COVID: Not a Great Equalizer

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Abstract
Coronavirus has been portrayed as the ‘great equalizer’. None seems immune to the virus and to the economic consequences of the lockdown measures imposed to contain its diffusion. We exploit novel data from two real-time surveys to study the early impact on the labor market of the lockdown in Italy—one of the two countries, with China, hit hard and early. We find that low-educated workers, blue collars, and low-income service workers were more likely to have stopped working both 3-week and 6-week after the lockdown. Low-educated workers were less likely to work from home. Blue collars worked more from their regular workplace, but not from home. Low-income service workers were instead less likely to work from the regular workplace. For both blue collars and low-income service workers, the monthly labor income dropped already in March. Some positive adjustments took place between the 3rd and the 6th week from the lockdown: the share of idle workers dropped, as the proportion of individuals working at home and from their regular workplace increased. However, these adjustments benefited mostly highly educated workers and white collars. Overall, low-income individuals faced worse labor market outcomes and suffered higher psychological costs. (JEL codes: J21, I24, and H12)

Key words
inequality, labor market, COVID

1. Introduction
As none is immune to it, the coronavirus has been portrayed by many as the ‘great equalizer’.1 Yet, early medical records have soon shown that mortality and vulnerability to COVID largely differ across gender and age (Zhou et al. 2020). The coronavirus takes a higher toll on men, elderly people, and individuals with health preconditions, who are more likely to require intensive care treatments and less likely to survive. Moreover, strong differences emerge also in perceptions and attitudes toward COVID, that is, women are more in agreement with restraining measures and more compliant with health rules than men.

1 In an Instagram video, the rock star Madonna called Coronavirus ‘the great equalizer’, since it ‘doesn’t care about how rich you are, how famous you are, how funny you are, how smart you are, where you live, how old you are, what amazing stories you can tell’. New York Governor, Andrew Cuomo, twitted ‘This virus is the great equalizer’.

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Galasso et al. 2020). Besides the direct harm of the coronavirus on public health worldwide, the lockdown measures introduced to stop the diffusion of the contagion have imposed huge economic costs (Baldwin and Weder di Mauro 2020). In many countries, several nonessential sectors of the economy were shutdown and put on hold for long weeks (or months), with workers remaining idle or unemployed (Barrot et al. 2020; Boeri et al. 2020; Coibion et al. 2020; Dingel and Neiman 2020; Koren and Peto 2020). In some sectors, the global supply chain was slowed down or interrupted. In other sectors, the strict lockdown implemented in some countries completed collapsed the demand of goods and services. None seems immune to this economic tragedy. Is the coronavirus the ‘great economic equalizer’?

Studies of past pandemics suggest that they have increased income inequality (Carillo and Jappelli 2020; Furceri et al. 2020; Galletta and Giommoni 2020), although early pandemics, such as the Black Death, reduced inequality in the long run (Alfani, 2020). Recent contributions on the effects of COVID have argued in favor of an increase in income inequality, due to a stronger negative effect on more vulnerable categories of individuals, such as young (Bell et al. 2020), women (Alon et al. 2020), low educated (Adams-Prassl et al. 2020), and Gig economy workers (Stabile et al. 2020).

We study the early impact on the labor market of the restrictive measures introduced in response to the Coronavirus in Italy—one of the two countries, with China, hit hard and early by COVID. In less than 3 weeks from the first known case of coronavirus, on 9 March Italy moved to a complete lockdown, with only essential sectors of the economy been allowed to run. We exploit novel data from two real-time surveys conducted in Italy at the end of March and in mid-April—hence, 3 and 6 weeks into the lockdown, which provides information on the early dynamics of the Italian labor market. The complete lockdown came quite abruptly—particularly in its extension to the entire national territory. Its length was set to 4 weeks, but a large uncertainty continued to linger on several details and its effective duration. The lockdown measures were in fact prolonged until 4 May. Hosting what in March 2020 was the 3rd large COVID outbreak after China and Korea, Italy had no neighboring country to learn from. But the severity of the health and economic situations was apparent already early on. In fact, on 16 March, a large economic aid plan, worth 25 billion Euros, was announced. The first wave of our survey, launched on 27–30 March, allows us to analyze the early phase of the economic shock, in which workers and firms had little to time to adjust. Smart working from home represented the only early option. However, this was not feasible for all jobs and workers. In fact, while 35% of the workers moved to smart working and 18% remained in the workplace, 47% had to stop. With a further tightening of the restrictive measures on 22 March, it becomes apparent that the lockdown was to last longer than the 4 weeks initially announced. On 28 March, additional economic measures, consisting of shopping vouchers and bonuses for specific categories of workers, were announced. But more substantial adjustments had to occur in the labor market too. Our second survey, fielded on 15–17 April, captures a later stage of this adjustment process. By mid-April, smart working had been adopted by 41% of the workers, 25% were working outside, but 34% were still idle.

The empirical evidence from these two surveys provides a clear picture of the initial response of the Italian labor market to this sudden stop. COVID was not a ‘great economic equalizer’. Quite on the contrary. Low-educated workers, blue collars, and low-income service workers were more likely to be idle both 3 and 6 weeks after the lockdown. Low-educated workers were less likely to work from home. Blue collars were overrepresented
among the workers remaining in their regular workplace, but almost absent among those working from home. Low-income service workers were instead less likely to work from the regular workplace. For both blue collars and low-income service workers, the monthly labor income dropped already in March. Not surprisingly, they were less in agreement with the public policy measures that required the closing of (nonessential) business and activities. Overall, low-income individuals fared worse in the labor market and suffered higher psychological costs too. These results represent an important guidance for policy-making during the second wave of the pandemic and of the lockdown measures.

