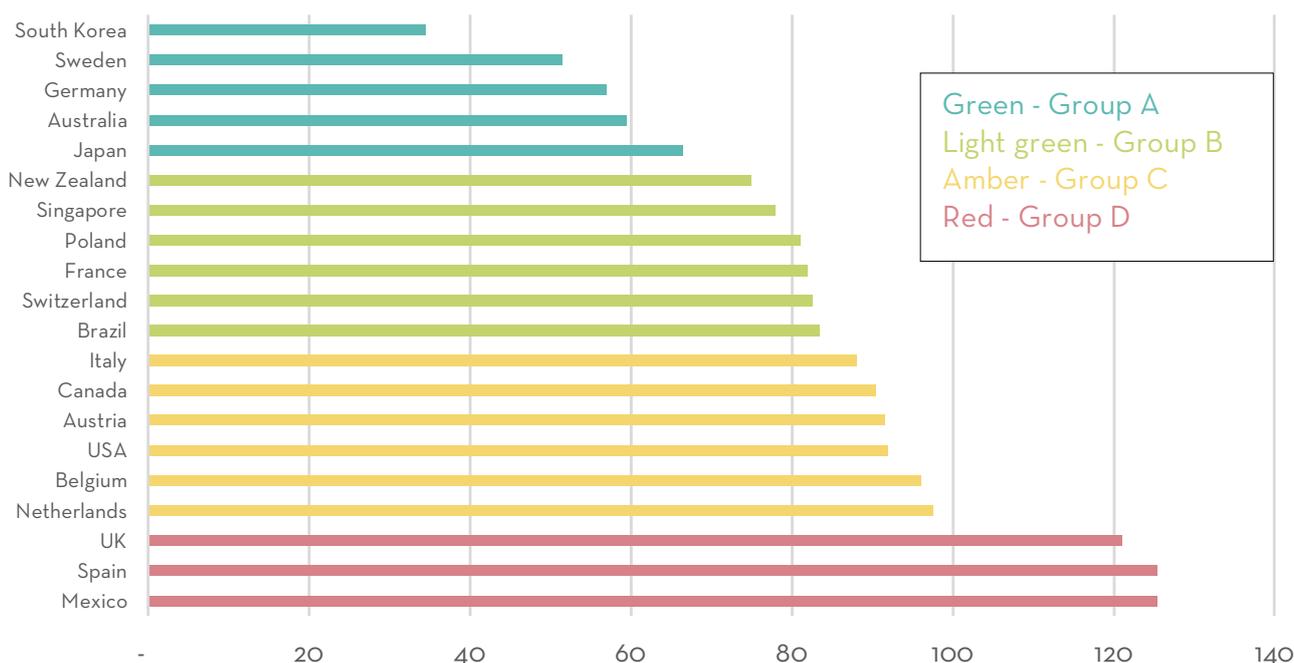
Results:

Based on the above methodology, we can indicate that **South Korea** appears to have found the best strategy responding to the pandemic by recording the lowest overall score at 35 taking into consideration all 7 indicators. The countries facing the largest difficulties to mitigate the impact of the pandemic on their economies and control the outbreak of the virus are **Spain** and **Mexico**, both having the highest overall score of 126. A complete overview of country scores can be found in the Annex.

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

Group	Countries	Comments
A	South Korea, Sweden and Germany	showing very good results across indicators at less than 10% stimulus.
A	Australia and Japan	showing good results albeit aided by higher fiscal stimuli.
B	New Zealand, Singapore, Brazil, France, Poland and Switzerland	showing a generally decent performance, with individual weaknesses
C	Austria, Canada, Italy, the USA, Belgium and the Netherlands	with generally weaker performances
D	Mexico, Spain and the UK	which are projected to face problematic developments across indicators

Country Score & Ranking

Green - Group A
Light green - Group B
Amber - Group C
Red - Group D

Highlighted scores:

- **GDP[2]:** Lowest decline: **South Korea** projects a GDP decline of 1.9% in 2020, making for a 3.9% decline compared to pre-Covid-19 estimates. South Korea not only delivers the best results for GDP of our 20 countries in-scope, but is also a top performer amongst advanced economies in the IMF's latest global analysis. At -14.5% compared to pre-crisis estimates, **Spain** will see the worst recession of the countries in scope.

- **Unemployment[3]:** Despite slightly improving projections (140% unemployment growth instead of 191% projected in April), the **United States** continue to exhibit the largest relative increase in unemployment by a large margin. South Korea shows the smallest change in unemployment by adding a mere 0.3%pts as a result of the crisis. **France** appears to show the smallest <u>relative</u> increase of unemployment in our analysis at 4.7%[4]. To be clear: countries like **Switzerland** or **Singapore** still face relatively low unemployment rates (3,2% and 3,0% respectively), but both face rather steep relative inclines compared to the situation in 2019.

- **Stock market[5]:** The stock market performances of the countries in scope delivers mixed results. While most countries' leading stock market indices have declined YTD, the Top 5 actually look at higher stock market indices than at the beginning of the year. Leading the pack is once more South Korea, while other positive results can be observed in **New Zealand**, the **US**, **Sweden** and **Japan**. As was the case in the earlier version of this paper, the Austrian Stock Market continues to experience the strongest decline having lost almost a third of its YTD value.

- **Consumer Confidence[6]:** Sweden delivers the best results on Consumer confidence adding 1.51% to its pre-crisis score. Other countries with higher consumer confidence than at the beginning of the year are **Germany** and **Singapore**. On the opposite end of the ranking, consumers in **Mexico** are most pessimistic about the future and economic recovery.

- **Business Confidence[7]:** The strongest contrast in terms of business confidence lies along the US-Mexico border: Business confidence is highest in the US, adding 1.56% to pre-crisis levels while business confidence in **Mexico** has seen the steepest decline at 4.28%.

- **Severity of the COVID-19 outbreak[8]:** The US have confirmed more infections with COVID-19 than any other country, at more than 24600 confirmed cases per million inhabitants. **Brazil** follows closely also having registered more than 24600 cases per million inhabitants. Confirmed deaths in connection with COVID-19 are highest in **Belgium** at 898 per million inhabitants. Alarmingly, the second wave in Belgium looks to be even larger than the first one.

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[2] The projected GDP 2020 growth rate in October is compared to January forecast (IMF)

[3] The projected unemployment rate for 2020 in October is compared to the January forecast (IMF). The reported change is a % increase of unemployment rates in percentages.

[4] It should be noted that the methodology used to measure unemployment in France differs from that of other countries. The numbers for France are generally considered to be underestimated and factual unemployment is likely higher.

[5] Relevant Local Market Stock index (CAC40, DAX, SMI, etc). We look at rebound compared to pre-crisis scores in January (YTD).

[6] The Consumer Confidence Indicator (CCI) provides an indication of future developments of households' consumption and saving, based upon answers regarding their expected financial situation, their sentiment about the general economic situation, unemployment and capability of savings.

[7] The Business Confidence Indicator (BCI) provides information on future developments, based upon opinion surveys on developments in production, orders and stocks of finished goods in the industry sector.

[8] Measured in confirmed cases per capita (1 million inhabitants) and confirmed deaths per capita (1 million inhabitants)

The Economic impact of the pandemic continues to be closely related to the severity of the public health crisis, because governments feel forced to restrict public life and economic activity when the capacity of the health system is reached or even exceeded. Comparing the overall score with infection numbers (number of cases per 1 million population), we get an indication about the severity of the health crisis that local government measures have to compensate. In such a comparison, there are countries that stand out positively or negatively. Particularly comparing countries with similar numbers of cases per capita on overall scores provides insights into their respective crisis management.

A couple of remarks ensue from that:

- **South Korea** clearly is a success story so far: The country's strict tracing and quarantine regime helped to stabilise cases at a low level while maintaining economic activity. As a result, both cases per capita and overall performance across KPIs are best among the countries in scope.

- **Mexico** and **the UK** are among the worst performers across KPIs but face an amount of cases per capita that is comparable to numerous countries from all other groups of performers. This suggests that there is a lot of room for good governmental response to cushion the impact of the pandemic on the economy.

- In the first version of this paper (published mid-April), **Sweden** and **UK** showed similarly good results, but were admittedly at earlier stages of the crisis than other countries. When we published the second version of this paper in late May, the situation had changed drastically, putting Sweden on a top rank and the UK tied for last place at similar amounts of cases per capita. This development seems to have persisted. At comparable numbers of cases per capita, the UK is still among the worst performers in our comparison, while Sweden continues to score in the top group. Remarkably this finding is consistent despite of the extension of countries in scope of this analysis.

Outliers of the distribution are **Brazil and Mexico**. Brazil performs well considering the devastating amount of infections among Brazilians. Mexico on the other hand has four times less cases per capita but will most likely face a much larger economic impact.

Economic Impact (X) v Cases per Capita (Y)
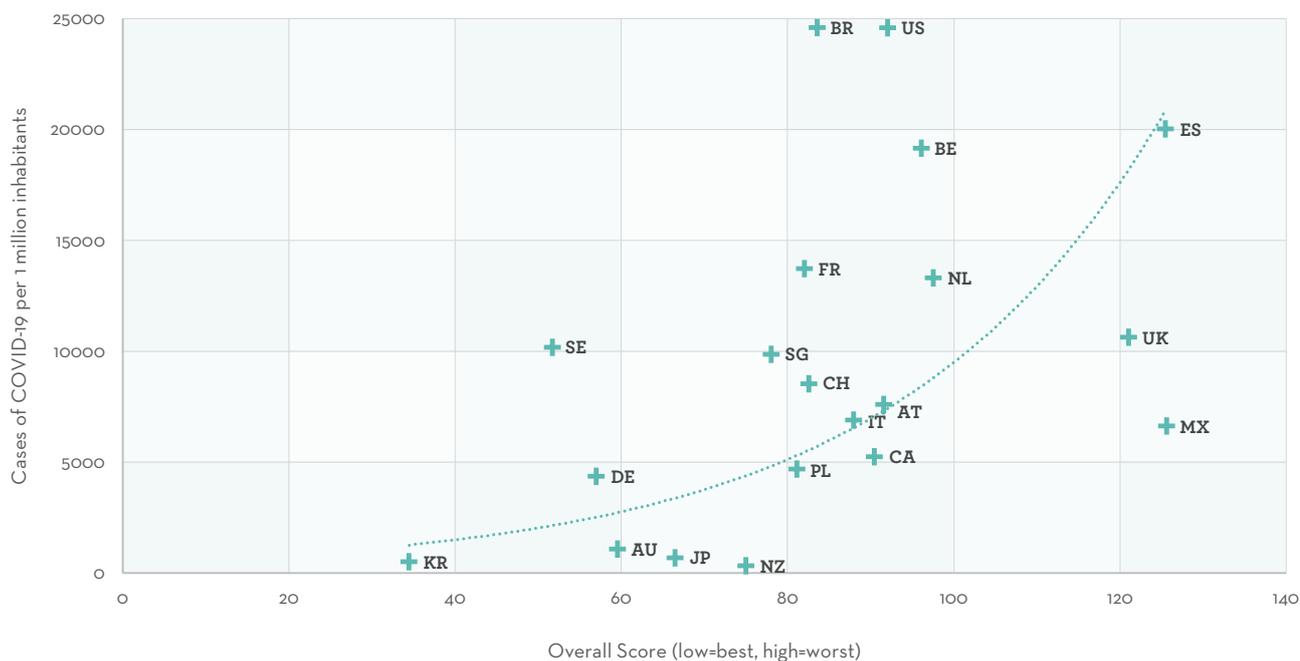
In order to gain another perspective on the **relationship between** the seriousness of the **public health crisis** and the results on the **economy**, we plotted the latest GDP change forecasts (Y) against the current confirmed deaths due to Covid-19 per capita (X) in the countries in scope.

We observe the following:

1. There is no such thing as escaping economic damage. All of the countries in scope rely on the globalised economy and even those countries with very few deaths per capita (like South Korea and other advanced economies in Asia) will see a decline of their respective GDPs due to factors like the impact of reduced global demand on exports.

2. As much as no country in our analysis appears to be able to avoid economic decline, we do see a trend that a protection of the population and the public health system resulting in lower deaths per capita cushions economic decline as well.

(!) Contrary to that trend, particularly Sweden, the US and Brazil deliver better economic results than the state of the pandemic would suggest.

It is clear that all pandemic response measures come at some economic cost. However, looking at the countries in scope of this analysis we see the positive economic externalities of flattening the curve early and preserving the capacity of public health systems confirmed. Also important to note is that in our global economy a severe state of the public health crisis and resulting restrictive measures on economic activity and public life in one country will also affect other countries. The complex linkages between economies through global flows of goods and capital are beyond the scope of this paper, but it should be clear that in safeguarding our economies we need to look beyond borders. Solidarity in times of crisis creates value for all parties.

