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SHARE
SURVEY OF HEALTH, AGEING AND RETIREMENT IN EUROPE

PERSISTENCE OF ECONOMIC STRESS DURING THE COVID-19 PANDEMIC

Michał Taracha
Agnieszka Chłoń-Domińczak
Dorota Holzer-Żelażewska

This project has received funding from the European Union under grant agreement VS 2020/0313 and the European Union's Horizon 2020 research and innovation programme under grant agreements No 870628, No 101015924

SGH
Warsaw School of Economics

Research questions

- How exposure to economic stress among people aged 50 or over changed during the COVID-19 pandemic?
- To what extent individual, regional and country characteristics are related to exposure to economic stress?
- How stringency policies and health situations are associated with the feeling of economic stress?

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Data and methods

- Data: SHARE Corona Survey performed in 2020 and 2021 among SHARE panel respondents
- Methods
  - Panel regression on regional level
  - Ordered logit/logit models on individual level
- Dependent variable:
  - Ability to make ends meet (subjective perception of economic stress) and
  - Strategies to cope with economic difficulties:
    - Dipping into savings
    - Postponing bills payment

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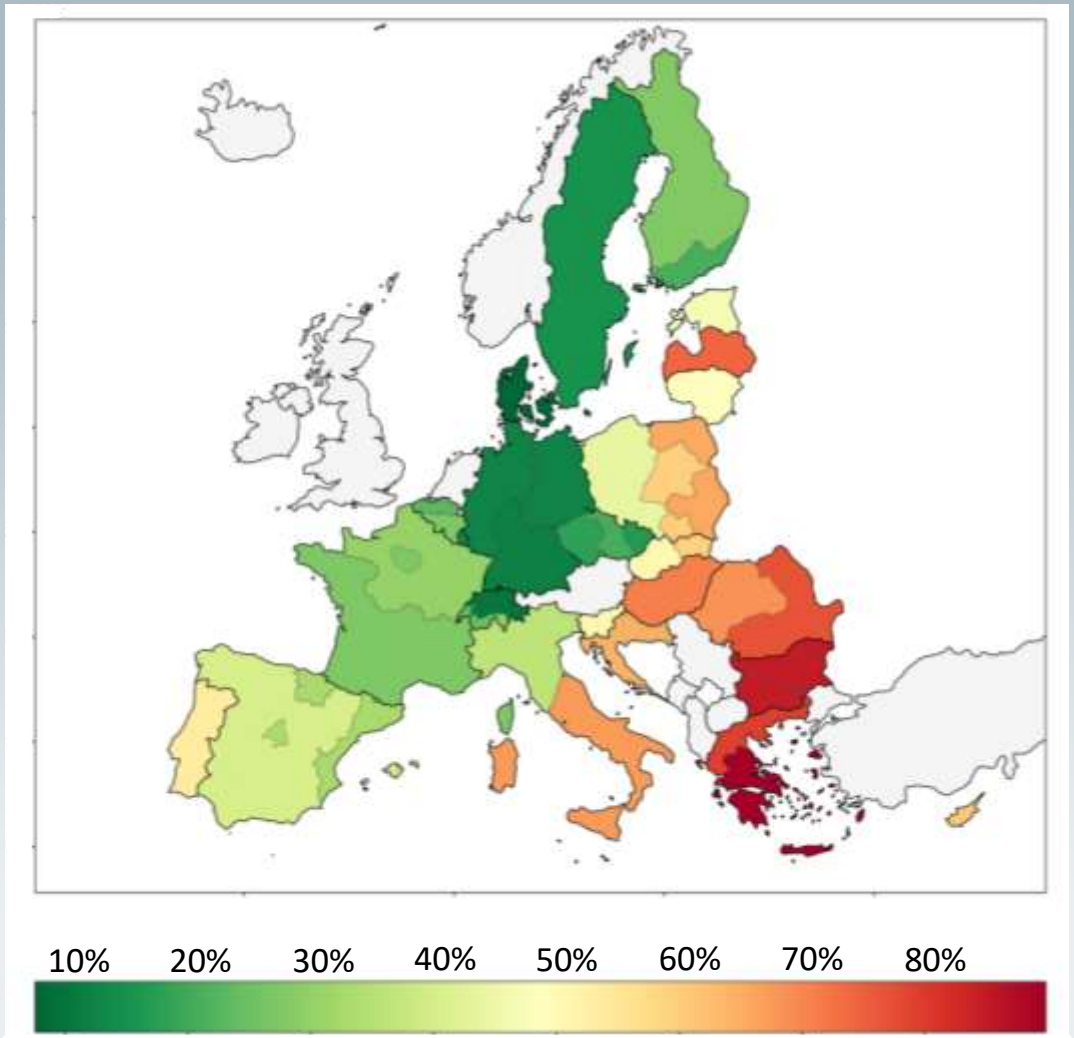
Share of Respondents Declaring Difficulty to Make Ends Meet