2. Background and Real-Time Survey Data

On 9 March, with the official count of COVID-positive individuals at 7985 and of deaths from COVID at 463, Italy entered into a comprehensive, nation-wide lockdown. Containment measures were further tightened on 22 March, when a Prime Minister’s Decree mandated the shutdown of any unessential productive activity, de facto bringing to a halt a large chunk of the Italian economy. The aim of the lockdown was to contain the spread of the coronavirus, to limit pressure on its national health system and, of course, to reduce the death counts. These measures proved successful in the province of Hubei in China. However, the lockdown causes also economic and psychological harms for the restrained individuals (Brooks et al. 2020) and has large economic consequences (see Baldwin and Weder di Mauro 2020, for a review). Already early on in the pandemic, on 14 April, the IMF reported estimates of a 9.1% reduction in the Italian GDP for 2020, and a corresponding increase in the unemployment rate from 10.0% in 2019 to 12.7% in 2020.

To face this economic crisis, on 16 March, the Italian government announced an economic aid plan worth 25 billion Euros. On 28 March, new urgent economic measures, consisting on providing shopping vouchers and bonuses for specific categories of workers, were announced.

We use real-time survey data from the project REPEAT (REpresentations, PErceptions and ATtitudes on the COVID-19), which allows also a comparison of the labor market responses in other countries, albeit at different stages of the diffusion of the coronavirus—and thus featuring different public policy restraining measures.

The first wave of our survey was launched on 27–30 March by IPSOS on a representative sample of 1000 Italian citizens. The second wave was launched on 15–17 April, again on a representative sample of 1000 Italian citizens, of whom around 650 had participated to the first wave. This survey is part of the more comprehensive REPEAT project, which collects information on perceptions and individual behavior related to COVID-19 and to public health measures in several countries (including Austria, Canada, France, Germany, Italy, New Zealand, UK, and USA). Here, we consider the information on the current labor market status of the respondents, on their attitudes toward the restraining measures adopted in Italy, on their satisfaction with the government action during the crisis, and on their level of psychological distress.

More specifically, in both waves, our labor market information includes whether an individual, who was working in January, has stopped working or continues to work in the usual workplace or from home. From the second wave, we know whether the labor income of the respondents in March has decreased, increased, or remained constant, with respect to its usual level, and we have a self-assessment of their future income perspectives. The
survey provides also individual information on gender, age, education, income groups, geographical location, employment status (full-time or part-time worker, self-employed, unemployed, or out of the labor force), type of occupation (blue collar, service, white collar, no occupation).

The overall picture that emerges for the Italian labor market is bleak. In our survey, the employment rate prior to the coronavirus was 57% (thus in line with official data). Of these employed individuals, 47% had stopped working 3 weeks after the lockdown; 35% were working from home, and only 18% were still working in their usual workplace. Hence, only 53% of the employed individuals were still actively working 3 weeks into the lockdown. However, whether in their regular place or from home, they were mostly working full time—in fact, 34% reports to be working more than usual and only 21% less than usual (45% same as usual).

The REPEAT project allows comparing these outcomes with those of other countries in the surveys (see also Foucault and Galasso 2020), as shown in Table 1. Partially due to the different timing and diffusion of the coronavirus and to the different timing in the introduction (and magnitude) of the restraining measures, Italy appears to have the worse overall labor market outlook. In Germany, where the survey was launched on 20–21 March, 53% of the employed respondents were still working in their usual workplace, 24% at home, and only 23% had stopped. In France, data from 24–25 March show that 38% had stopped, 36% were working from home, and 26% in their usual workplace. In the UK, where the survey was launched on 25–26 March, 22% of the employed respondents were

| Table 1. Labor market outcomes |
|-------------------------------|
| Working from | Stopped working (%) | Date of the survey | Date of the lockdown |
| Home (%) | Usual work place (%) | | |
| Austria | 38 | 33 | 29 | 24–26 March | 16 March |
| France | 36 | 26 | 38 | 24–25 March | 17 March |
| Germany | 24 | 53 | 23 | 20–21 March | 17 March |
| Italy | 35 | 18 | 47 | 27–30 March | 9 March |
| UK | 46 | 22 | 32 | 25–26 March | 23 March |
| USA | 53 | 35 | 12 | 26–27 March | – |

| Working from | Stopped working (%) | Working from | Stopped working (%) |
| Home (%) | Usual work place (%) | Home (%) | Usual work place (%) |
| Austria | 34 | 38 | 28 | 41 | 27 | 32 |
| France | 34 | 30 | 36 | 38 | 22 | 40 |
| Germany | 25 | 58 | 17 | 22 | 49 | 29 |
| Italy | 36 | 20 | 44 | 34 | 16 | 50 |
| UK | 44 | 24 | 32 | 48 | 21 | 31 |
| USA | 52 | 35 | 13 | 54 | 35 | 11 |

Note: Author’s calculation using Survey Data from Attitudes on COVID-19: A comparative Study.
still working in their usual workplace, 46% from home, and 32% had stopped. Table 1 (Panel B) reports their labor market outcomes by gender. In Germany, Italy, Austria, and France, more women than men stopped working.

Six weeks after the lockdown, the labor market situation in Italy had slightly changed. The share of individuals working from home increased to 41% and of those working outside to 25%, but 34% of the workers were still idle. However, the economic cost of the initial lockdown measures was substantial, as 34% of the individuals reported a lower monthly income in March (38% among the employed individuals). Moreover, 36% of the respondents were pessimistic about their future family income.

Perhaps in response to the economic costs of the lockdown, the support for the main restraining measures changed between the two waves. After 3 weeks of lockdown, two respondents out of three agreed with the public policy measures of closing (nonessential) business and economic activities. After 6 weeks, the support had decreased to one respondent in two. Large gender differences emerged with women being more supportive of restraining measures and more compliant with the health measures (see Galasso et al. 2020). Instead, the general satisfaction with the action of the government and of the prime minister remained relatively constant around, respectively, 56% and 42%.