Deaths per capita (X) v GDP (Y)

Deaths in combination with COVID-19 per 1 million inhabitants

Key in navigating the uncertainty of the pandemic for policy makers and governments is to strike a balance between controlling the spread of the virus and not restricting economic activity and public life too much. In times of reduced economic activity governments need to support the livelihoods of workers and consumers as well as the liquidity of employers and businesses in order to ready the economy for a swift restart. Comparing the Ranks in our analysis of (1.) unemployment growth and the CCI as a **composite indicator for effective support for households (Turquoise)** and (2.) the stock market and the BCI as a **composite indicator for support for businesses (Red)** provides insights into the different approaches of the countries in scope of this analysis:

1. The **US** provide an illustrative example of **divergent effectivity in supporting individuals and supporting businesses.** Support measures appear to have been very effective in creating or maintaining a good environment for business resulting in top ranks for Stock Market Performance and Business Confidence. On the other hand, support to individuals was far less effective, indicated by low ranks on Unemployment and Consumer Confidence.

2. **Italy** and **Singapore** serve as an opposite to the US in this comparison: Italian and Singaporean consumers are better off than Italian and Singaporean businesses. The high ranks on both variables of the composite indicator for the support to individuals and the rather low ranks on the variables for support for business, suggest that the government's measures have been more very effective in mitigating the effects of the crisis on households than on companies. Italy did indeed adopt one of the most extensive social and economic policy frameworks of the countries in scope. The sentiment within the Italian economy could improve because Italy is the largest benefactor of the EU's 750Bn€ Recovery Fund.

In the graph below, we compare the impact of the household composite and business composite indicators on final score in our analysis. Keeping in mind that a high score means a worse rank, a **smaller impact of a composite indicator signals a better rank and thereby more effective mitigation of the effects of the pandemic.**
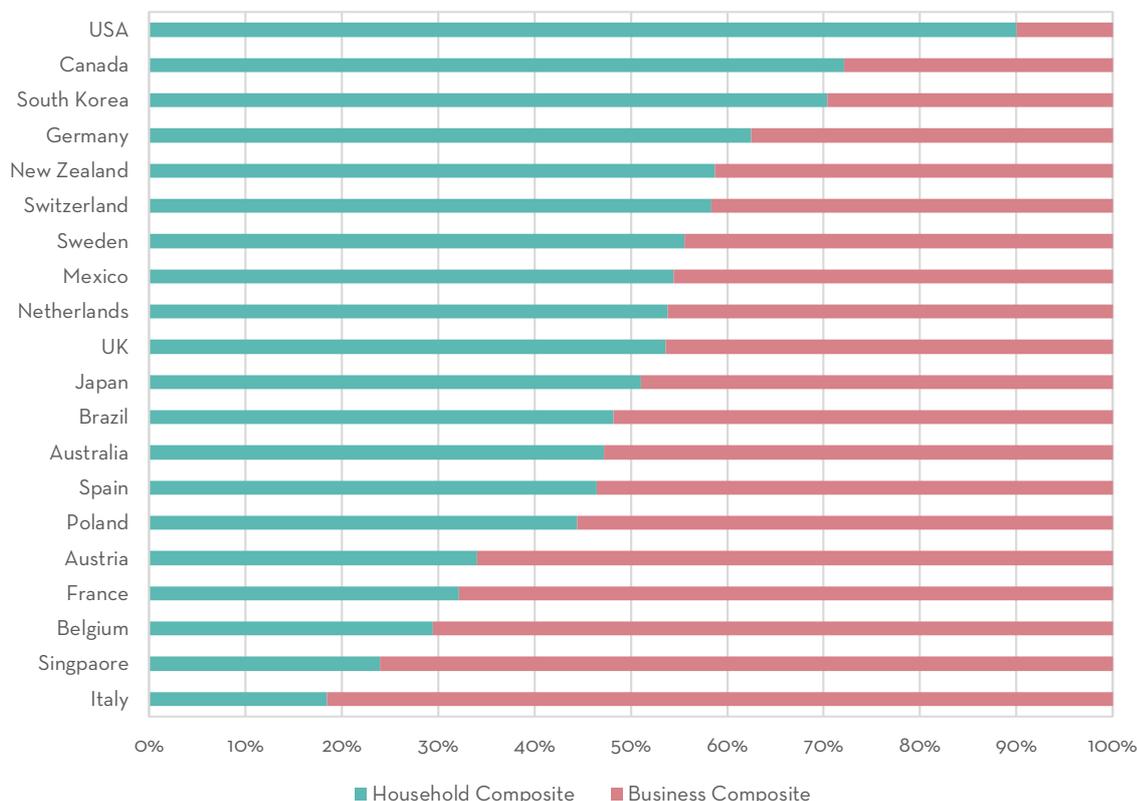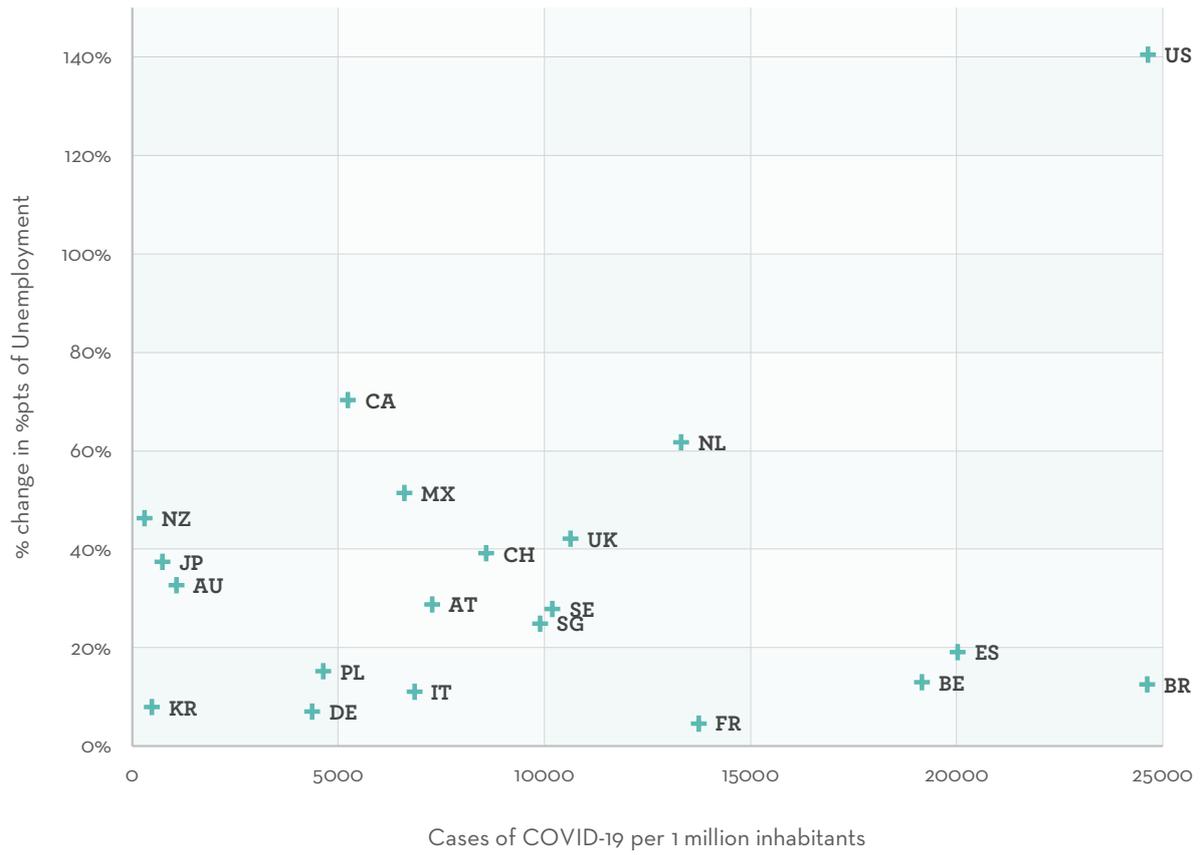
Looking at the difference between the performance on our composite indicators, a few countries' profiles stand out as performing better for households or businesses respectively. The most stable performances are in Japan, Brazil and UK, all of which perform similarly well on both composites. The strongest differences are listed in the table below. Both sides of the table have countries with a high and a low overall score, so there appears to be no strong indication that favouring households or favouring businesses yields better results overall.

Favouring Households	Favouring Businesses
Italy +31.5%	USA +40%
Singapore, Belgium +20-30%	Canada, South Korea +20-30%
France, Austria +10-20%	Germany +10-20%
Poland +5-10%	New Zealand, Switzerland, Sweden +5-10%

A look at the relative **rise of unemployment** (Y) against the backdrop of cases per million (X) reveals that Labour Markets in the Americas appear to be particularly sensitive to the pandemic: With the US, Canada and Mexico, 3 out of the four largest increases in unemployment will be faced in the Americas. The Netherlands continue to be the worst hit European labour market. Japan provides a positive example for policy measures that significantly improved earlier outlooks on labour market impact.

- **Japan** has long faced a looming crisis on its labour market due to structural challenges related to its demographic. Adding to this, in the May version of this paper, Japan faced an increase of unemployment close to 80%, which we believed needed to be addressed urgently. Since then the government extended the coverage and benefit of its Employment Adjustment Subsidy which significantly reduced the cost of labour for struggling employers. Considering that, the current estimate of 37.5% unemployment growth can be seen as a positive result of increased government action in the space of labour policy. Japan's response highlights the benefits of a policy framework that responds flexibly and swiftly to the pandemic as it progresses.

- The **US** and **Brazil** find themselves on opposite ends of the table in terms of unemployment while battling similarly challenging numbers of Covid-19 infections. We find a possible explanation in their diverse policy responses: Having been hesitant at first, the Brazilian Federal government adopted a provisional measure to preserve employment and income by enabling employers to reduce working hours. Through what works as a temporary extension of the federal unemployment insurance, workers on reduced working hours and those with temporarily suspended contracts receive direct payments from the federal government. In the US on the other hand, there is no federal wage subsidy or extension of unemployment benefits. What is more, while some states have had measures similar to short time working (STW) in place before the pandemic, the federal government has actually made it more difficult for states to introduce new schemes. The example of this comparison underscores the value of keeping people in the labour market.

Cases (X) v Unemployment (Y)

% change in %pts of Unemployment

Cases of COVID-19 per 1 million inhabitants

Data points:
- US: ~24500, 140%
- CA: ~5200, 70%
- NL: ~13500, 62%
- MX: ~6600, 52%
- NZ: ~300, 46%
- UK: ~10800, 43%
- CH: ~8700, 40%
- JP: ~800, 38%
- AU: ~1000, 32%
- AT: ~7200, 29%
- SE: ~10500, 28%
- SG: ~10000, 25%
- ES: ~20000, 20%
- PL: ~4700, 15%
- BE: ~19000, 13%
- BR: ~24500, 12%
- IT: ~7200, 11%
- KR: ~300, 8%
- DE: ~4600, 7%
- FR: ~13800, 4%

D. Overview of measures

Country	Stimulus as % of GDP	Average Government Stringency	Rank
Australia	11.7	50.3	4
Austria	8.5	38.52	14
Belgium	4	48.18	16
Brazil	8.3	56.26	11
Canada	12.5	50.46	13
France	5.2	48.36	9
Germany	8.3	47.6	3
Italy	4.9	53.45	12
Japan	11.3	30.01	5
Mexico	0.6	53.24	19
Netherlands	4.6	43.52	17
New Zealand	19.6	39.01	6
Poland	6.7	41.54	8
Singapore	16.1	56.64	7
South Korea	3.5	47.3	1
Spain	3.5	51.25	19
Sweden	5.2	29.66	2
Switzerland	4.8	41.16	10
United Kingdom	9.2	52.88	18
United States	11.8	52.45	15

In order to quantify government action being taken to combat the pandemic, we consult two primary measurements: 1. The **size of direct fiscal stimulus** ("above the line measures"[9], not liquidity) and 2. The average **Government Stringency**[10]. When we compare the extent of these government measures with the overall scores in our analysis a few things stand out:

- The latest estimates for the size of fiscal stimuli take the actual take-up of the initially announced measures into account. As a result, the size of stimuli in many European countries reduced. We now see no European country cross the threshold of 10% of GDP for direct fiscal stimuli. **Governments in Asia-Pacific and North America clearly outspent their counterparts in Europe.** Looking at their good overall score, the large fiscal stimuli have paid off for countries in APAC, all of which are ranked in Group B.

- Leading fiscal stimuli by a sizeable margin is **New Zealand** at 19.6%. New Zealand's fiscal stimulus includes almost 5% of GDP for a wage subsidy scheme and some 4% of GDP which are reserved for measures to be adopted during the second wave.

