

VoxEU: Unequal consequences of Covid-19 across age and income

Almost all countries in the world have implemented drastic measures to contain the Covid-19 pandemic. This column by **Michèle Belot et al** documents the effects of the epidemic and containment measures using representative individual data on age and income from three Western and three Asian countries



Health worker instructs the people waiting outside the medical center on how to get tested for COVID-9, at the Central de Abasto market of Mexico City

Source: Shutterstock

The Covid-19 pandemic has affected almost all countries in the world and has led to unprecedented measures being implemented to contain the virus. The adjustments required have had a dramatic impact on how we live, on our ability to work, and on our leisure activities. Countries have differed in their response to the epidemic. Some adopted stringent measures, such as shelter-in-place orders, while others implemented early and widespread testing and tracing procedures (Hale et al. 2020).

Within each country, society is structured in a way that not everyone would be equally affected by the measures. Younger individuals, for example, typically have more active social lives and more face-to-face interactions at work. Higher-income groups are more likely to be high-skilled and therefore to have jobs that can be performed from home (Milasi et al. 2020).

A key quote from the article:

Across all countries, we observe a clear age gradient in economic impact: Younger groups are more likely to have experienced a drop in household income due to the pandemic, as well as a drop in consumption.

The pattern according to income is much less consistent across countries (Figure 1). In Italy and Korea, the richest households are less likely to have experienced a fall in income. The other countries (China, Japan, UK, and US) appear to have succeeded in the early months of the pandemic to shield lower-income groups from negative financial effects.

In the UK and the US, we do see an income gradient in fall in consumption: the richest are more likely to have reduced spending. This echoes evidence from credit-card transaction data reported in Chetty et al. (2020) for the US. The most likely explanation is the closure of shops and leisure-related facilities.

The full and original article first appeared on VoxEU [here](#) on 24 July 2020.