The data from the second wave allow assessing the psychological costs of the lockdown. Individuals were in fact asked a set of questions on social isolation (whether they felt isolated, excluded, or missed something) and on mental health (feeling down, without energy, lack of sleep, lack of interest, difficulty in concentrating, etc.). Six weeks into the lockdown, almost one respondent out of three felt socially isolated and almost one of two experienced mental distress.

3. COVID: A Great Economic (Un)Equalizer

Data from our survey suggest that, besides the public health problem, 6 weeks into the lockdown many Italians had serious economic and psychological issues. To assess the distributional aspects of these effects, we use data from the two waves to analyze how the labor market outcomes depend on the pre-existing socioeconomic, demographic, and occupational characteristics of the respondents. For both waves, our labor market outcomes of interest are whether an individual, who was previously working, stopped working, whether she worked from home or whether she continued to work from the usual workplace.

Since these outcome variables are binary, we run the following probit regressions on the pre-existing socioeconomic, demographic, and economic characteristics of the individuals:

$$E(Y|X) = \Phi(\beta X_i),$$

(1)

where the vector $X_i$ includes gender, age groups (young are aged 18–35, adults 36–49, fifties 50–59, and elderly 60+), education (no high school, high school, college, or more), income groups (low, medium, and high, corresponding to the three terciles of the family income distribution), occupation (blue collars, white collars, and service workers, corresponding, respectively, to 6–9, 1–2, and 3–5 in the one-digit ISCO classification), working conditions (full time, part time, self-employed, inactive), self-assessed health condition (good or not), geographical location (macro regions: north-east, north-west, center, south, islands), and city density (low, medium, and high). Standard errors are clustered at province
level. Data from the two waves are used separately for two cross-sectional regressions with, respectively, 535 and 411 workers. Too few workers participate in both waves to perform a longitudinal analysis. Summary statistics for all the variables used in the regressions are in Tables A1 and A2 in the Appendix.

To analyze the effect of the occupational type by income groups, we run also the following probit regressions:

\[
E(Y|X) = \Phi(\alpha S_i + \rho I_i + \gamma S_i I_i + \beta Z_i),
\]

where \(S_i\) is a dummy for service workers, \(I_i\) is a vector for the income groups, and \(Z_i\) is the vector with the remaining explanatory variables.

Marginal effects from these regressions are reported in Tables 2 and 3, columns 1–3 refer to estimates of Equation (1) and columns 4–6 to estimates of Equation (2). The results show several clear patterns of raising inequality in the labor market. Low-educated individuals are more likely to stop working and less likely to work from home. After 3 weeks of lockdown, workers with no high school were 25 percentage points more likely to be idle than college graduates. This difference is almost entirely driven by the lower probability of working at home (−25 percentage points). Three weeks later, that is, 6 weeks into the lockdown, the difference in the probability of being idle had increased to 28 percentage points and of working from home had become −51 percentage points. Also, the different probability of stop working and working from home between high school and college graduate is (statistically and economically) significant and increased between the two surveys. Since a cross-sectional comparison of data from the two waves shows that the absolute share of idle workers decreased from the end of March to mid-April, while the share of individuals working from home increased, our results suggest that this (positive) adjustment from the initial situation mostly favored college graduates.

Large differences emerge also with respect to the type of occupation. Compared with white collars, after 3 weeks of lockdown, blue collars were 16 percentage points less likely to work from home and almost 8 percentage points more likely to work from the regular workplace. Three weeks later, these differences had doubled. The difference in the probability of being idle between blue and white collars had increased to 15.6 percentage points, as the result of an increase to 32 percentage points in the probability of working from home, only partially compensated by the contemporaneous increase to 16 percentage points of the difference in the probability of working from the workplace. Again, since the share of idle workers decreased between the two surveys, these results suggest that the positive adjustment come mostly—albeit not exclusively—from white collars.

Also, low (family) income workers suffered more in the labor market. After 3 weeks of lockdown, they were 11 percentage points more likely than high (family) income to be idle, as they were almost 14 percentage points less likely to work from home. This difference in the probability of being idle can largely be attributed to low-income service workers. As shown in columns 4–6 in Table 2, low-income service workers are much more likely to be idle, mostly because they were less likely to continue working from their regular workplace. The same pattern for low-income service workers is confirmed—and amplified—after 6 weeks of lockdown (see columns 4–6 in Table 3).

Finally, full-time workers were initially less likely (than self-employed) to remain idle, mostly because they were more likely to continue working in their regular workplace. The same pattern does not emerge 6 weeks into the lockdown, due to a stronger adjustment by
Table 2. Labor market after 3 weeks of lockdown

