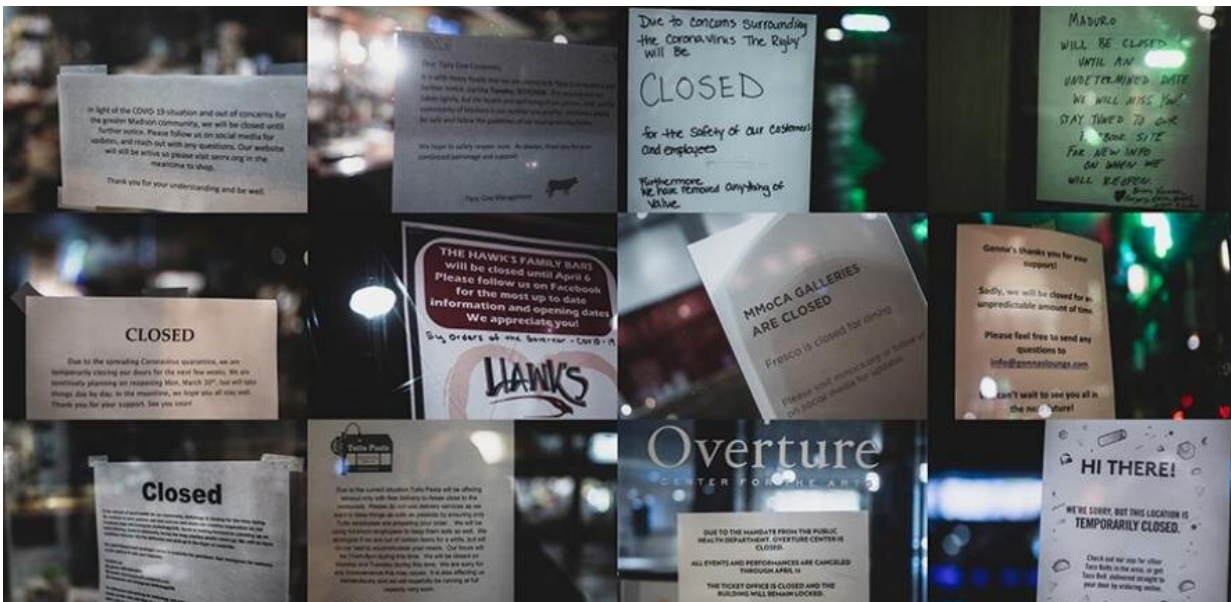


Younger workers hit harder by coronavirus economic shock in UK and US

April 6 2020, by Fred Lewsey



Credit: Ken Fager

Those on low incomes are also more likely to have lost jobs or pay, and less able to complete work tasks from home. Researchers warn the COVID-19 downturn is likely to "increase inequality between young and old."

Workers under the age of thirty, as well as those on [lower incomes](#), on both sides of the Atlantic are already bearing the brunt of the economic

shutdown caused by the COVID-19 pandemic, latest research finds.

Data collected by economists towards the end of March shows [younger workers](#) in the U.K. and U.S. were more likely to have either recently lost their job or seen a drop in hours and earnings compared to workers in middle age.

Researchers from the universities of Cambridge, Oxford and Zurich also found that those under 30 and still in employment believed they were much more likely to lose their job by August, compared to those aged 40-55.

The research suggests that in the U.K., 8% of all workers employed in February had already lost their [jobs](#). A third of all those still in work expected to lose their jobs within the next four months.

In the U.S., 11% of all workers had already lost their jobs due to COVID-19, and 40% of all those still working expected job loss by August.

Workers on lower incomes—those earning below 20,000 pounds or dollars a year—across all age groups in both countries were more likely to have lost their job in the preceding four weeks than workers earning over £40k in the U.K. or \$50k in the States.

Those still employed on lower incomes in the U.K. and U.S. could conduct a much smaller percentage of their normal working tasks from the safety of home.