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[9]See IMF Fiscal Monitor October 2020

[10]This 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): https://ourworldindata.org/grapher/covid-stringency-index

- **South Korea** has clearly found the most efficient strategy to combat the pandemic. Spending a mere 3.5% of its GDP on fiscal stimulus and implementing an average government stringency, South Korea manages to mitigate the macroeconomic impact of the pandemic better than any other country in scope. **Incentivising investment while making support measures available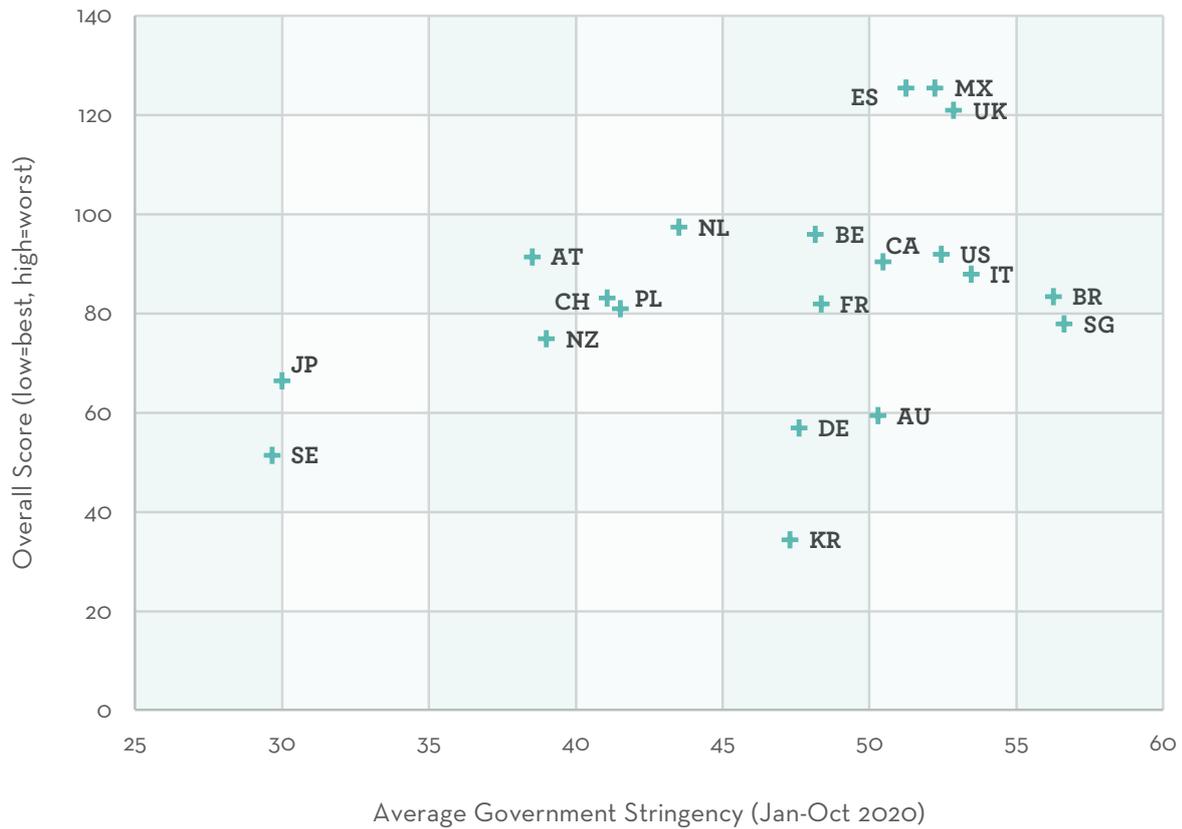**, the largest one of the four South Korean supplementary budgets was adopted together with the Korean new deal for Green and Digital Investment.

- More government action should be taken in **Mexico**. Mexico ranks in the bottom Group D and performs worst of the countries in scope in terms of consumer confidence and business confidence. At a mere 0.6% of GDP spent on fiscal stimulus though, there is clearly room for further action. Additional support measures for households and companies should be considered.

- Perhaps unsurprisingly, we see a correlation between **high government stringency** and worse ranks across indicators. Countries in **Group D** all maintain high government stringency in light of high infections or high deaths per capita, which hinders economic activity and produces a worse outlook for consumers and businesses. Together with our finding that lower numbers of cases and deaths per capita reflect favourably on economic performance, we conclude that the timing of restrictive measures is decisive. Bending the curve early to avoid surging infections pays off.

- The much-debated **Swedish approach** of low restrictions on public life and economic activity, resulting in the **lowest government stringency**, appears to come at a reasonable economic cost this far. Sweden's very good performance on economic indicators stands against a 13th rank on both per capita cases and deaths- the worst ranks among Group A countries.

Size of fiscal stimulus in % of GDP (X) v Overall Score (Y)

Size of fiscal stimulus in % of GDP
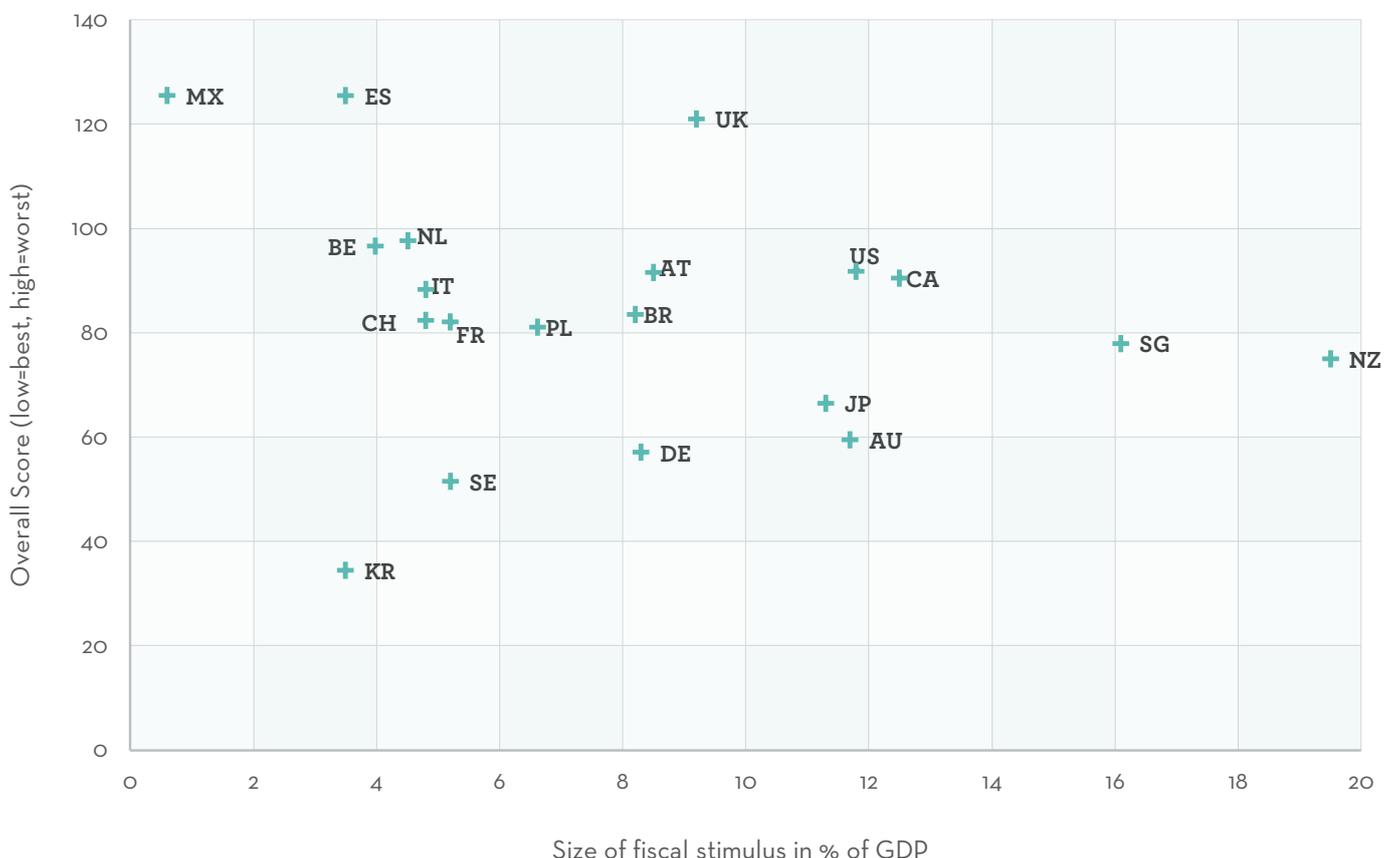
Gov Stringency (X) v Score (Y)

Overall Score (low=best, high=worst)

Average Government Stringency (Jan-Oct 2020)

Data points (approximate):
ES ~125, MX ~126, UK ~120
NL ~98, BE ~96, CA ~90, US ~92, IT ~87
AT ~91, CH ~82, PL ~81, FR ~82, BR ~83
NZ ~75, SG ~77
JP ~66
AU ~59, DE ~57
SE ~51
KR ~34

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

- **General**

  ◦ Governments have had to adjust their policy and fiscal responses to the everchanging nature of the pandemic. All countries in scope have adopted supplementary budgets to enable extraordinary fiscal responses in order to support social safety nets and provide economic aid to households and businesses.

  ◦ While many experts have long warned of a second wave to hit countries during the months of September-November, most governments have started to contemplate or even implement phase-outs of social and economic support measures. In light of newly surging cases in Europe and often uninterrupted increases in the Americas, new extensions of measures seem likely.

  ◦ Fiscal stimulus packages range from 0.6% of GDP in Mexico to 19.5% of GDP in New Zealand. Within the scope of this analysis, 80% of countries from Asia-Pacific adopted fiscal stimuli that are larger than the average of 8% and the median of 7.5%. In the Americas 75% of the countries were amongst the high spenders, while only 27% of European countries crossed the threshold.

- All countries in scope resorted to some degree of confinement measures since the outbreak of the pandemic. An overall peak of government stringency was reached during mid-April, when many of the countries in scope implemented large scale restrictions or lockdowns. Restrictions and overall government stringency have generally reduced over the months of June-August but have been increasing since the beginning of October. With the second wave already eclipsing the first wave in numerous countries, it remains to be seen how far governments will see themselves forced to restrict public life and economic activity again.

- **Health**

  - Governments have increased their spending to improve the infrastructure of their health systems and provide additional equipment, including additional ICU capacities and ventilators to accommodate more severe cases of Covid-19 and personal protective equipment (PPE) and testing facilities to prevent the further spread.

  - Multiple pharmaceutical companies have announced that they have entered advanced stages of their clinical trials for a possible vaccine against the virus. Governments in turn started bidding to reserve doses of these vaccines. European Union member states have coordinated their acquisition of vaccine doses.

  - Contact tracking and tracing increasingly became a focus of governments because, if done effectively, it enables economies to remain open while reducing infections. Many countries have developed and issued dedicated mobile apps, which the European Commission has started to make compatible across its member states.
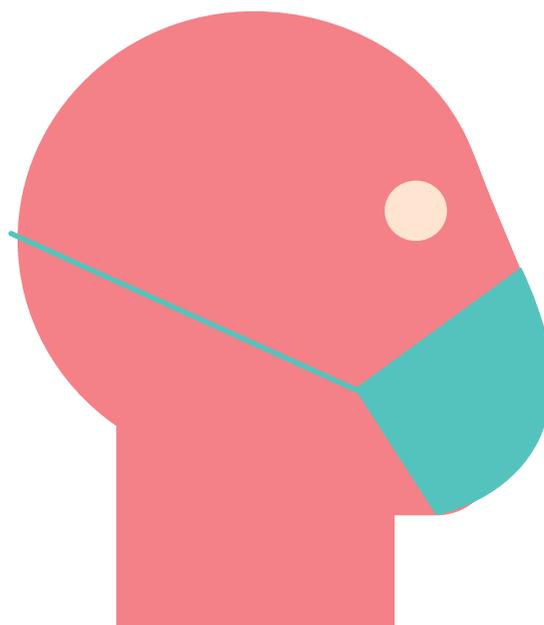
- **Support to workers**
  - Supporting workers and households has been an early focus in the pandemic. By extending the coverage and/or access to existing unemployment benefit schemes, workers in countries that do not offer subsidies for reduced working hours can be reached. Enabling more workers in diverse forms of work to access social security systems alleviated much of the socioeconomic costs resulting from reduced economic activity.
  - Opportunities for skills development are part of phase-out plans and in some cases have become conditions for continued access to wage subsidy schemes. Supporting skills development and other elements of active labour market policies such as supported recruitment in essential sectors and employability-oriented services to maintain labour market attachment allow for quicker redeployment of workers whose jobs are on the verge of disappearing, or lost already.
  - Various means of direct aid to workers and households have been implemented across the countries in scope during the pandemic. These include paying utility bills or rent for unemployed or low-income households, subsidising equipment needed to work from home or different payment and tax deferrals.