| Variables               | (1) | (2) | (3) | (4) | (5) | (6) |
|-------------------------|-----|-----|-----|-----|-----|-----|
|                         | Stop working | Work from home | Work outside | Stop working | Work from home | Work outside |
| Female                  | 0.002 | 0.006 | -0.005 | 0.008 | 0.006 | -0.006 |
|                         | [0.044] | [0.034] | [0.033] | [0.045] | [0.035] | [0.033] |
| Young                   | -0.026 | 0.008 | 0.017 | -0.019 | 0.008 | 0.012 |
|                         | [0.065] | [0.054] | [0.048] | [0.063] | [0.054] | [0.047] |
| Fifty                   | -0.033 | -0.007 | 0.024 | -0.029 | -0.005 | 0.022 |
|                         | [0.058] | [0.053] | [0.053] | [0.058] | [0.053] | [0.053] |
| Elderly                 | 0.036 | 0.030 | -0.068 | 0.036 | 0.032 | -0.067 |
|                         | [0.057] | [0.051] | [0.050] | [0.056] | [0.052] | [0.050] |
| No high school          | 0.248** | -0.227** | -0.019 | 0.261** | -0.229** | -0.026 |
|                         | [0.118] | [0.112] | [0.090] | [0.116] | [0.113] | [0.089] |
| High school             | 0.094* | -0.113** | 0.030 | 0.083* | -0.112** | 0.040 |
|                         | [0.049] | [0.044] | [0.041] | [0.049] | [0.045] | [0.040] |
| Low income              | 0.113** | -0.138*** | 0.011 | -0.014 | -0.133* | 0.106 |
|                         | [0.052] | [0.053] | [0.048] | [0.079] | [0.076] | [0.065] |
| Medium income           | 0.050 | -0.048 | 0.008 | -0.008 | -0.029 | 0.043 |
|                         | [0.054] | [0.053] | [0.051] | [0.086] | [0.073] | [0.078] |
| Income no answer        | -0.054 | 0.052 | -0.002 | -0.099 | 0.049 | 0.053 |
|                         | [0.063] | [0.061] | [0.054] | [0.101] | [0.091] | [0.084] |
| Service Worker          | 0.009 | 0.015 | -0.022 | -0.084 | 0.023 | 0.052 |
|                         | [0.061] | [0.055] | [0.045] | [0.084] | [0.068] | [0.058] |
| Blue collar             | 0.070 | -0.165*** | 0.078* | 0.096 | -0.168*** | 0.059 |
|                         | [0.069] | [0.063] | [0.044] | [0.068] | [0.064] | [0.045] |
| Service x low income    | 0.281** | -0.009 | -0.262*** |
|                         | [0.113] | [0.108] | [0.088] |
| Service x medium income | 0.110 | -0.033 | -0.064 |
|                         | [0.108] | [0.097] | [0.090] |
| Service x no answer     | 0.078 | 0.011 | -0.106 |
|                         | [0.143] | [0.120] | [0.126] |
| Full-time worker        | -0.122** | 0.015 | 0.098** | -0.123** | 0.015 | 0.098** |
|                         | [0.052] | [0.053] | [0.049] | [0.051] | [0.052] | [0.048] |
| Part-time worker        | 0.096 | -0.097 | -0.009 | 0.094 | -0.097 | -0.012 |
|                         | [0.070] | [0.067] | [0.059] | [0.070] | [0.067] | [0.059] |
| Good health             | -0.003 | 0.042 | -0.044 | 0.003 | 0.041 | -0.049 |
|                         | [0.047] | [0.042] | [0.034] | [0.047] | [0.042] | [0.035] |
| Macro regions FE        | Yes | Yes | Yes | Yes | Yes | Yes |
| Municipal density FE    | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations            | 535 | 535 | 535 | 535 | 535 | 535 |

Note: Marginal effects from Probit regressions. Standard errors are in brackets.

***p < 0.01, **p < 0.05, *p < 0.1.
the self-employed, among whom the share of idle workers dropped from 38 percentage points to 26.

Overall, these results suggest that the initial effect of the lockdown falls disproportionally on the more fragile individuals in the labor market: low educated, blue collars, and low-

| Variables                  | (1) Stop working | (2) Work from home | (3) Work outside | (4) Stop working | (5) Work from home | (6) Work outside |
|----------------------------|------------------|-------------------|-----------------|------------------|-------------------|-----------------|
| Female                     | 0.071            | -0.000            | -0.082          | 0.074*           | -0.003            | -0.086*         |
|                            | [0.043]          | [0.050]           | [0.050]         | [0.044]          | [0.051]           | [0.048]         |
| Young                      | 0.066            | 0.018             | -0.090          | 0.086            | 0.016             | -0.100*         |
|                            | [0.060]          | [0.057]           | [0.056]         | [0.059]          | [0.056]           | [0.056]         |
| Fifty                      | -0.109           | 0.029             | 0.069           | -0.086           | 0.019             | 0.062           |
|                            | [0.080]          | [0.056]           | [0.068]         | [0.082]          | [0.058]           | [0.069]         |
| Elderly                    | -0.095           | 0.064             | 0.035           | -0.082           | 0.064             | 0.032           |
|                            | [0.071]          | [0.065]           | [0.061]         | [0.070]          | [0.065]           | [0.061]         |
| No high school             | 0.282***         | -0.509***         | 0.038           | 0.268***         | -0.480***         | 0.051           |
|                            | [0.078]          | [0.107]           | [0.080]         | [0.083]          | [0.107]           | [0.077]         |
| High school                | 0.171***         | -0.135***         | 0.002           | 0.160***         | -0.130***         | 0.012           |
|                            | [0.049]          | [0.044]           | [0.053]         | [0.049]          | [0.044]           | [0.049]         |
| Low income                 | 0.041            | -0.032            | 0.022           | -0.146*          | 0.026             | 0.148*          |
|                            | [0.058]          | [0.052]           | [0.055]         | [0.086]          | [0.079]           | [0.077]         |
| Medium income              | 0.081            | -0.093*           | 0.015           | 0.091            | -0.164*           | 0.035           |
|                            | [0.061]          | [0.054]           | [0.059]         | [0.087]          | [0.098]           | [0.087]         |
| Income no answer           | 0.132**          | -0.013            | -0.103          | 0.007            | 0.097             | -0.105          |
|                            | [0.055]          | [0.062]           | [0.077]         | [0.082]          | [0.079]           | [0.099]         |
| Service worker             | 0.025            | -0.025            | 0.027           | -0.071           | -0.020            | 0.082           |
|                            | [0.063]          | [0.064]           | [0.061]         | [0.079]          | [0.084]           | [0.077]         |
| Blue collar                | 0.152**          | -0.320***         | 0.156**         | 0.204***         | -0.351***         | 0.115*          |
|                            | [0.072]          | [0.068]           | [0.062]         | [0.074]          | [0.068]           | [0.061]         |
| Service × low income       | 0.413***         | -0.104            | -0.354***       |
|                            | [0.098]          | [0.100]           | [0.104]         |
| Service × medium income    | -0.014           | 0.113             | -0.043          |
|                            | [0.102]          | [0.128]           | [0.113]         |
| Service × no answer        | 0.233*           | -0.186            | 0.011           |
|                            | [0.132]          | [0.129]           | [0.144]         |
| Full-time worker           | 0.019            | -0.078            | 0.043           | 0.003            | -0.078            | 0.053           |
|                            | [0.060]          | [0.063]           | [0.056]         | [0.058]          | [0.062]           | [0.055]         |
| Part-time worker           | 0.087            | -0.164**          | 0.044           | 0.089            | -0.166**          | 0.042           |
|                            | [0.077]          | [0.065]           | [0.080]         | [0.077]          | [0.066]           | [0.078]         |
| Good health                | -0.038           | 0.001             | 0.031           | -0.026           | 0.003             | 0.026           |
|                            | [0.049]          | [0.045]           | [0.049]         | [0.048]          | [0.046]           | [0.047]         |
| Macro regions FE           | Yes              | Yes               | Yes             | Yes              | Yes               | Yes             |
| Municipal density FE       | Yes              | Yes               | Yes             | Yes              | Yes               | Yes             |
| Observations               | 411              | 411               | 411             | 411              | 411               | 411             |