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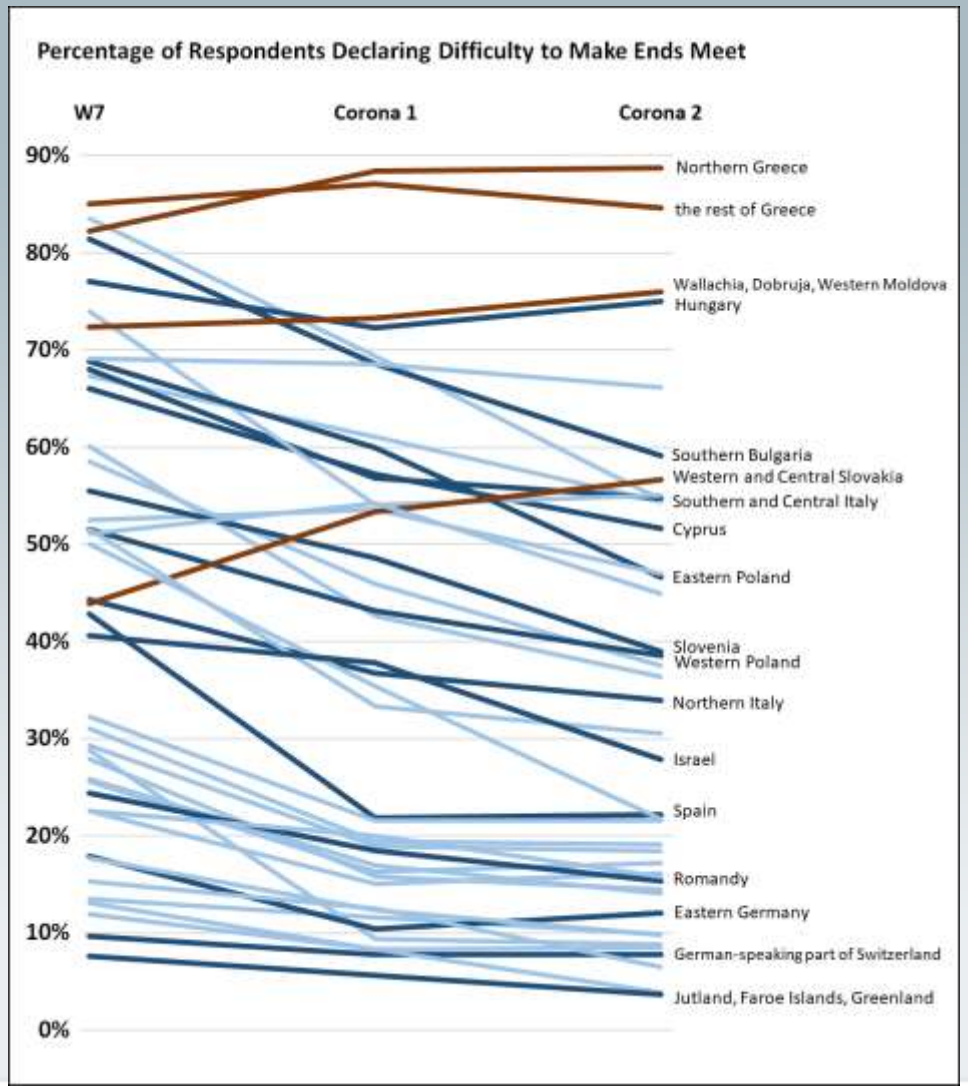
Changes in the perception of economic stress



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Random-effects panel model

VARIABLES	(1) difficulty_to_make_ends_meet
stringency	-0.00116***
	(0.000285)
excess_mortality	-525.7
	(946.9)
gdp_per_capita	-6.56e-06***
	(1.36e-06)
gini_index	0.0184***
	(0.00675)
Constant	0.0461
	(0.221)
Observations	123
Number of regions	41

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

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Generalised ordered logit model – individual characteristics