- **Support to companies**
  - All governments of the countries in scope provided companies with easier access to credit or have deferred taxes and other payments. Additionally, subsidies for business costs have been made available, sometimes earmarked for specific purposes.
  - A significant part of government support to companies has focused on reducing working hours for employees, while still maintaining employment links. 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. Institutionally the measure takes the shape of short-time work schemes, wage subsidy programmes or extended unemployment benefits for partially unemployed workers. Having proved successful in preventing a larger fallout on the labour market and the economy, short-time work has been widely adopted among advanced economies worldwide.
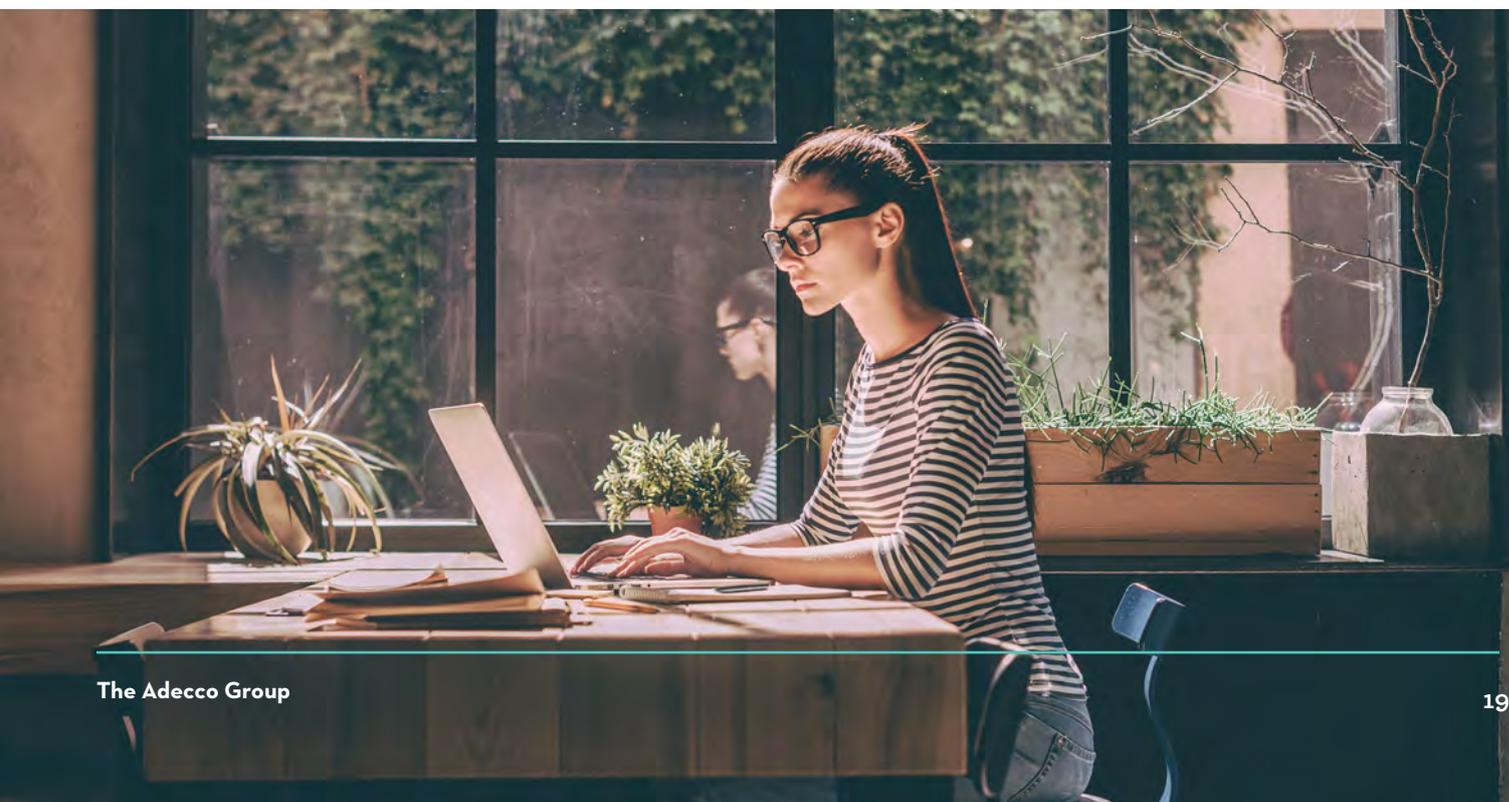
E. Conclusions

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 20 countries in scope seems to suggest that:

▶ **South Korea** performs best across indicators. Other top performers Sweden, Germany, Australia and Japan highlight that there is more than one recipe for success. One way is to use smart and early lockdown measures paired with targeted financial support, such as South Korea, Sweden and Germany. Australia and Japan, as well as a number of countries from Group B show that as an alternative, economic impact can be mitigated by larger scale financial stimuli.

▶ 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. Only Sweden, the US and Brazil are able to buck that trend, and show better economic performance than expected based on the state of the pandemic.

▶ The number of cases in a country is not the only determinant of economic impact however. Countries with similar numbers of Covid-19 infections, like Sweden and the UK, or Mexico and Italy, face vastly different economic impacts. In other words: **an effective policy response matters.**

F. Appendix - Country fiches (A to Z)

AUSTRALIA

Infection trend chart

Data Daily New Infections Graph

— Australia
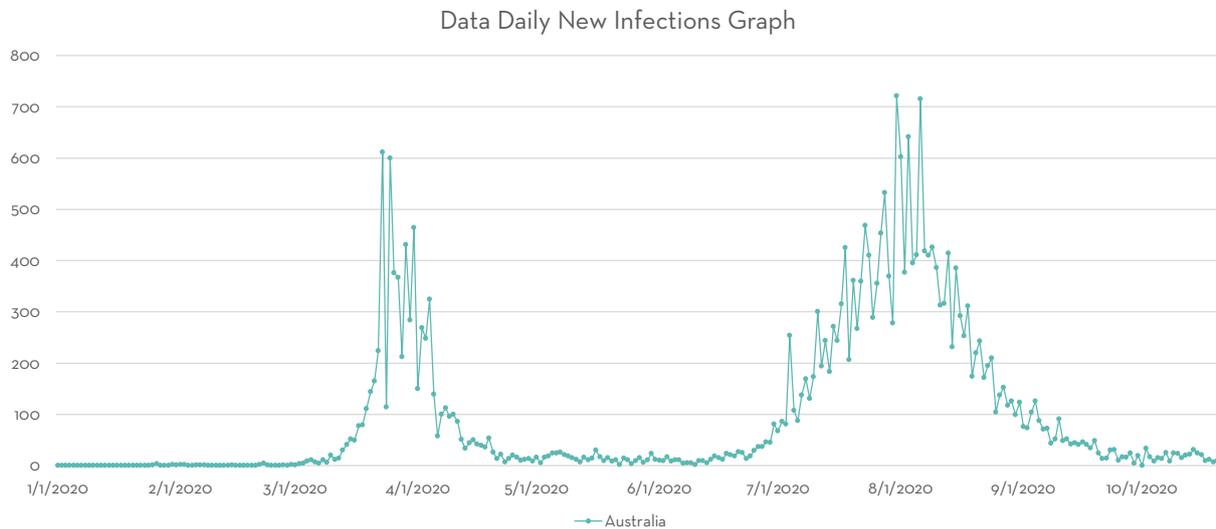
Key indicators		Government Measures		
GDP growth (vs. Jan forecast)	**-2.2% (-6.5%p)**	General	First announcement of response measures	01/2
			Size of economic stimulus package (% GDP)	11.7%
			Population tested for Covid-19/ thousand	316.2‰
			Covid-19 cases/ Million pop. (24 Jul)	1,071
			Case fatality rate	3.3%
Forecasted Unemployment (vs 2019)	**6.9% (+32.7%)**	Support to businesses	Access to credit	✓
			Payments to governments postponed/cut	✓
			Subsidies for business costs	
			Compensation for workers on sick leave	
Overall Rank /20	**4**		Short-time work	✓
			Phase-out	28/3/21
Group	**A**	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	✓
			Other social support measures	
		Government Stringency Average		50.3

Australia performs well across macroeconomic and pandemic indicators. Having gone through a second wave during the winter months of July and August, the Australian government has started to phase-out its wage subsidy scheme. Having tightened eligibility conditions and included active labour market policies like skills development, Australia plans to phase-out its current JobSeekers Payment by the end of March 2021.

AUSTRIA

Infection trend chart

Data Daily New Infections Graph

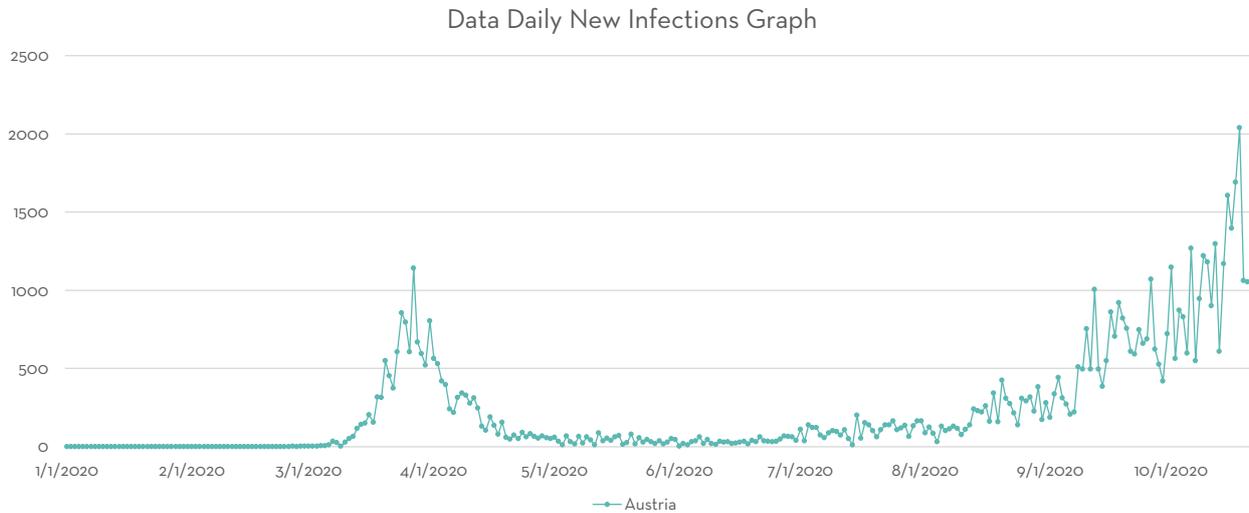| Key indicators		Government Measures		
GDP growth (vs. Jan forecast)	**-6.7% (-8.0%p)**	**General**	First announcement of response measures	15/3
			Size of economic stimulus package (% GDP)	8.5%
			Population tested for Covid-19/ thousand	206.7‰
			Covid-19 cases/ Million pop. (24 Jul)	6,414
			Case fatality rate	1.5%
Forecasted Unemployment (vs 2019)	**5.8% (+28.9%)**	**Support to businesses**	Access to credit	✓
			Payments to governments postponed/cut	✓
			Subsidies for business costs	✓
			Compensation for workers on sick leave	✓
Overall Rank /20	**14**		Short-time work	✓
			Phase-out	31/3/21
Group	**C**	**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	
			Other social support measures	✓
Government Stringency Average				**38.52**

Austrian policy measures supporting workers and households have delivered decent results this far. The Austrian Coronakurzarbeit scheme is currently set to be gradually phased-out by the end of March next year. In order to enable workers to re-enter the labour market, Austria made it mandatory for workers on STW to take-up training, if offered by employers. However, business in Austria continues to struggle, indicated by a last rank on stock market performance and lower half ranks on BCI and GDP. There is much uncertainty around the government's ability to stick to the current phase-out plans as the country heads into a second large wave of infections.