Note: Marginal effects from Probit regressions. Standard errors are in brackets.

***p < 0.01, **p < 0.05, *p < 0.1
income service workers. Some adjustments took place between the 3rd and the 6th week from the lockdown (corresponding to the first and second wave of our survey). Overall, the share of idle workers dropped, as the proportion of individuals working at home and from their regular workplace increased. However, also these positive adjustments had strong differential effects, since they benefited mostly highly educated workers and white collars. The results in Tables 2 and 3 show that the labor market outcomes do not differ by gender, once the other socioeconomic features are taken into account. Given the gender differences shown in Table 1 (Panel B) for Italy, these findings suggest that occupational differences may drive the gender gap.

Data from the second wave allow us to assess the early effect of the lockdown measures on the individuals’ current income and on their expectations regarding their future income. We use the answers to two qualitative questions, which asked, respectively, whether the respondent’s income had dropped in March (relatively to January) and how optimistic or pessimistic the respondent was with respect to the future family income. We construct two dummy variables to indicate, respectively, current and expected future income drops, and we run the probit regressions at Equation (1). Table 4 shows that the March monthly income was more likely to drop for low-income individuals, blue collars, and service workers, but less for full-time workers. Interestingly, the drop in monthly income was 18 percentage points less likely among elderly individuals—mostly retirees—since pension benefits were unaffected. If we consider only employed individuals (column 2), the income drop is 10 percentage points more likely for low-income workers and 16 percentage points for blue collars. These reductions were not due to layoffs, which were blocked for 2 months on 17 March, but more likely to the use of alternative instruments (such as unused maternal leaves, extraordinary redundancy fund), which were associated with a drop in the worker’s income. When asked about their future income, the elderly remained less pessimistic, perhaps as they do not expect reduction in future pension benefits. Also, the young and the full-time workers, who were less likely to be idle in March, were less pessimistic. Instead, low-income individuals were substantially more pessimistic about their future income prospects than high-income ones. These results remain whether we consider the full sample (column 3) or the sample of workers only (column 4).

Does the differential impact of these lockdown measures on the individuals’ labor market experience affect their agreement with these public policy measures and their satisfaction with the government action? In both waves of the surveys, questions were asked on the agreement with closing (nonessential) business and with closing activities and institutions, as well as on individual satisfaction with the prime minister’s action and with the government’s action. For these four questions, we construct dummy variables and run probit regressions according to Equation (1). The results are reported in Tables 5 and 6, respectively, for the first (27–30 March) and for second wave (15–17 April). Among the regressors, we add the political ideology of the respondent (left, center, and right).

Opposition to the lockdown measures concerning economic activities emerged among the main labor market losers: blue collars, service workers, and low-income individuals. For these individuals, but service workers, the disagreement is stronger earlier on. The general agreement with these restrictive policies largely drops from the 3rd to the 6th week into the lockdown: from two individuals out of three to less than one out of two. This reduction is more pronounced among white collars. Satisfaction for the actions of the (left leaning) government and of the prime minister is strongly related to the political orientation of the respondents—and remained relatively constant over time, above 40% for the prime
minister and above 55% for the government. Among the main labor market losers, low-educated individuals show a consistently lower support for the actions of the prime minister and of the government.

The lockdown measures carry also important negative psychological effects (Brooks et al. 2020). Questions posed in the second wave allow us to measure the degree (high or low) of isolation, exclusion, and loss felt by the respondents. We averaged the answers to these questions to construct an exclusion index, which ranges between 0 and 1. Moreover, respondents were asked about their current feelings and behavior (answers being Yes or No): whether they lost interest in doing things, felt depressed, had hard time sleeping, had