VARIABLES	(1) With great difficulty/With some difficulty	(2) With great difficulty/Fairly easily	(3) With great difficulty/Easily
Woman	0.163	0.171	-0.0802
50-54	-0.0918	0.297	-0.187
55-59	-0.636*	-0.0154	-0.224
60-64	-0.449	0.136	-0.0250
70-74	0.191	0.291	0.152
75+	0.0334	0.400**	0.130
Woman#50-54	-0.345	-0.359	0.538
Woman#55-59	-0.381	-0.314	-0.0809
Woman#60-64	0.0378	-0.0637	-0.232
Woman#70-74	-0.352	-0.370*	-0.161
Woman#75+	-0.124	-0.103	-0.0249
Single household	-0.697***	-0.628***	-0.398***
3 or more HH members	-0.247	-0.0280	-0.296
Below secondary education	-0.258	-0.232**	-0.0436
Higher education	0.581	0.601***	0.508***
Employed (vs retired)	0.301	-0.0447	0.0794
Inactive	-0.189	-0.275***	-0.334***
emp_cluster2	-0.00273	-0.659**	0.00432
emp_cluster3	-0.347	-0.162	-0.0831
emp_cluster4	0.313	0.234	0.136
emp_cluster5	-0.156	-0.0270	-0.0957
Difficulty to make ends meet in W7 (2017)	-2.518***	-1.713***	-1.531***

Standard errors in parentheses
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Generalised ordered logit model – country characteristics

	(1)	(2)	(3)
VARIABLES	With great difficulty/With some difficulty	With great difficulty/Fairly easily	With great difficulty/Easily
Employment rate change (2q2021/1q2020)	-0.0776*	0.0236	0.0103
GDP change (2q2021/1q2020)	-0.0306	0.0293	-0.0335
HDI	13.66***	20.65***	21.18***
Mean Stringency Index	-0.00133	0.00211	-0.0154***
Mean COVID deaths	0.00300	-0.00262*	-0.000509
Mean Covid Infections	0.000144***	0.000136***	2.95e-05
Constant	-7.775***	-17.04***	-18.06***
Observations	18,435	18,435	18,435

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

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How people deal with economic difficulties?

Strategies:	Postponing bills payments	Dipping into savings
Woman	-0.399	-0.000145
50-54	-0.817	1.881*
55-59	0.212	0.756
60-64	0.242	0.263
70-74	0.0691	-0.384
75+	-0.589	-0.0928
Woman#50-54	0.764	-3.605***
Woman#55-59	0.683	-0.508
Woman#60-64	0.201	-0.225
Woman#70-74	0.179	0.230
Woman#75+	0.176	-0.301
Single household	0.199	0.123
3 or more HH members	0.210	-0.0519
Below secondary education	0.114	-0.414**
Higher education	-0.294	0.438
Employed (vs retired)	0.568*	0.191
Inactive	-0.0196	0.0268
emp_cluster2	-0.0972	-1.071**
emp_cluster3	0.960*	0.273
emp_cluster4	0.324	0.817**
emp_cluster5	-0.645**	-0.480*
Observations	6,062	3,890

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

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How people deal with economic difficulties?

Strategies:	Postponing bills payments	Dipping into savings
Employment rate change (2q2021/1q2020)	0.0711	0.235***
GDP change (2q2021/1q2020)	-0.0700**	-0.00244
HDI	-4.075	11.78***
Mean Stringency Index	-0.000942	0.00720
Mean COVID deaths	0.00433	-0.00323
Mean Covid Infections	-0.000182***	0.000122**
Constant	0.827	-11.54***
Observations	6,062	3,890

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

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Conclusions

At the regional level more strict lockdowns enhanced the household's ability to maintain the respectable financial situation

- anti-COVID policies in each European country varied in terms of the degree of responsiveness to new infections, in terms their flexibility, and the effectiveness of their implementation
- the most European countries in analysis lie above the income threshold above which the association between difficulty to make ends meet and stringency becomes negative
- procedures aimed at counteracting the negative effects of lockdowns, especially social exclusion, are not included in the analysis but the Stringency Index could catch its variability, indicating that more responsive governments were also the ones that could afford wide-ranging aid policies

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Conclusions

At individual level risk of economic stress:

- is **higher** for people at the end of their working careers, lower educated, people living in single households, older women, lower educated, inactive (not retired), and those already experienced difficulties to make ends meet before pandemic
- is **lower** for people with higher education and oldest people

At country level risk of economic stress:

- is **higher** in countries with larger fall of employment rate, higher number of deaths due to COVID, some worsening with more stringent policies => individual characteristics reduce the observed regional impact of stringency measures
- is **lower** in countries with higher HDI

Dealing with economic stress:

- People from more developed countries, and in countries with larger employment decline, and being prior to retirement dip into their savings,
- Those in countries with GDP decline, who were employed postpone their bills payments.
- Those who had shorterst employment spells are less likely to use such strategies (lack of resources?)

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