BELGIUM

Infection trend chart

Data Daily New Infections Graph

— Belgium
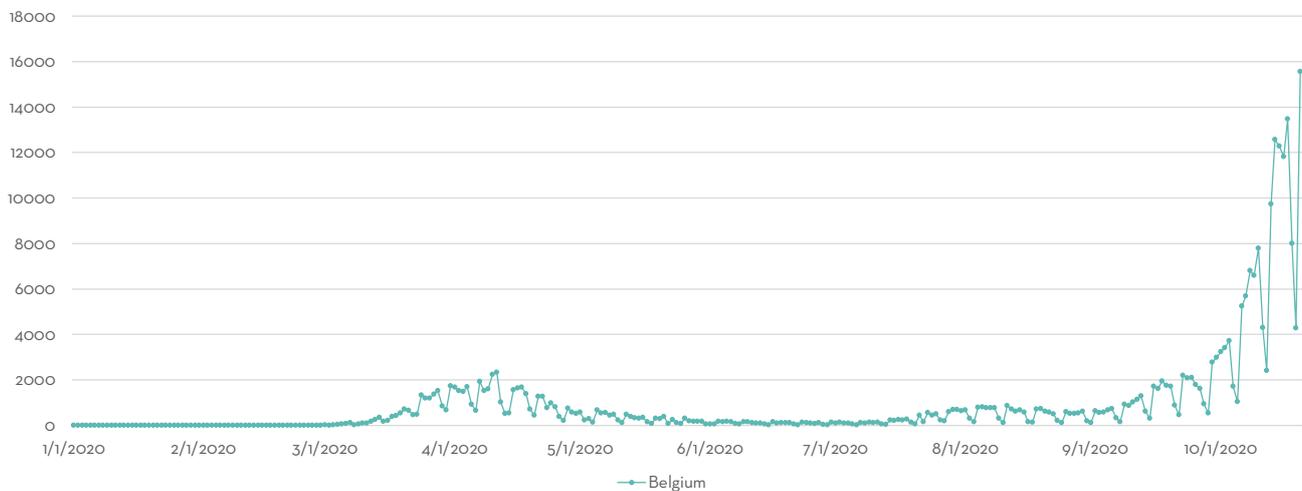
Key indicators		Government Measures		
GDP growth (vs. Jan forecast)	-8.3% (-9.5%p)	**General**	First announcement of response measures	3/3
			Size of economic stimulus package (% GDP)	4%
			Population tested for Covid-19/ thousand	326.1‰
			Covid-19 cases/ Million pop. (24 Jul)	14,787
			Case fatality rate	6.0%
Forecasted Unemployment (vs 2019)	6.1% (+13.0%)	**Support to businesses**	Access to credit	✔
			Payments to governments postponed/cut	✔
			Subsidies for business costs	
			Compensation for workers on sick leave	
Overall Rank /20	16		Short-time work	✔
			Phase-out	31/12/20*
Group	C	**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	
			Other social support measures	✔
Government Stringency Average				48.18

Belgium has been hit particularly hard by the pandemic. Facing the highest number of Covid-19 related deaths per capita of all countries in scope, Belgium continues to struggle to safeguard the capacity of its public health system. Belgium has benefitted from having a pre-existing STW scheme, the eligibility criteria and generosity of which have been extended during the pandemic. This helped to avoid mass layoffs and resulted in a moderate increase of unemployment. Already having entered a transition period, Belgium plans to return its STW to normalised conditions by the end of the year. In the meantime, the second wave in Belgium has forced the government to reintroduce restrictions.

BRAZIL

Infection trend chart

Data Daily New Infections Graph

— Brazil

Key indicators		Government Measures		
GDP growth (vs. Jan forecast)	-5.8% (-7.8%p)	**General**	First announcement of response measures	20/3
			Size of economic stimulus package (% GDP)	8.3%
			Population tested for Covid-19/ thousand	30.2‰
			Covid-19 cases/ Million pop. (24 Jul)	24,057
			Case fatality rate	3.0%
Forecasted Unemployment (vs 2019)	13.4% (+12.6%)	**Support to businesses**	Access to credit	✔️
			Payments to governments postponed/cut	✔️
			Subsidies for business costs	(✔️)
			Compensation for workers on sick leave	✔️
Overall Rank /20	11		Short-time work	(✔️)
			Phase-out	
Group	**B**	**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	
			Other social support measures	✔️
Government Stringency Average				56.26

Brazil has initially been hesitant to introduce social support measures. After first allowing employers to reduce working hours and maintaining contract, the government has introduced a new partial unemployment benefit, which will be paid directly to workers through the unemployment insurance. As the pandemic reached catastrophic proportions in Brazil, access to the benefit has been extended to 180 days but remains time limited. Brazil is one of the countries with the highest numbers of covid-19 infections worldwide but delivers decent results on macroeconomic indicators. As Brazil has recorded the first days with less than 10'000 daily new infections since May earlier in October, there is hope that the hotter summer months will help to further reduce infections.

CANADA

Infection trend chart

Data Daily New Infections Graph

Key indicators			Government Measures		
		General	First announcement of response measures		13/3
GDP growth (vs. Jan forecast)	-7.1% (-8.7%p)		Size of economic stimulus package (% GDP)		12.5%
			Population tested for Covid-19/ thousand		219.11‰
			Covid-19 cases/ Million pop. (24 Jul)		4,951
			Case fatality rate		5.3%
Forecasted Unemployment (vs 2019)	9.7% (+70.2%)	**Support to businesses**	Access to credit		✔
			Payments to governments postponed/cut		✔
			Subsidies for business costs		
			Compensation for workers on sick leave		
Overall Rank /20	13		Short-time work		✔
			Phase-out		21/11/20
Group	**C**	**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		
			Other social support measures		✔
Government Stringency Average					50.46

Canada adopted a temporary wage subsidy scheme in addition to its pre-existing STW scheme. The combination of the two delivers high coverage for workers while reducing the costs of both hours not worked and hours worked for employers. This comes at a high cost, resulting in the Canadian fiscal stimulus being the third largest of all countries in scope. However, despite of its wide-ranging social policy measures, Canada will face the second largest increase in unemployment as the Canadian economy suffers one of the more severe recessions of the countries in scope of this paper. The ongoing gradual phase-out of the wage subsidy is planned to end on 21.11.2020, while extended unemployment and sickness benefits remain available for a maximum of 26 weeks per household.

FRANCE

Data Daily New Infections Graph

Key indicators		Government Measures		
GDP growth (vs. Jan forecast)	**-9.8% (-11.1%p)**	**General**	First announcement of response measures	12/3
			Size of economic stimulus package (% GDP)	5.2%
			Population tested for Covid-19/ thousand	158‰
Forecasted Unemployment (vs 2019)	**8.9% (+4.7%)****		Covid-19 cases/ Million pop. (24 Jul)	11,589
			Case fatality rate	4.4%
		Support to businesses	Access to credit	✓
			Payments to governments postponed/cut	✓
			Subsidies for business costs	✓
Overall Rank /20	9		Compensation for workers on sick leave	✓
			Short-time work	✓
			Phase-out	started
Group	B	**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	✓
			Other social support measures	
Government Stringency Average				48.36

Overall France delivers decent results in our analysis. Still, France has been severely hit by the pandemic and the French economy will decline by almost 10% in 2020. Because of a different methodology in measuring unemployment, the current (very good) French unemployment numbers are likely not very representative and factual unemployment might be significantly higher. In an effort to start phasing-out its partial unemployment scheme Activité Partielle, the government has made it more expensive for employers to keep workers on zero hour arrangements by reintroducing employer contributions in June. Employers now pay 15% of the usual costs to keep workers on zero hours. France incentivises companies to upskill their workers during reduced activity by increasing wage compensation.

GERMANY

Infection trend chart
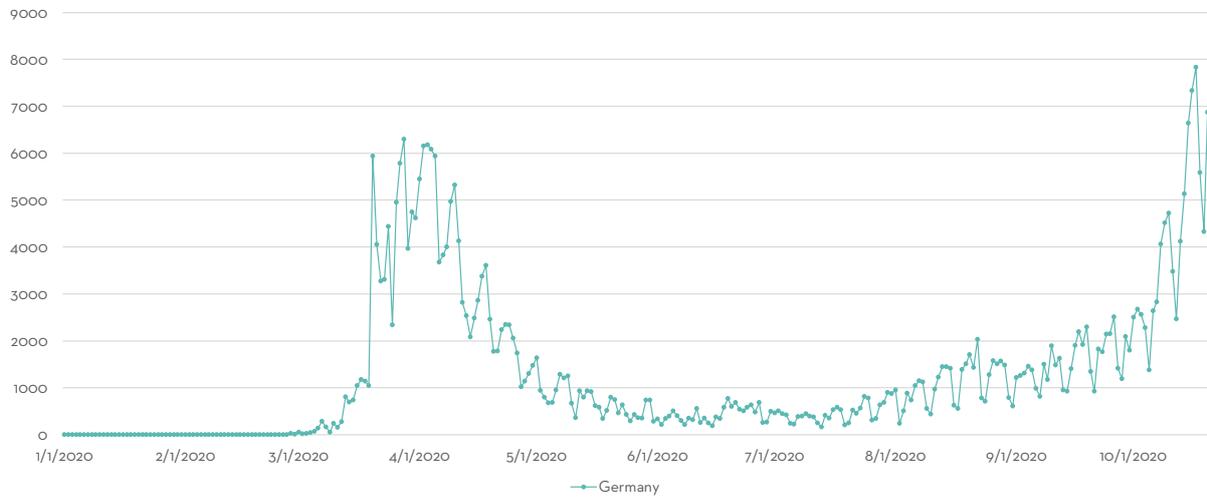
Data Daily New Infections Graph

Key indicators

GDP growth (vs. Jan forecast)	-6.0% (-7.1%p)
Forecasted Unemployment (vs 2019)	4.3% (+38.7%)
Overall Rank /20	3
Group	**A**

Government Measures

General	First announcement of response measures	9/3
	Size of economic stimulus package (% GDP)	8.3%
	Population tested for Covid-19/ thousand	216.9‰
	Covid-19 cases/ Million pop. (24 Jul)	3,993
	Case fatality rate	2.9%
Support to businesses	Access to credit	✓
	Payments to governments postponed/cut	✓
	Subsidies for business costs	✓
	Compensation for workers on sick leave	
	Short-time work	✓
	Phase-out	31/12/21
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	✓
	Other social support measures	
Government Stringency Average		47.6

Germany finds itself among the top performers in our analysis. The good sentiment among consumers, businesses and investors, as well as solid pandemic indicators can offset more average projections on GDP decline and unemployment growth. Germany is the only country in our analysis that has no plans to phaseout the adjustments it made to its STW scheme during the pandemic in the coming months.

ITALY

Data Daily New Infections Graph

— Italy

Key indicators

GDP growth (vs. Jan forecast)	-10.6% (-11.1%p)
Forecasted Unemployment (vs 2019)	11% (+11.1%)
Overall Rank /20	12
Group	C

Government Measures

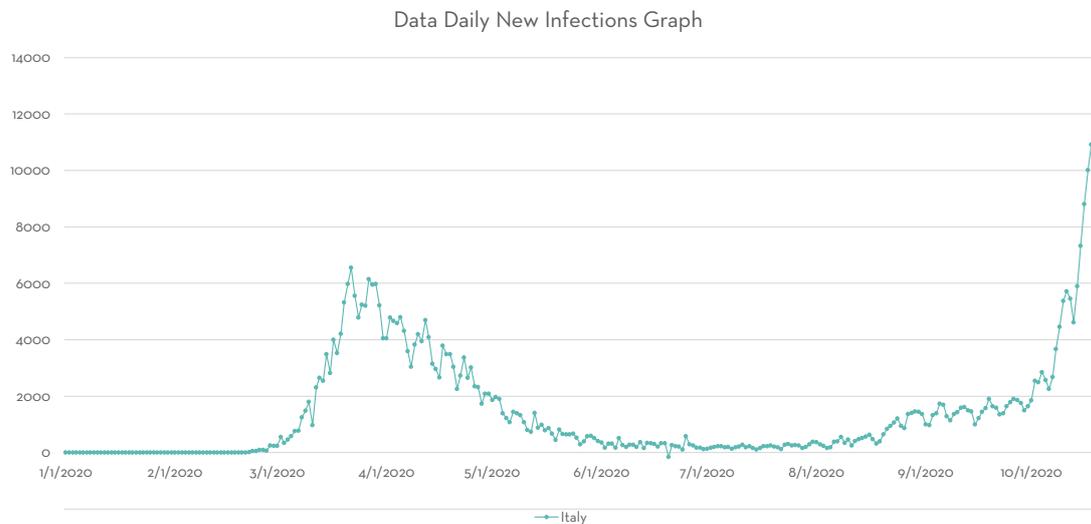| General	First announcement of response measures	17/3
	Size of economic stimulus package (% GDP)	4.9%
	Population tested for Covid-19/ thousand	127.7‰
	Covid-19 cases/ Million pop. (24 Jul)	6,044
	Case fatality rate	9.9%
Support to businesses	Access to credit	✔
	Payments to governments postponed/cut	✔
	Subsidies for business costs	✔
	Compensation for workers on sick leave	✔
	Short-time work	✔
	Phase-out	Started
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	✔
	Other social support measures	✔

Government Stringency Average	53.45

Italy has been on a promising path ever since it was the first country to undergo a major first wave of infections in March and April. Wide ranging fiscal response and social policy action has helped to avoid a fallout on the labour market. Italy's unemployment rate remains high, but at a projected increase of 11.1%, the additional stress on the Italian unemployment insurance is among the third lowest in our analysis. Confidence among consumers too is positive. Italy will benefit from more than 209bn€ made available through the 750bn€ European Commission's Next GenerationEU recovery fund, which should go a long way in boosting the Italian recovery.