### Table 4. Current (March) and future income reductions

| Variables                | (1) Income drop | (2) Income drop | (4) Future income drop | (5) Future income drop |
|--------------------------|-----------------|-----------------|------------------------|------------------------|
| Female                   | 0.001           | 0.073           | −0.013                 | −0.013                 |
|                         | [0.032]         | [0.048]         | [0.031]                | [0.047]                |
| Young                   | −0.014          | 0.013           | −0.096**               | −0.104*                |
|                         | [0.035]         | [0.054]         | [0.039]                | [0.060]                |
| Fifty                   | −0.021          | −0.000          | 0.013                  | −0.088                 |
|                         | [0.047]         | [0.067]         | [0.046]                | [0.074]                |
| Elderly                 | −0.181***       | −0.054          | −0.134***              | −0.117*                |
|                         | [0.041]         | [0.066]         | [0.042]                | [0.070]                |
| No high school          | −0.056          | 0.137           | 0.018                  | 0.173*                 |
|                         | [0.054]         | [0.091]         | [0.052]                | [0.093]                |
| High school             | 0.029           | 0.074           | 0.008                  | 0.031                  |
|                         | [0.037]         | [0.055]         | [0.034]                | [0.044]                |
| Low income              | 0.149***        | 0.102**         | 0.120***               | 0.097*                 |
|                         | [0.035]         | [0.051]         | [0.038]                | [0.054]                |
| Medium income           | 0.055           | 0.036           | −0.001                 | 0.002                  |
|                         | [0.043]         | [0.052]         | [0.036]                | [0.050]                |
| Income no answer        | 0.086*          | −0.065          | 0.051                  | 0.077                  |
|                         | [0.047]         | [0.081]         | [0.044]                | [0.068]                |
| Service worker          | 0.108**         | 0.109           | 0.015                  | −0.014                 |
|                         | [0.053]         | [0.074]         | [0.063]                | [0.073]                |
| Blue collar             | 0.191***        | 0.157*          | 0.067                  | −0.004                 |
|                         | [0.066]         | [0.082]         | [0.077]                | [0.080]                |
| White collar            | 0.060           | 0.039           |                       |                       |
|                         | [0.064]         | [0.061]         |                       |                       |
| Full-time worker        | −0.179***       | −0.288***       | −0.168***              | −0.204***              |
|                         | [0.050]         | [0.057]         | [0.053]                | [0.064]                |
| Part-time worker        | 0.027           | −0.125*         | 0.019                  | −0.025                 |
|                         | [0.063]         | [0.076]         | [0.067]                | [0.089]                |
| Good health             | −0.004          | 0.037           | −0.058**               | −0.036                 |
|                         | [0.030]         | [0.056]         | [0.029]                | [0.054]                |
| Macro regions FE        | Yes             | Yes             | Yes                    | Yes                    |
| Municipal density FE    | Yes             | Yes             | Yes                    | Yes                    |
| Observations            | 997             | 411             | 997                    | 411                    |

**Note:** Marginal effects from Probit regressions. Standard errors are in brackets.

***p < 0.01, **p < 0.05, *p < 0.1
Table 5. Individual perceptions after 3 weeks of lockdown

| Variables                  | Agree with Business closed | Agree with Activity closed | Satisfied with Prime minister | Satisfied with Government |
|----------------------------|----------------------------|-----------------------------|-------------------------------|----------------------------|
|                            | (1)                        | (2)                         | (3)                          | (4)                        |
| Female                     | 0.135***                   | 0.107***                    | 0.049                        | 0.049                      |
|                           | [0.033]                    | [0.029]                     | [0.034]                      | [0.036]                    |
| Young                      | 0.036                      | −0.003                      | −0.005                       | 0.038                      |
|                           | [0.044]                    | [0.045]                     | [0.046]                      | [0.039]                    |
| Fifty                      | −0.024                     | −0.032                      | −0.088                       | −0.050                     |
|                           | [0.050]                    | [0.044]                     | [0.054]                      | [0.052]                    |
| Elderly                    | −0.015                     | −0.023                      | −0.025                       | −0.036                     |
|                           | [0.040]                    | [0.037]                     | [0.047]                      | [0.036]                    |
| No high school            | 0.070                      | 0.069                       | −0.131***                    | −0.138*                    |
|                           | [0.067]                    | [0.068]                     | [0.059]                      | [0.071]                    |
| High school               | 0.076**                    | 0.024                       | −0.069**                     | −0.070*                    |
|                           | [0.038]                    | [0.033]                     | [0.034]                      | [0.041]                    |
| Low income                | −0.099**                   | −0.085**                    | −0.069*                      | −0.032                     |
|                           | [0.043]                    | [0.039]                     | [0.037]                      | [0.036]                    |
| Medium income             | −0.050                     | −0.050                      | −0.011                       | 0.009                      |
|                           | [0.044]                    | [0.044]                     | [0.038]                      | [0.043]                    |
| Income no answer          | 0.054                      | −0.012                      | −0.074                       | −0.083                     |
|                           | [0.058]                    | [0.042]                     | [0.052]                      | [0.051]                    |
| Service worker            | −0.140**                   | −0.175***                   | 0.049                        | −0.047                     |
|                           | [0.057]                    | [0.053]                     | [0.057]                      | [0.059]                    |
| Blue collar               | −0.160***                  | −0.228***                   | −0.032                       | −0.072                     |
|                           | [0.057]                    | [0.054]                     | [0.069]                      | [0.060]                    |
| White collar              | −0.035                     | −0.083                      | −0.056                       | −0.077                     |
|                           | [0.065]                    | [0.068]                     | [0.075]                      | [0.055]                    |
| Full-time worker          | 0.060                      | 0.073                       | −0.006                       | 0.030                      |
|                           | [0.062]                    | [0.062]                     | [0.047]                      | [0.050]                    |
| Part-time worker          | 0.084                      | 0.110*                      | −0.033                       | 0.028                      |
|                           | [0.061]                    | [0.058]                     | [0.060]                      | [0.065]                    |
| Good health               | 0.036                      | 0.058*                      | −0.015                       | 0.033                      |
|                           | [0.029]                    | [0.033]                     | [0.031]                      | [0.030]                    |
| Left ideology             | 0.033                      | −0.018                      | 0.313***                     | 0.254***                   |
|                           | [0.051]                    | [0.049]                     | [0.048]                      | [0.055]                    |
| Center ideology           | −0.049                     | −0.065                      | 0.161***                     | 0.097**                    |
|                           | [0.043]                    | [0.045]                     | [0.037]                      | [0.044]                    |
| Right ideology            | −0.017                     | −0.073                      | −0.063                       | −0.168***                  |
|                           | [0.053]                    | [0.052]                     | [0.053]                      | [0.050]                    |
| Macro regions FE          | Yes                        | Yes                         | Yes                          | Yes                        |
| Municipal density FE      | Yes                        | Yes                         | Yes                          | Yes                        |
| Observations              | 1000                       | 1000                        | 1000                         | 1000                       |