Data was collected from "a large geographically representative sample" in each country say researchers. A total of 3,974 people in the U.K. were surveyed on March 25, two days into the government-imposed lockdown. The U.S. data came from 4,003 people on March 24.

"Our findings suggest that the immediate impact of the coronavirus downturn on workers has been large and unequal, with younger workers and those at the bottom of the [income](#) distribution hit hardest," said Dr. Christopher Rauh from the University of Cambridge's Faculty of Economics, who led the research.

"In the short term, there is a need to provide quick assistance to help those hit hardest to cover their bills in the coming weeks. Around half of all workers on both sides of the Atlantic expect to have difficulty paying their usual bills," Rauh said.

"In the long term, the economic shock caused by the pandemic is highly likely to increase inequality between young and old, between higher and lower earners, and between those on secure and insecure contracts."

The survey found that workers on U.K. statutory sick pay, and those without paid [sick leave](#) in the U.S., were more likely to say they would go into work with a cold or light fever. Researchers say that "paid sick leave policies should be rethought not only in light of workers' welfare but public health as a whole."

In both countries, far more self-employed people earned less than usual the week prior to the survey compared with those on permanent contracts.

The research was done before the U.K. Chancellor announced new measures for the self-employed, beginning in June. However, the researchers caution that it "might be too late to prevent severe economic hardship."

Added Rauh: "Preventing this shock from scarring the employment progression of the younger generation and the less-economically advantaged is vital if we are to avoid permanent damage to economies

and individual welfare."

The findings have just been published as two working papers through the University of Cambridge Institute for New Economic Thinking.

The Cambridge-INET Institute has now launched a dedicated website for all their coronavirus-related research: <http://covid.econ.cam.ac.uk>.

Key U.K. findings:

- On average across all U.K. workers, people expect to earn 35% less in the next four months compared to usual.
- 69% of workers under 30 reported working fewer hours the previous week compared to usual and 58% reported earning less, compared to 49% and 36% of workers aged 40-55 respectively.
- 10% of workers under 30 are now unemployed because of COVID-19, compared to 6% of workers aged 40-55.
- On average, those under 30 and still employed believe they have a 39% chance of job loss by August, compared to 27% for 40-55 year olds.
- Workers earning under £20,000 can do 30% of the tasks in their main job from home compared to 55% for those earning more than £40,000.
- 12% of low-income workers earnings are now unemployed because of COVID-19 compared to 5% of higher earners.
- Workers earning less than £20,000 expect to earn just 58% of their usual income between now and August. Those earning more than £40,000 expect to make 69% of their usual income on average.
- 43% of workers with just statutory sick pay said they usually go to work with a cold or light fever, compared to 31% of workers with additional paid sick leave.

Key U.S. findings:

- On average across all U.S. workers, people expect to earn 39% less in the next four months compared to usual.
- 72% of workers under 30 reported working fewer hours the previous week compared to usual and 61% reported earning less, compared to 62% and 55% of workers aged 40-55 respectively.
- On average, those under 30 and still employed believe they have a 43% chance of job loss by August, compared to 40% for 40-55 year olds.
- Workers earning under \$20,000 can do 42% of the tasks in their main job from home compared to 57% for those earning more than \$50,000.
- 16% of low-income workers earnings are now unemployed because of COVID-19 compared to 7% of higher earners.
- Workers earning less than \$20,000 expect to earn just 48% of their usual income between now and August. Those earning more than \$50,000 expect to make 69% of their usual income on average.
- 26% of workers without paid sick leave report they would go to work with a cold or light fever, compared to 24% of those with paid sick leave.

More information: Inequality in The Impact of The Coronavirus Shock: New Survey Evidence for The U.K.:

[www.inet.econ.cam.ac.uk/workin ... aper-pdfs/wp2010.pdf](http://www.inet.econ.cam.ac.uk/workin...aper-pdfs/wp2010.pdf)

Provided by University of Cambridge

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