JAPAN

Data Daily New Infections Graph

Key indicators		Government Measures		
GDP growth (vs. Jan forecast)	**-5.3% (-6.0%)**	**General**	First announcement of response measures	01/2
			Size of economic stimulus package (% GDP)	11.3%
			Population tested for Covid-19/ thousand	21.3‰
			Covid-19 cases/ Million pop. (24 Jul)	712
Forecasted Unemployment (vs 2019)	**3.3% (+37.5%)**		Case fatality rate	1.8%
		Support to businesses	Access to credit	✔
			Payments to governments postponed/cut	✔
			Subsidies for business costs	✔
Overall Rank /20	**5**		Compensation for workers on sick leave	✔
			Short-time work	✔
			Phase-out	N/A
Group	**A**	**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	
			Other social support measures	✔
Government Stringency Average				30.01

Japan has kept infections and deaths low throughout the pandemic and delivers a good performance across indicators. Even though Japan has done better than many European countries in pandemic response, pre-existing structural challenges to the labour market and the economy dampen long-term projections for Japan. Japan has adopted a large direct fiscal stimulus package as part of a supplementary budget amounting to more than 40% of its GDP, half of which will be used for liquidity support. Following an extension of its wage subsidy scheme in May, unemployment projections for the Japanese labour market improved considerably halving the feared rise of unemployment from up to 80% to less than 40%.

MEXICO

Infection trend chart

Data Daily New Infections Graph

— Mexico
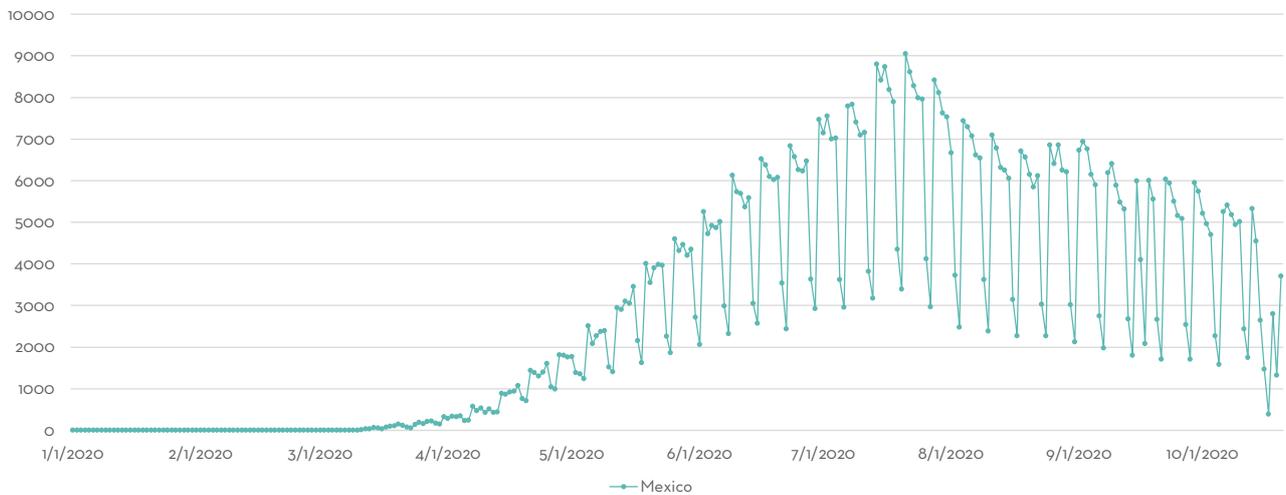
Key indicators		Government Measures		
GDP growth (vs. Jan forecast)	**-9.0% (-10.3%p)**	**General**	First announcement of response measures	30/3
			Size of economic stimulus package (% GDP)	0.6%
			Population tested for Covid-19/ thousand	14.47‰
			Covid-19 cases/ Million pop. (24 Jul)	6,602
			Case fatality rate	10.1%
Forecasted Unemployment (vs 2019)	**5.3% (+51.4%)**	**Support to businesses**	Access to credit	✔️
			Payments to governments postponed/cut	✔️
			Subsidies for business costs	(✔️)
			Compensation for workers on sick leave	
Overall Rank /20	**19**		Short-time work	✖️
			Phase-out	-
Group	**D**	**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	
			Other social support measures	✔️
Government Stringency Average				52.24

After having declined in 2019 already, the Mexican economy will suffer a major setback as a result of the pandemic. Ranking among the bottom 4 countries across 4 out of 5 economic indicators and recording the third highest number of deaths per capita make Mexico one of the most worrying cases. Mexico has been suffering economically from economic tensions with its northern neighbour and a depreciation of the Mexican peso for a while. Now, the additional impact of the pandemic on Mexican exports provides another major challenge. Crucially, Mexico does not currently have a STW or wage subsidy scheme and does not provide for the option to reduce working hours. Together with the smallest fiscal stimulus, the call on Mexican policy makers to take action could not be clearer.

NETHERLANDS

Infection trend chart

Data Daily New Infections Graph
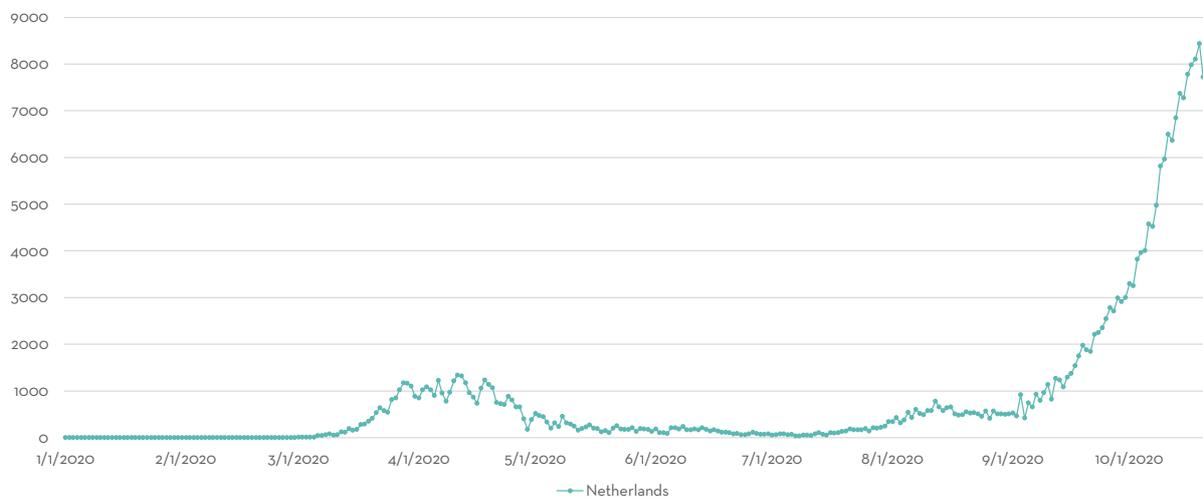
Key indicators		Government Measures		
GDP growth (vs. Jan forecast)	**-5.4% (-6.7%p)**	General	First announcement of response measures	17/3
			Size of economic stimulus package (% GDP)	4.6%
			Population tested for Covid-19/ thousand	167.7‰
			Covid-19 cases/ Million pop. (24 Jul)	11,010
			Case fatality rate	3.6%
Forecasted Unemployment (vs 2019)	**5.5% (+61.8%)**	Support to businesses	Access to credit	✓
			Payments to governments postponed/cut	✓
			Subsidies for business costs	✓
			Compensation for workers on sick leave	
Overall Rank /20	**17**		Short-time work	✓
			Phase-out	1/7/21
Group	**C**	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	✓
			Other social support measures	✓
Government Stringency Average				43.52

As a second wave of infections surged in the Netherlands, the country continues to struggle to mitigate the impact of the pandemic on the labour market. At over 60% increase of unemployment, social security systems in the Netherlands will be under stress in the years to come. In light of this the governments slightly slower pace at phasing-out STW delivers some short-term stability to workers. While increasing eligibility criteria gradually over three periods until the end of July 2021, the Dutch STW scheme will reduce the amount of its wage subsidy.

NEW ZEALAND

Infection trend chart
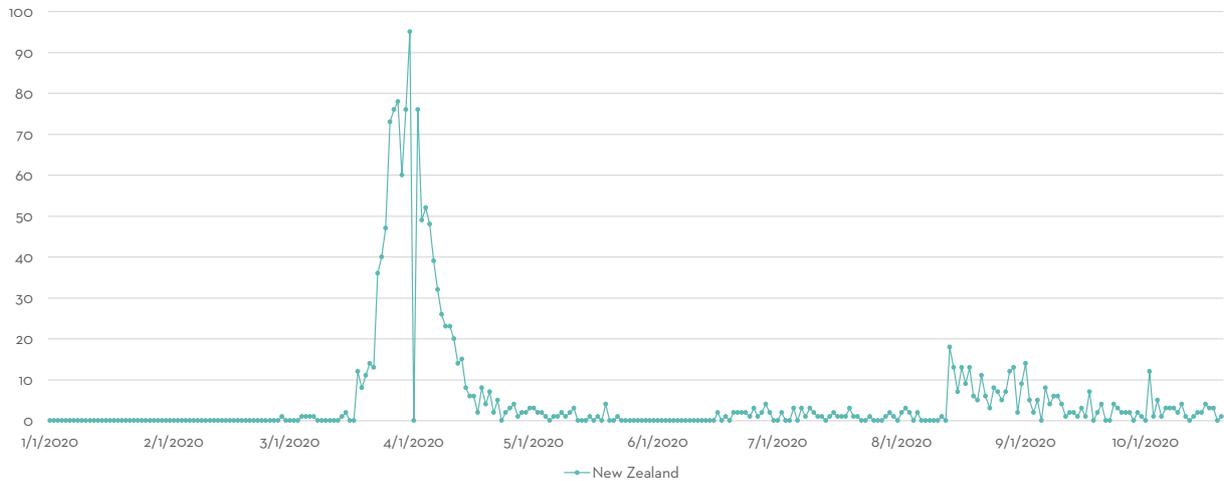
Data Daily New Infections Graph

— New Zealand

Key indicators		Government Measures		
		General	First announcement of response measures	15/3
GDP growth (vs. Jan forecast)	**-6.1% (-7.9%p)**		Size of economic stimulus package (% GDP)	19.6%
			Population tested for Covid-19/ thousand	209.8‰
			Covid-19 cases/ Million pop. (24 Jul)	314
Forecasted Unemployment (vs 2019)	**6.0% (+46.3%)**		Case fatality rate	1.6%
		Support to businesses	Access to credit	✔
			Payments to governments postponed/cut	✔
			Subsidies for business costs	
Overall Rank /20	6		Compensation for workers on sick leave	
			Short-time work	✔
			Phase-out	-
Group	**B**	**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	
			Other social support measures	✔
Government Stringency Average				39.01

New Zealand has been the centre of attention in the international press when it announced victory over the virus in June. Since then new infections have remained low and a strict quarantine policy has been implemented to prevent future surges of the virus. Its exemplary response to managing the outbreak of the virus benefitted the overall score in our analysis: Worse ranks on unemployment and business confidence are compensated by the lowest number of cases per capita and a sizeable net growth on the stock market. Having been able to restart economic activity completely, New Zealand has completed the phased-out its wage subsidy scheme. A leave support subsidy remains available for self-isolating individuals.

POLAND

Infection trend chart

Data Daily New Infections Graph

— Poland

Key indicators		Government Measures		
GDP growth (vs. Jan forecast)	**-3.6% (-6.9%p)**	**General**	First announcement of response measures	8/3
			Size of economic stimulus package (% GDP)	4.6%
			Population tested for Covid-19/ thousand	94.54‰
			Covid-19 cases/ Million pop. (24 Jul)	3,574
			Case fatality rate	2.3%
Forecasted Unemployment (vs 2019)	**3.8% (+15.2%)**	**Support to businesses**	Access to credit	✓
			Payments to governments postponed/cut	✓
			Subsidies for business costs	(✓)
			Compensation for workers on sick leave	
Overall Rank /20	8		Short-time work	✓
			Phase-out	N/A
Group	**B**	**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	
			Other social support measures	✓
Government Stringency Average				41.54

The latest macroeconomic projections see Poland in a comparatively good position at the end of 2020, while the pandemic response has kept cases and deaths per capita at moderate levels. However, the impact of the pandemic on the confidence of consumers, business and investors has been grave. A possible explanation for this could be that the social and employment policy response has been slow early in the crisis and coverage levels of the newly introduced Polish wage subsidy scheme are rather low compared to other countries. Poland currently experiences a drastic new surge in cases of Covid-19. As a response, new restrictions on gatherings have been implemented and gyms, theatres and restaurants were forced to close.