Note: Marginal effects from Probit regressions. Standard errors are in brackets.  
***p < 0.01, **p < 0.05, *p < 0.1
| Variables          | (1) Agree with Business closed | (2) Agree with Activity closed | (3) Satisfied with Prime minister | (4) Satisfied with Government |
|-------------------|-------------------------------|--------------------------------|----------------------------------|-------------------------------|
| Female            | 0.091**                       | 0.085***                      | 0.042                           | 0.063**                      |
|                   | [0.037]                       | [0.031]                       | [0.029]                         | [0.032]                       |
| Young             | 0.003                         | −0.014                        | 0.045                           | 0.042                         |
|                   | [0.056]                       | [0.052]                       | [0.037]                         | [0.038]                       |
| Fifty             | −0.020                        | 0.006                         | −0.057                          | −0.016                        |
|                   | [0.055]                       | [0.062]                       | [0.047]                         | [0.038]                       |
| Elderly           | −0.029                        | −0.101**                      | 0.011                           | −0.012                        |
|                   | [0.044]                       | [0.046]                       | [0.043]                         | [0.036]                       |
| No high school    | 0.006                         | −0.013                        | −0.168***                       | −0.161***                     |
|                   | [0.055]                       | [0.068]                       | [0.050]                         | [0.053]                       |
| High school       | 0.002                         | 0.013                         | −0.088***                       | −0.100***                     |
|                   | [0.039]                       | [0.035]                       | [0.033]                         | [0.033]                       |
| Low income        | −0.007                        | −0.024                        | −0.016                          | 0.014                         |
|                   | [0.054]                       | [0.050]                       | [0.040]                         | [0.037]                       |
| Medium income     | −0.047                        | −0.057                        | −0.041                          | 0.004                         |
|                   | [0.045]                       | [0.044]                       | [0.043]                         | [0.039]                       |
| Income no answer  | 0.005                         | −0.008                        | −0.043                          | −0.015                        |
|                   | [0.065]                       | [0.057]                       | [0.048]                         | [0.043]                       |
| Service worker    | −0.178***                     | −0.170***                     | 0.094**                         | 0.064                         |
|                   | [0.056]                       | [0.060]                       | [0.047]                         | [0.058]                       |
| Blue collar       | −0.103                        | −0.073                        | 0.051                           | −0.037                        |
|                   | [0.071]                       | [0.068]                       | [0.052]                         | [0.054]                       |
| White collar      | −0.117*                       | −0.154**                      | −0.019                          | −0.039                        |
|                   | [0.065]                       | [0.070]                       | [0.059]                         | [0.067]                       |
| Full-time worker  | 0.104*                        | 0.110*                        | −0.004                          | −0.009                        |
|                   | [0.053]                       | [0.060]                       | [0.044]                         | [0.056]                       |
| Part-time worker  | 0.081                         | 0.119*                        | 0.041                           | −0.034                        |
|                   | [0.063]                       | [0.068]                       | [0.055]                         | [0.062]                       |
| Good health       | −0.026                        | −0.056*                       | 0.056*                          | 0.057**                       |
|                   | [0.032]                       | [0.032]                       | [0.029]                         | [0.027]                       |
| Left ideology     | 0.000                         | 0.072                         | 0.356***                        | 0.245***                      |
|                   | [0.061]                       | [0.054]                       | [0.052]                         | [0.051]                       |
| Center ideology   | −0.104*                       | −0.067                        | 0.148***                        | 0.059                         |
|                   | [0.056]                       | [0.054]                       | [0.051]                         | [0.049]                       |
| Right ideology    | −0.118*                       | −0.065                        | −0.025                          | −0.173***                     |
|                   | [0.063]                       | [0.058]                       | [0.052]                         | [0.052]                       |
| Macro regions FE  | Yes                           | Yes                           | Yes                             | Yes                           |
| Municipal density FE | Yes                          | Yes                           | Yes                             | Yes                           |
| Observations      | 997                           | 997                           | 997                             | 997                           |

Note: Marginal effects from Probit regressions. Standard errors are in brackets.

***p < 0.01, **p < 0.05, *p < 0.1.
no energy, were no hungry (or too hungry), felt bad about themselves or their family, had hard time concentrating on reading the newspaper or watching TV, moved too slowly (or too much), had suicidal thoughts. We averaged the answers to all these questions to construct a distress index, which ranges between 0 and 1. Finally, individuals were asked in their opinion how much longer, in weeks, the lockdown should last. Exclusion and distress may depend on the impact of the lockdown measures on the individuals’ labor market conditions, but also on their housing conditions and family composition. We thus add to the socioeconomic and demographic regressors used earlier information on the respondent family composition (single, with family, or living with others) and on their housing conditions (homeownership, room per person, lack of an open space). Since the outcome variables are continuous, we run a simple linear regression model on the vector of explanatory variables previously discussed. Results are reported in Table 7. Not surprisingly, being at home with a family and more space at disposal reduces both feelings of exclusion and distress, while having no open space (such a garden or a terrace) increases the sense of distress. The feeling of distress is stronger among women and young individuals, and lower among elderly individuals and people in good health. As expected, low-income individuals display more distress and feeling of exclusion, even after controlling for housing, occupational, and family characteristics.

