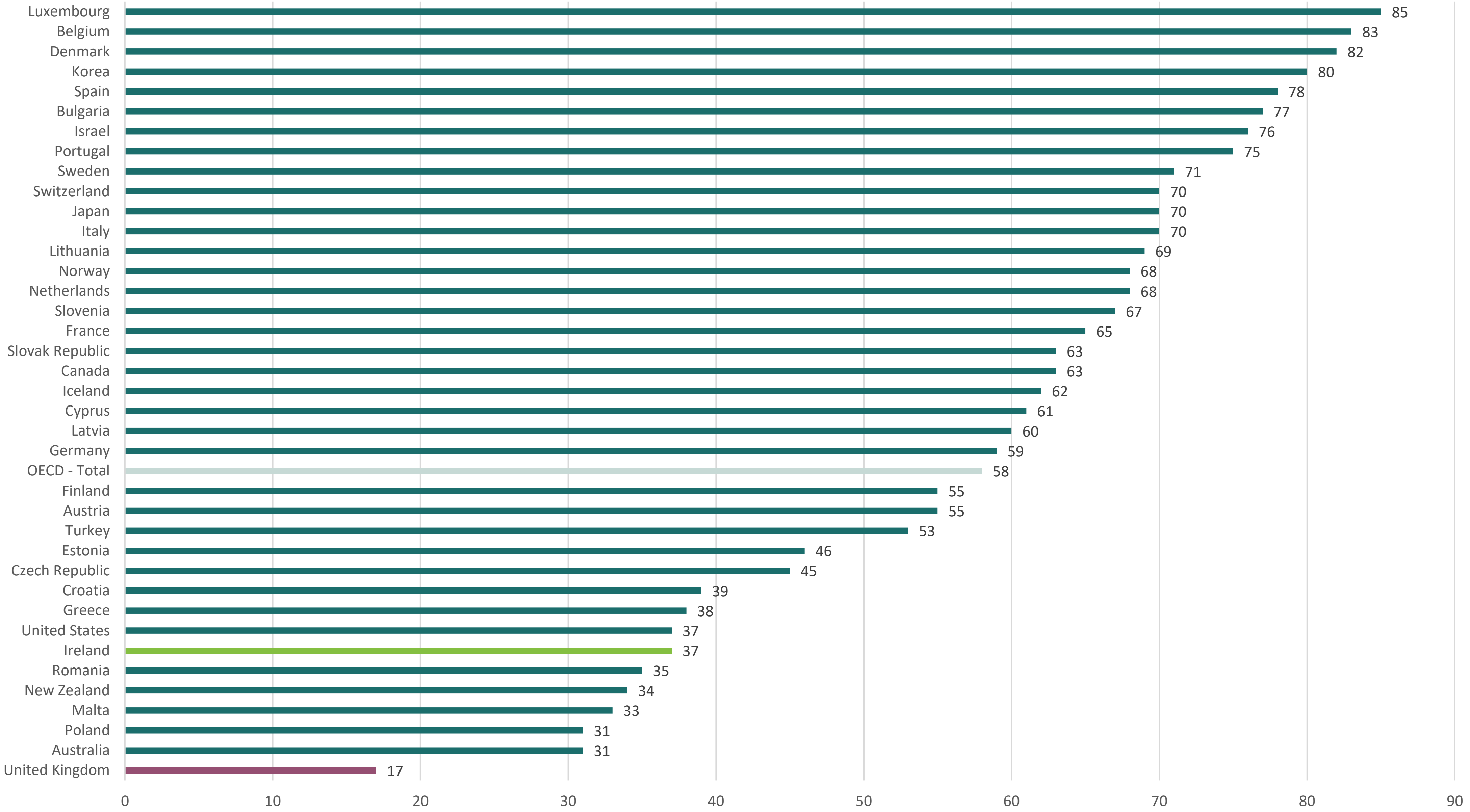
Covid-19 and the future of social security

6th July 2021
NERI Labour Market Conference

Paul Mac Flynn

Introduction

- UK and Ireland operate amongst the least generous social safety net in terms of unemployment insurance.
- Pandemic exposed how unprepared such systems are for large scale disruption.
- We shouldn't see the pandemic era reforms as only appropriate for a pandemic.
- As we begin to face the implications of the climate crisis, we urgently need to learn lessons from the pandemic.
- Shouldn't be thought of just in terms of cost, wider benefits from a proper social safety net.