SINGAPORE

Infection trend chart

Data Daily New Infections Graph

— Singapore
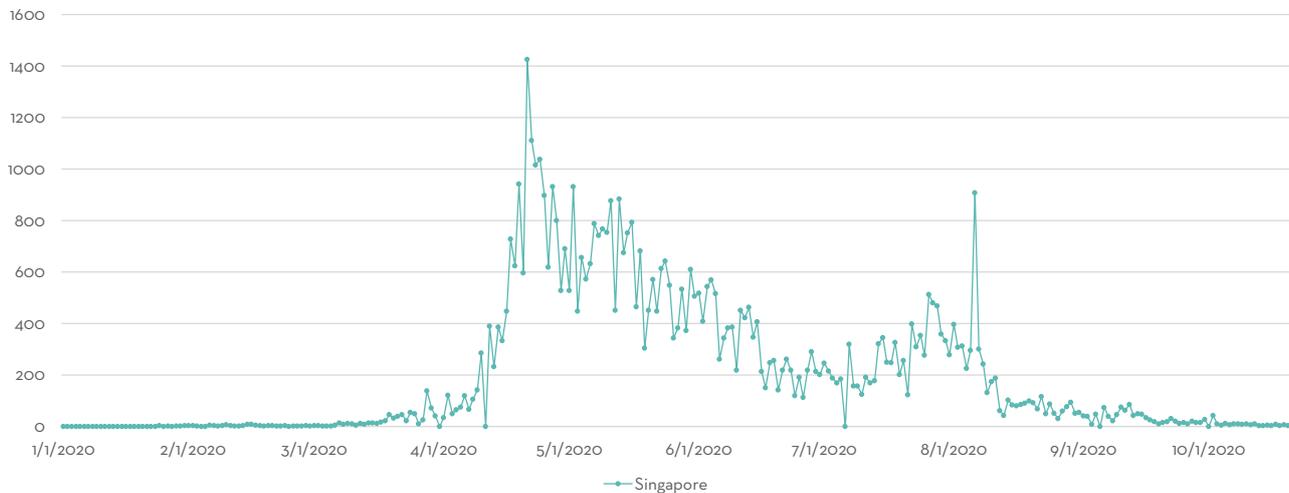
Key indicators		Government Measures		
GDP growth (vs. Jan forecast)	-6.0%% (-7.3%p)	**General**	First announcement of response measures	14/02
			Size of economic stimulus package (% GDP)	16.1%
			Population tested for Covid-19/ thousand	562.4‰
			Covid-19 cases/ Million pop. (24 Jul)	9,894
			Case fatality rate	>0.1%
Forecasted Unemployment (vs 2019)	3.0% (+25.0%)	**Support to businesses**	Access to credit	✓
			Payments to governments postponed/cut	✓
			Subsidies for business costs	✓
			Compensation for workers on sick leave	✓
Overall Rank /20	7		Short-time work	✓
			Phase-out	31/12/20
Group	**B**	**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	✓
			Other social support measures	✓
Government Stringency Average				56.64

Singapore performs well overall and records the lowest deaths per capita of all countries in our analysis despite of rather high number of cases per capita. The large fiscal stimulus in Singapore delivers a holistic set of social and employment policy measures to combat the economic fallout of the pandemic, including a generous wage subsidy programme and additional credits for employees to utilise the Singaporean SkillsFuture learning account scheme. However, Singapore has suffered a major decrease of its leading stock market index and business confidence remains compared to (admittedly high) pre-crisis levels.

SOUTH KOREA

Infection trend chart

Data Daily New Infections Graph

Key indicators

GDP growth (vs. Jan forecast)	-1.9% (-3.9%p)
Forecasted Unemployment (vs 2019)	4.1% (+7.9%)
Overall Rank /20	1
Group	A

Government Measures

General		
First announcement of response measures		05/2
Size of economic stimulus package (% GDP)		3.5%
Population tested for Covid-19/ thousand		47.3‰
Covid-19 cases/ Million pop. (24 Jul)		485
Case fatality rate		1.7%

Support to businesses		
Access to credit		✓
Payments to governments postponed/cut		✓
Subsidies for business costs		✓
Compensation for workers on sick leave		✓
Short-time work		✓
Phase-out		N/A

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		
Other social support measures		✓

Government Stringency Average	47.3

South Korea delivers the best performance of all countries in our analysis and has seemingly been very efficient at mitigating the impact of the pandemic. The rather small fiscal stimulus enables the South Korean economy to keep the recession and increase of unemployment to a minimum, while the South Korean stock market added a staggering 8.4% compared to pre-crisis levels. Cases and death per capita are rather stable on comparatively low levels. More than other countries, South Korea has been able to keep its economic activity up by being swift and vigilant in its early pandemic response. Our positive assessment of the situation in South Korea is not shared by consumers, whose confidence has reduced considerably since January delivering the only individual bad rank for South Korea.

SPAIN

Infection trend chart

Data Daily New Infections Graph

— Spain
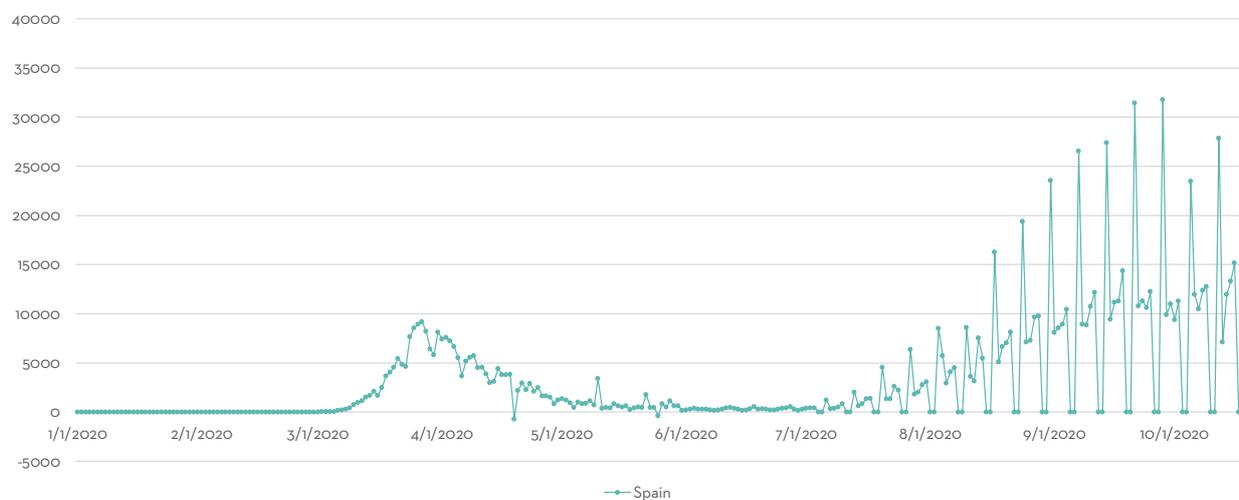
Key indicators		Government Measures		
GDP growth (vs. Jan forecast)	**-12.8% (-14.5%p)**	**General**	First announcement of response measures	12/3
			Size of economic stimulus package (% GDP)	3.5%
			Population tested for Covid-19/ thousand	234‰
Forecasted Unemployment (vs 2019)	**16.8% (+19.1%)**		Covid-19 cases/ Million pop. (24 Jul)	19,165
			Case fatality rate	3.7%
		Support to businesses	Access to credit	✓
			Payments to governments postponed/cut	✓
Overall Rank /20	**19**		Subsidies for business costs	✓
			Compensation for workers on sick leave	✓
			Short-time work	✓
			Phase-out	31/3/21
Group	**D**	**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	
			Other social support measures	✓
Government Stringency Average				51.25

Spain is expected to face the largest recession in 2020 of all countries in scope of this analysis. Spain recorded more cases of Covid-19 than any other European country and has been forced to implement a strict lockdown in large parts of the country for more than 2 months. As a result, Spain is among the worst off in our assessment along economic and pandemic indicators.

SWEDEN

Data Daily New Infections Graph

Sweden
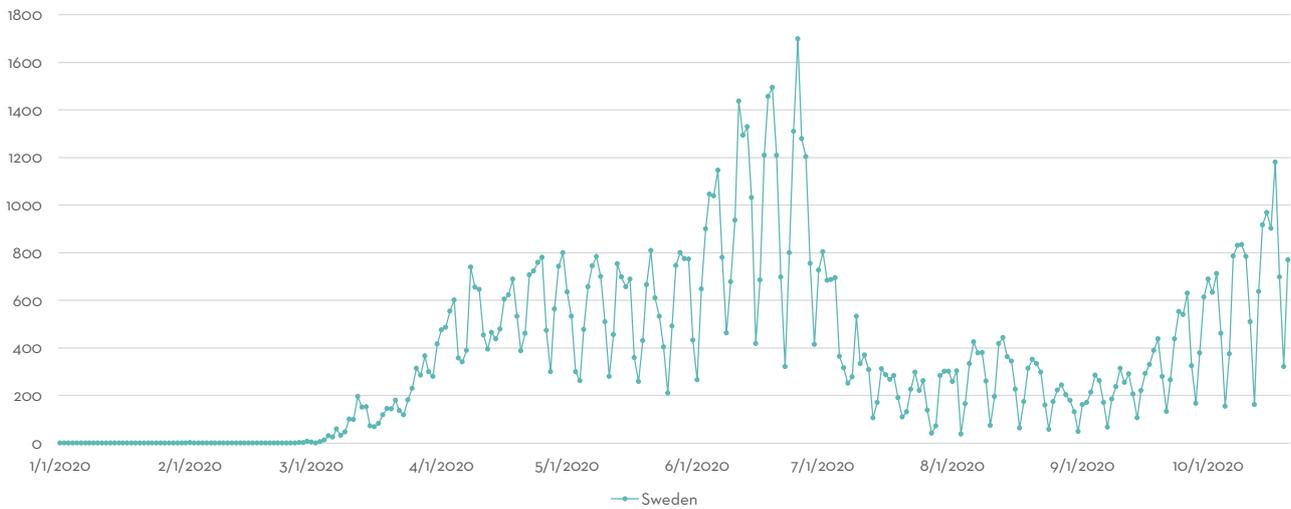
Key indicators		Government Measures		
GDP growth (vs. Jan forecast)	**-4.7% (-5.9%)**	**General**	First announcement of response measures	13/3
			Size of economic stimulus package (% GDP)	5.2%
			Population tested for Covid-19/ thousand	59.4‰
			Covid-19 cases/ Million pop. (24 Jul)	9,966
Forecasted Unemployment (vs 2019)	**8.7% (+27.9%)**		Case fatality rate	5.9%
		Support to businesses	Access to credit	✓
			Payments to governments postponed/cut	✓
			Subsidies for business costs	
			Compensation for workers on sick leave	
Overall Rank /20	**2**		Short-time work	✓
			Phase-out	30/9/21
Group	**A**	**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	✓
			Other social support measures	
Government Stringency Average				29.66

Sweden continues to perform well on economic indicators, seeing the second-smallest decline of its GDP and the highest consumer confidence. The country's very low average government stringency points to the controversial "Swedish approach" during the pandemic. As expected, keeping the economy open for longer has unfortunately resulted in higher numbers of cases and deaths per capita in Sweden.

SWITZERLAND

Infection trend chart

Data Daily New Infections Graph

— Switzerland
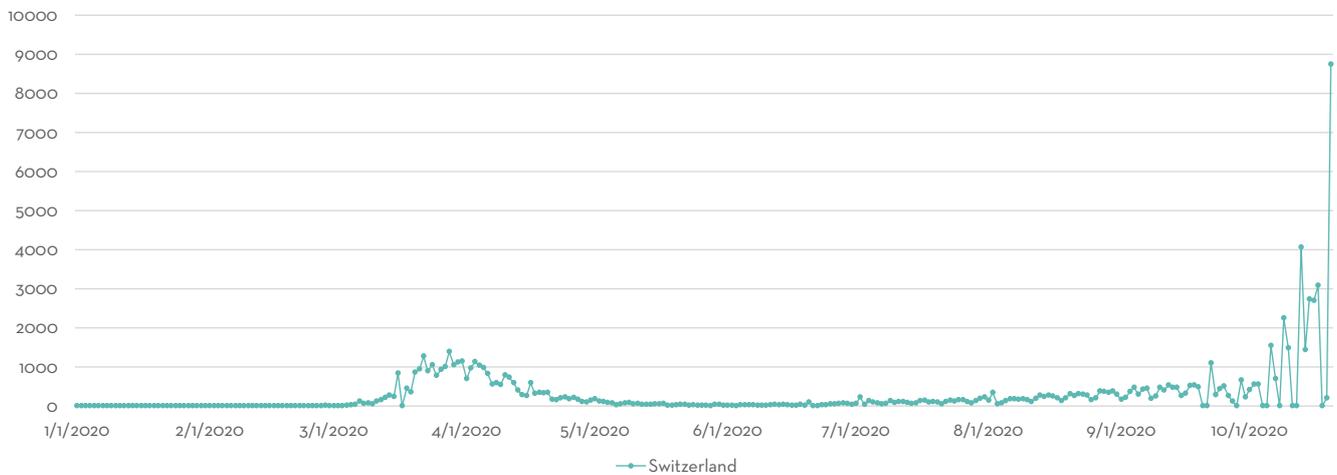
Key indicators		Government Measures		
GDP growth (vs. Jan forecast)	**-5.3% (-6.3%)**	**General**	First announcement of response measures	28/2
			Size of economic stimulus package (% GDP)	4.9%
			Population tested for Covid-19/ thousand	175.2‰
			Covid-19 cases/ Million pop. (24 Jul)	7,594
			Case fatality rate	2.8%
Forecasted Unemployment (vs 2019)	**3.2% (+39.1%)**	**Support to businesses**	Access to credit	✓
			Payments to governments postponed/cut	✓
			Subsidies for business costs	
			Compensation for workers on sick leave	
Overall Rank /20	**10**		Short-time work	✓
			Phase-out	✓
Group	**B**	**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	
			Other social support measures	✓
Government Stringency Average				41.16

Having performed best of all countries in the 2 earlier versions of this paper, Switzerland has moved into the mid-tier of countries our latest assessment. While one reason for this is clearly the generally good performance of the newly added countries in Asia-Pacific, particularly predictions for the Swiss labour market have worsened while CCI and BCI surveys reveal rather pessimistic expectations among households and businesses. The Swiss government has ended its state of extraordinary circumstances and handed back competencies to the sub-federal level "cantons". This means that among other things, the Swiss STW scheme has returned to its normal regime, while Covid-19 specific adjustments to approval processes run until the end of the year. Having been comparatively unrestricted even during the first wave, a large second wave of infections currently makes a reintroduction of some sort of restrictions on public life and economic activity more likely.