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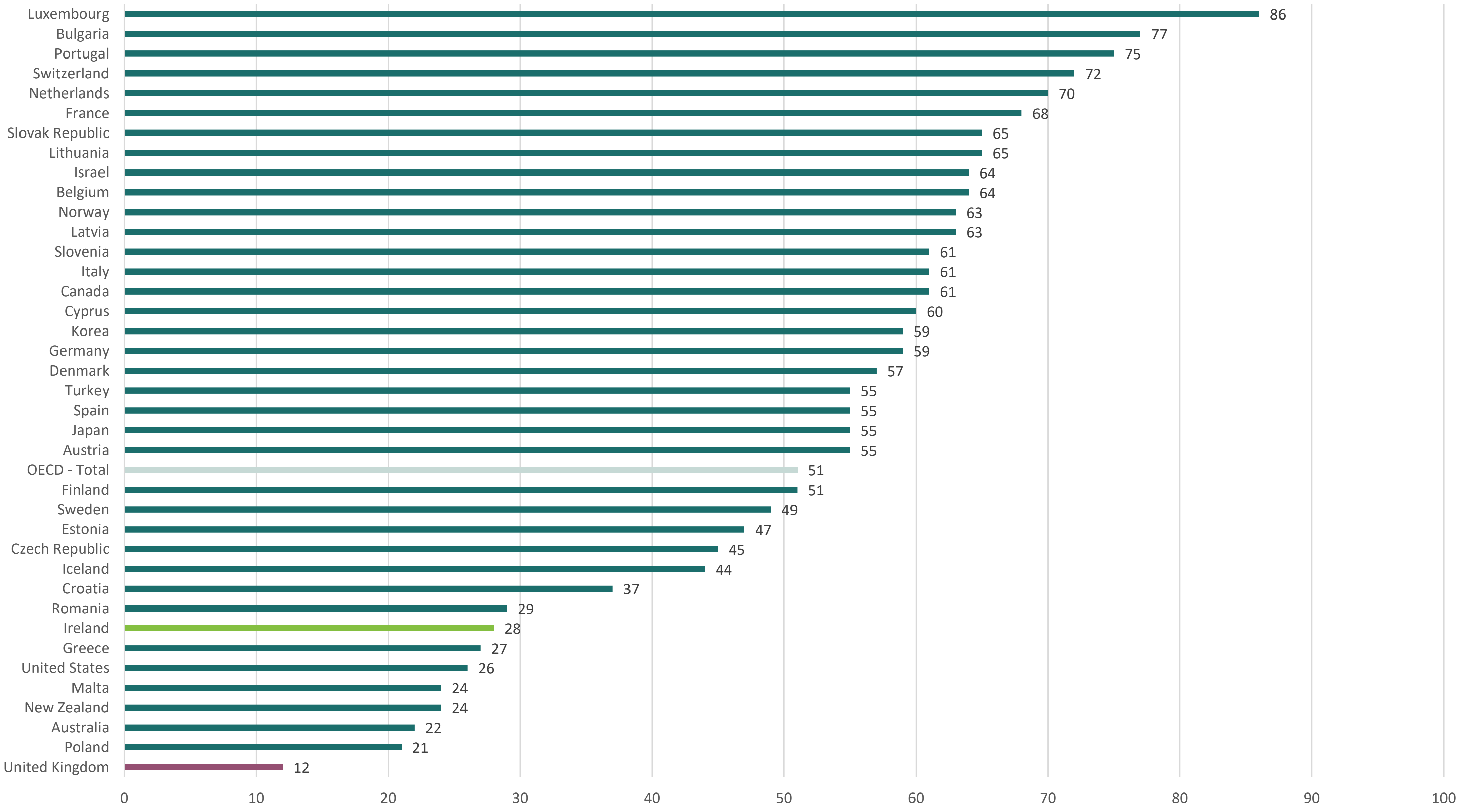

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Covid Changes

- Significant changes in both UK and Ireland, but two different approaches.
- UK in-work support or in-job support. A furlough scheme (much broader than short-time work) CJRS gave capped 80% of gross pay for employees in affected firms. Maintains link between employees and employers.
- Ireland out-of-work supports, Pandemic Unemployment Payment. More generous unemployment benefit, less conditionality. Ireland eventually introduced short-time work scheme, TWSS. Ultimately offering same level of support for non-worked hours as PUP.

Comparison of Net Replacement Rate between JSA and CJRS in UK 2020

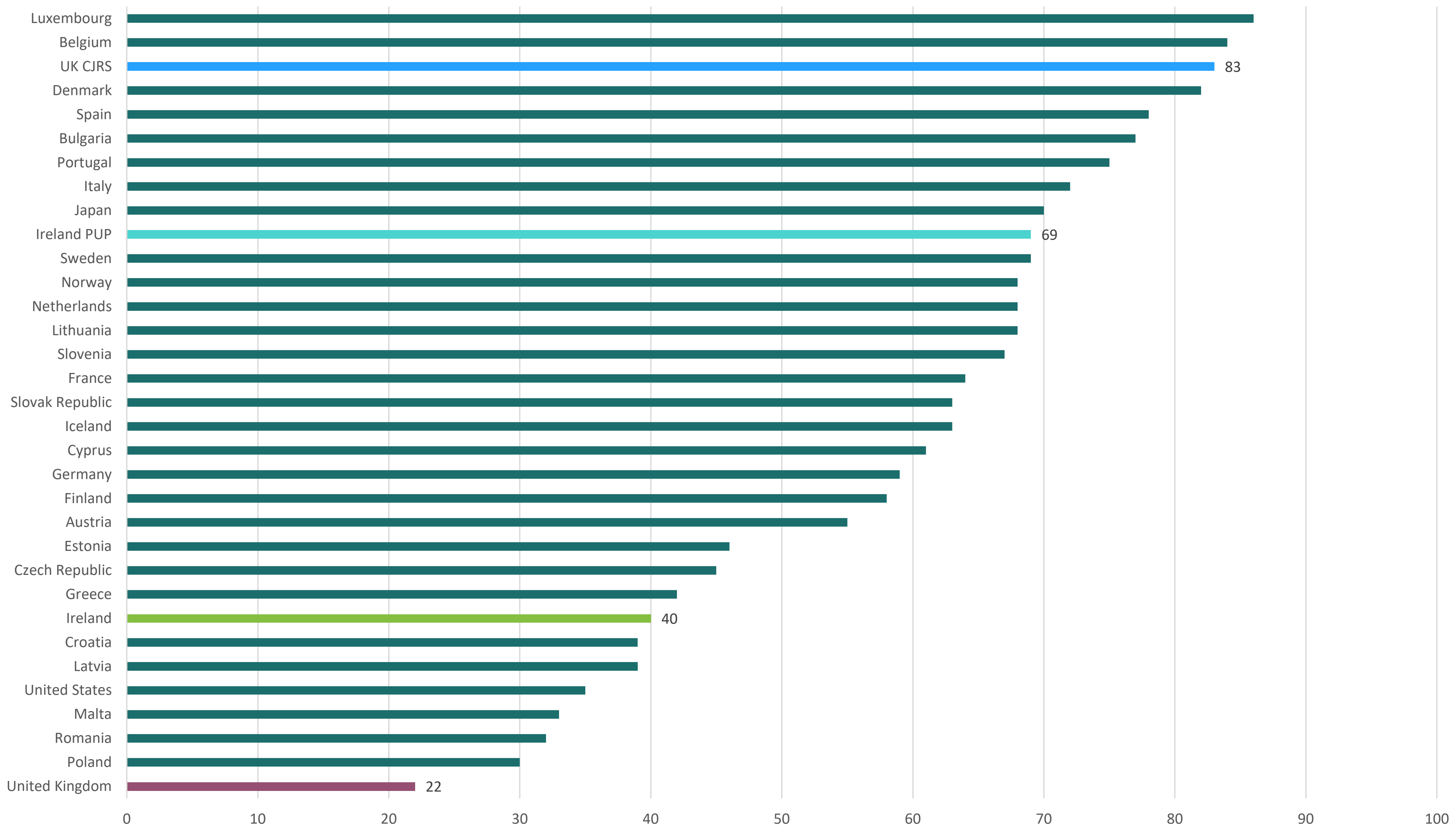
2020	67% Average Wage			
	Gross Income	28011	Gross CJRS	22408
	Net income	22687	Net CJRS	18879
	Net replacement JSA	4925		
	Replacement Rate	22%	Replacement Rate	83%

2020	Average Wage			
	Gross Income	41807	Gross CJRS	28800
	Net income	32069	Net CJRS	23226
	Net replacement JSA	4925		
	Replacement Rate	15%	Replacement Rate	72%

Comparison of Net Replacement Rate between JSB and PUP in Ireland 2020

2020	67% Average Wage			
	Gross Income	31279	Gross PUP	18200
	Net income	26357	Net PUP	18200
	Net replacement JSB	10556		
	Replacement Rate	40%	Replacement Rate	69%