UNITED KINGDOM

Infection trend chart

Data Daily New Infections Graph

Key indicators

GDP growth (vs. Jan forecast)	-9.8% (-11.2%)
Forecasted Unemployment (vs 2019)	5.4% (+42.1%)
Overall Rank /20	18
Group	**D**

Government Measures

General		
First announcement of response measures		16/3
Size of economic stimulus package (% GDP)		9.2%
Population tested for Covid-19/ thousand		352.2‰
Covid-19 cases/ Million pop. (24 Jul)		9,352
Case fatality rate		5.8%

Support to businesses		
Access to credit		✓
Payments to governments postponed/cut		✓
Subsidies for business costs		✓
Compensation for workers on sick leave		✓
Short-time work		✓
Phase-out		✓

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		✓
Other social support measures		

Government Stringency Average	52.88

The UK is among the worst performers across economic and pandemic indicators in our analysis. There is much pessimism about the economic recovery of the United Kingdom. Having been quite badly affected by the pandemic as it is, the economy in the UK faces additional uncertainty over the unclear conditions of its looming Brexit from the EU. As a result, the latest projections expect the British GDP to decline by close to 10% while the stock market has lost more than 22% of its pre-crisis value. The UK government will complete its phase-out of the Coronavirus JobRetention Scheme by the end of October and will offer a temporary support scheme which no longer allows zero hour arrangements and reduces the government's wage subsidy.

UNITED STATES

Infection trend chart

Data Daily New Infections Graph
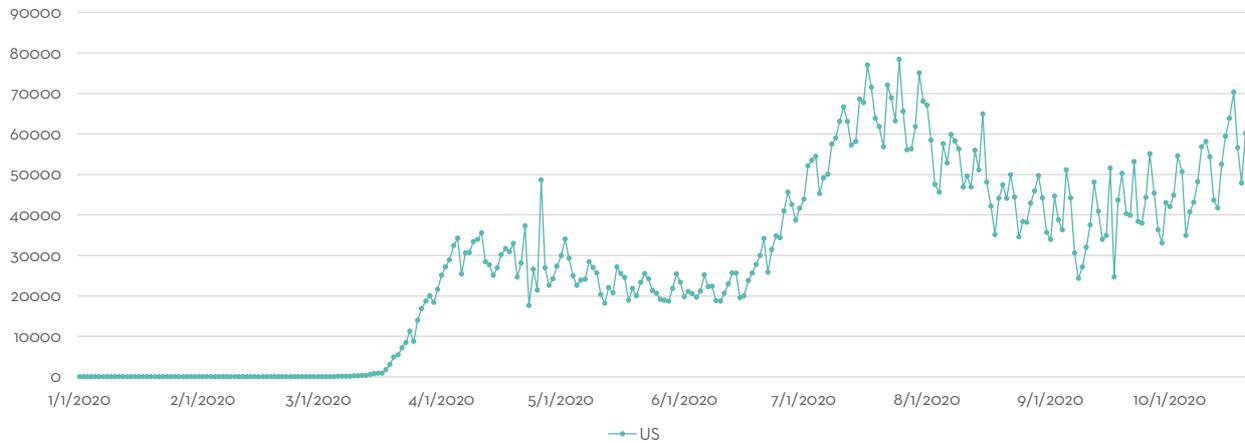
Key indicators		Government Measures		
GDP growth (vs. Jan forecast)	-4.3% (-6.1%)	**General**	First announcement of response measures	16/3
			Size of economic stimulus package (% GDP)	11.8%
			Population tested for Covid-19/ thousand	352.2‰
Forecasted Unemployment (vs 2019)	8.9% (+140.5%)		Covid-19 cases/ Million pop. (24 Jul)	9,352
			Case fatality rate	5.8%
		Support to businesses	Access to credit	✔
			Payments to governments postponed/cut	✔
			Subsidies for business costs	✔
Overall Rank /20	15		Compensation for workers on sick leave	✔
			Short-time work	✔
			Phase-out	✔
Group	**C**	**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	✔
			Other social support measures	
Government Stringency Average				52.88

The most affected country by the covid-19 pandemic in the world are the United States. The US profit from a generally strong and solid economy, recording good ranks on GDP growth and our composite indicator for business. Grave problems however persist regarding worker protection and social policy measures. As much as unemployment projections for the US have improved over the summer, at an increase of more than 140% the American labour market will be the hardest hit of all countries in scope of this analysis. The confidence of consumers has decreased drastically since the beginning of the year and appears particularly disconnected from the confidence of businesses, which has actually increased since January. STW schemes exist in individual states but take-up remains low.

G. Annex

	Cases per capita	Cases Rank	Deaths per capita	Deaths Rank	Total Score
Australia	1074	4	35.45	5	60
Austria	7278	10	101.04	7	92
Belgium	19165	17	898.13	20	96
Brazil	24630	19	724.06	19	84
Canada	5250	7	258.6	10	91
France	13742	16	512.87	12	82
Germany	4371	5	116.84	8	57
Italy	6851	9	604.4	14	88
Japan	736	3	13.24	4	67
Mexico	6602	8	668.31	17	126
Netherlands	13319	15	393.99	11	98
New Zealand	317	1	5.18	2	75
Poland	4644	6	94.41	6	81
Singapore	9898	12	4.79	1	78
South Korea	492	2	8.66	3	35
Spain	20031	18	722.39	18	126
Sweden	10199	13	578.5	13	52
Switzerland	8599	11	210.64	9	83
United Kingdom	10641	14	642.93	15	121
United States	24636	20	663.66	16	92

ourworldindata.org, 19.10.10

	GDP			
	Jan fcst	Latest fcst	vs. Jan fcst	Rank (Score)
AUS	2.3%	-4.2%	-6.5%	6
AUT	1.3%	-6.7%	-8.0%	13
BEL	1.2%	-8.3%	-9.5%	15
BRA	2.0%	-5.8%	-7.8%	11
CAN	1.6%	-7.1%	-8.7%	14
FRA	1.3%	-9.8%	-11.1%	17
GER	1.1%	-6.0%	-7.1%	9
ITA	0.5%	-10.6%	-11.1%	17
JAP	0.7%	-5.3%	-6.0%	3
MEX	1.3%	-9.0%	-10.3%	16
NLD	1.3%	-5.4%	-6.7%	7
NZL	1.8%	-6.1%	-7.9%	12
POL	3.3%	-3.6%	-6.9%	8
SGP	1.3%	-6.0%	-7.3%	10
KOR	2.0%	-1.9%	-3.9%	1
ESP	1.7%	-12.8%	-14.5%	20
SWE	1.2%	-4.7%	-5.9%	2
SUI	1.0%	-5.3%	-6.3%	5
GBR	1.4%	-9.8%	-11.2%	19
USA	1.8%	-4.3%	-6.1%	4

IMF World Economic Outlook 10/2020

	Unemployment			
	Jan fcst	Latest fcst	vs. Jan fcst	Rank (Score)
AUS	5.2%	6.9%	32.7%	11
AUT	4.5%	5.8%	28.9%	10
BEL	5.4%	6.1%	13.0%	5
BRA	11.9%	13.4%	12.6%	4
CAN	5.7%	9.7%	70.2%	19
FRA	8.5%	8.9%	4.7%	1
GER	3.1%	4.3%	38.7%	13
ITA	9.9%	11.0%	11.1%	3
JAP	2.4%	3.3%	37.5%	12
MEX	3.5%	5.3%	51.4%	17
NLD	3.4%	5.5%	61.8%	18
NZL	4.1%	6.0%	46.3%	16
POL	3.3%	3.8%	15.2%	6
SGP	2.4%	3.0%	25.0%	8
KOR	3.8%	4.1%	7.9%	2
ESP	14.1%	16.8%	19.1%	7
SWE	6.8%	8.7%	27.9%	9
SUI	2.3%	3.2%	39.1%	14
GBR	3.8%	5.4%	42.1%	15
USA	3.7%	8.9%	140.5%	20

IMF World Economic Outlook 10/2020

Stock Market				
Index	Jan 1st	Latest	YTD	Rank (Score)
AUS S&P/ ASX 200	6690	6184.6	-7.6%	9
AUT ATX	3229.37	2197.64	-31.9%	20
BEL BEL 20	4015.93	3279	-18.4%	15
BRA IBOVESPA	118647	98658	-16.8%	12
CAN S&P/ TSX	17100	16274.07	-4.8%	7
FRA CAC40	6041.5	4959.23	-17.9%	13
GER DAX	13385.83	12833.3	-4.1%	6
ITA FTSE MIB	23836.26	19443	-18.4%	16
JAP NIKKEI225	23204.8	23567.04	1.6%	5
MEX BMV IPC	44437	37943	-14.6%	11
NLD AEX	613	565.19	-7.8%	10
NZL NZX	11534	12462.05	8.0%	2
POL WIG	59048	48385.11	-18.1%	14
SGP FTSE STI	3223	2527.03	-21.6%	17
KOR KOSPI	2175	2358.41	8.4%	1
ESP IBEX 35	9691	6931.2	-28.5%	19
SWE OMX S 30	1809	1845.38	2.0%	4
SUI SMI	10699.82	10164	-5.0%	8
GBR FTSE 100	7604	5896	-22.5%	18
USA S&P 500	3257.85	3457	6.1%	3

tradingeconomics.com, 20.10.2020

	Consumer confidence Index			
	Latest	Jan-20	vs. prev.	Rank (Score)
AUS	98.81	99.23	-0.42%	6
AUT	99.84	100.47	-0.63%	7
BEL	99.62	99.85	-0.23%	5
BRA	99.47	100.32	-0.85%	9
CAN	99.08	100.72	-1.63%	12
FRA	99.32	99.97	0.65%	8
GER	100.84	99.98	0.86%	2
ITA	100.05	100.16	-0.11%	4
JAP	97.17	98.88	-1.73%	13
MEX	96.7	102.96	-6.08%	20
NLD	99.06	99.94	-0.88%	10
NZL	98.06	99.65	-1.60%	11
POL	98.81	101.74	-2.88%	18
SGP	101.8	101.39	0.40%	3
KOR	97.03	99.82	-2.80%	17
ESP	96.65	100.33	-3.67%	19
SWE	100.31	98.82	1.51%	1
SUI	97.69	99.58	-1.90%	14
GBR	98.24	100.59	-2.34%	15
USA	98.86	101.57	-2.67%	16

OECD

	Business Confidence Index			
	Latest	Jan-20	vs. prev.	Rank (Score)
AUS	99.31	100.16	-0.85%	10
AUT	98.29	99.39	-1.11%	13
BEL	99.64	100.27	-0.63%	9
BRA	101.79	100.61	1.17%	2
CAN	98.21	98.42	-0.21%	5
FRA	99.9	100.31	-0.41%	6
GER	99.81	99.26	0.55%	3
ITA	98.92	100.15	-1.23%	15
JAP	98.13	100.09	-1.96%	19
MEX	94.42	98.64	-4.28%	20
NLD	99.45	100.61	-1.15%	14
NZL	96.67	98.49	-1.85%	17
POL	98.69	100.35	-1.65%	16
SGP	99.3	101.2	-1.88%	18
KOR	97.89	98.44	-0.56%	7
ESP	99.86	100.72	-0.85%	11
SWE	100.22	99.72	0.50%	4
SUI	99.3	100.23	-0.93%	12
GBR	97.99	98.55	-0.57%	8
USA	100.71	99.16	1.56%	1

OECD

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