2020	Average Wage			
	Gross Income	46685	Gross PUP	18200
	Net income	35095	Net PUP	18200
	Net replacement JSB	10556		
	Replacement Rate	30%	Replacement Rate	52%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UK CJRS
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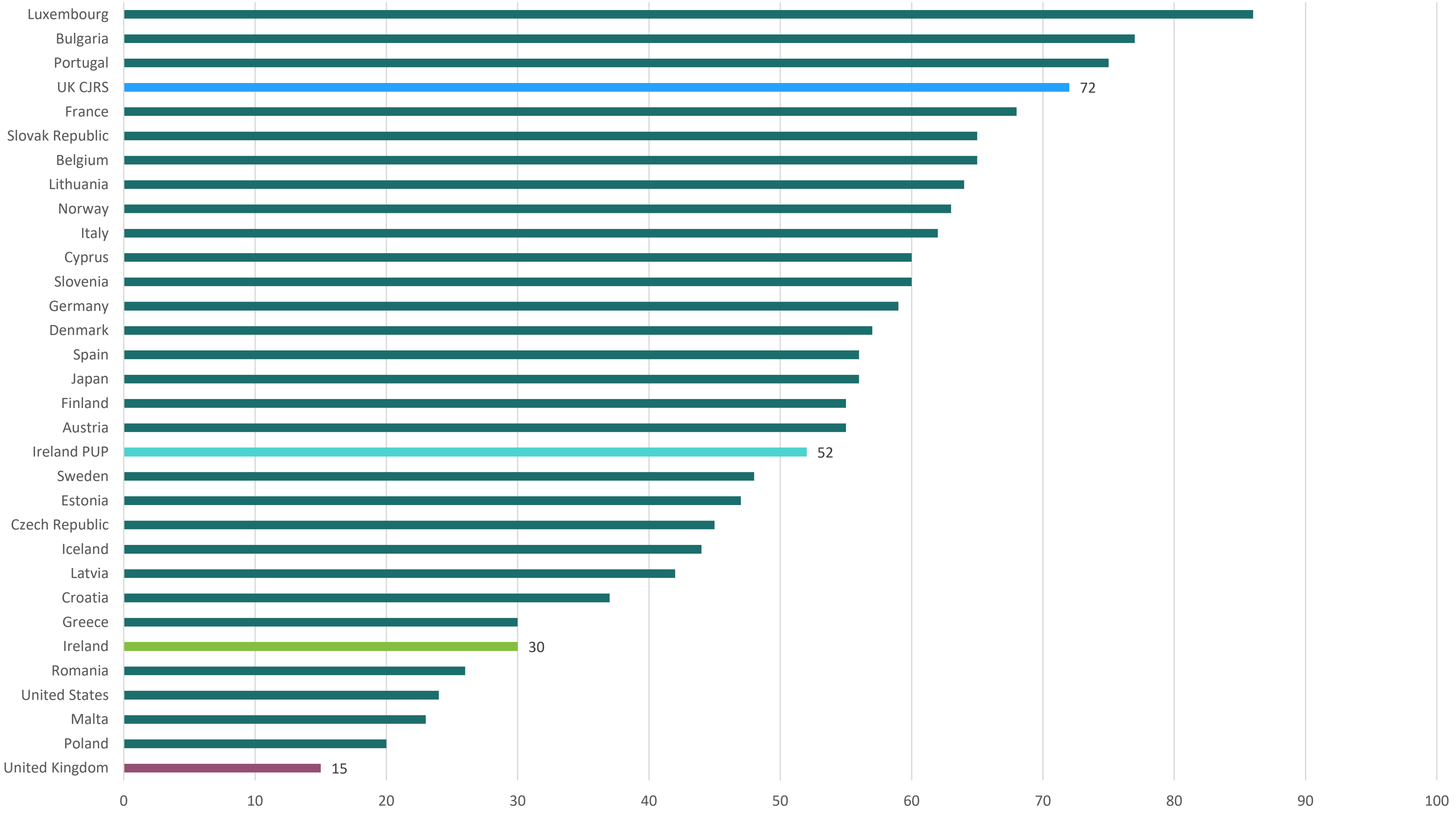

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Benefits of Social Security

- **Consumption smoothing**. Households can manage their finances over the longer term without having to make adjustments to their present consumption in anticipation of not being able to meet future consumption
- **Risk pooling.** Avoids a situation where every household is saving money for an event that is only likely to affect a small minority
- **Security effect.** The reduction in risk aversion that comes with social security can have a significantly positive effect by pushing people towards newer and better jobs, boosting productivity and speeding up labour market adjustments.

Climate Challenge

- Climate change poses a much more significant challenge to our labour market.
- Smaller in scope than the covid adjustment, but its forever.
- To make the transition, we are asking people to exit a field of economic activity in order to avoid a collective catastrophe. Sound familiar??
- We owe the same to those affected by climate change as those affected by covid.
- In reality, we will only be bringing ourselves in line with our peers.