4. Discussion

The picture emerging from two snapshots of the Italian labor market taken 3 and 6 weeks into the lockdown is clear. The initial shock was massive, leading to a halt for almost half of the workers. Among those who were able to continue, two out of three worked from home and only one in three from the regular workplace. On impact, COVID hit much harder the more fragile individuals on the labor market—low educated, blue collars, low-income service workers—who were more likely to stop working and to suffer immediate income losses. Not surprisingly, they were less in agreement with the public health measures mandating the closure of nonessential business and activities. These results are in line with recent studies that have used large dataset from private firms to assess the drop in labor income and the increase in inequality driven by larger negative effects on poorer workers (Aspachs 2020; Chetty et al. 2020).

However, some adjustment took place in the labor market after the sudden halt. Six weeks into the lockdown, the share of idle workers had dropped to 34%, due to an increase in the use of smart working from home and to some workers returning to their usual workplace. These positive adjustments were uneven, as they mostly affected highly educated workers and white collars. This is not surprising, given the large prevalence of these workers in the occupations that can be performed from home (Dingel and Neiman 2020).

Hence, after 6 weeks of lockdown, the dis-equalizing effects of the Coronavirus were still strongly visible in the Italian labor market. Moreover, low-income individuals were more likely to face psychological problems, such as having feeling of exclusion and distress, and were more pessimistic about their future income prospects. In Italy, and in most other countries affected by the pandemic, economic measures to support idle workers and firms have been introduced (IMF 2020) and have been effective in containing the rise in income inequality (Aspachs et al. 2020). Clearly, these measures may represent a blanket providing insurance and support during a temporary shock.
| Variables          | Exclusion index | Distress index | Lockdown duration |
|-------------------|-----------------|----------------|-------------------|
| Female            | 0.019           | 0.098***       | −0.150            |
| Young             | 0.051           | 0.075**        | −0.566            |
| Fifty             | 0.016           | −0.015         | −0.252            |
| Elderly           | −0.011          | −0.077***      | 0.425             |
| No high school    | 0.030           | −0.050         | −0.069            |
| High school       | 0.025           | −0.013         | 0.030             |
| No open space     | 0.036           | 0.044**        | 0.159             |
| Homeowner         | 0.008           | −0.028         | 0.091             |
| Room per people   | −0.021**        | −0.024***      | −0.248**          |
| Single            | 0.064           | 0.051          | −0.462            |
| With family       | −0.074**        | −0.042*        | 0.230             |
| Low income        | 0.059*          | 0.056***       | 0.746*            |
| Medium income     | 0.019           | 0.040          | −0.132            |
| Income no answer  | 0.008           | −0.010         | 0.373             |
| Service worker    | −0.037          | −0.032         | −0.817*           |
| Blue collar       | −0.072          | −0.021         | −0.171            |
| White collar      | 0.046           | 0.054          | 0.312             |
| Full-time worker  | 0.076           | 0.053          | 0.178             |
| Part-time worker  | 0.078           | 0.090**        | 0.815             |
| Good health       | −0.046          | −0.133***      | −0.991***         |
| Low density area  | −0.010          | −0.059*        | −0.309            |
| Medium density area | 0.010       | −0.020         | −0.410            |
| Constant          | 0.286***        | 0.525***       | 6.765***          |

(continued)
In fall 2020, the perspectives remain uncertain. A second wave of the pandemic is underway and so are new restrictive measures, along the lines experienced during the ‘Great Lockdown’ during March to April. Policies to ensure the coexistence of physical distancing and on-the-workplace production have been implemented during the summer, but they are now showing their limits. The scenario is daunting. The share of jobs that, given their nature in terms of work context and of generalized work activities, can plausibly be performed at home is limited—only 37% in the USA (Dingel and Neiman 2020). According to the ‘lockdown working ability’ index of workers, developed by Palomino et al. (2020), which considers the possibility of working from home for each occupation and whether the occupation is considered essential, this situation is particularly problematic in Southern European countries, such as Italy. In fact, calculations by Boeri et al. (2020) for Italy suggest that with a strict lockdown only 23.9% of the job can be done from home, 31.3% if mobility constraints are relaxed, and 46.2% when allowing for limited and face-to-face contact. To the extent that these (few) jobs that can be performed from home are prevalent-ly performed by educated, high skilled, white collar workers, we should expect the second wave of the pandemic to bring a new increase in income inequality. Major economic measures, consisting of prolonged unemployment benefits, short-time work policies that provide subsidies for hour reductions to workers in firms experiencing temporary shocks and transfers to low-income households will be needed or the more fragile individuals in the economy will continue to be more exposed to both health and economic risks.

Acknowledgments
Nicola Bariletto and Marco Lo Faso provided excellent research assistance. I thank Panu Poutvaara and an anonymous reviewer for helpful suggestions. Financial Support from Unicredit Foundation is gratefully acknowledged. Survey Data from the project Attitudes on COVID-19: A comparative Study chaired by Sylvain Brouard and Martial Foucault (Sciences Po).

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## Appendix

### Table A1. Summary statistics wave 1

| Variables                  | Observations | Mean  | Standard deviation | Min. | Max. |
|----------------------------|--------------|-------|--------------------|------|------|
| Work home                  | 535          | 0.378 | 0.485              | 0    | 1    |
| Work outside               | 535          | 0.172 | 0.378              | 0    | 1    |
| Stop work                  | 535          | 0.45  | 0.498              | 0    | 1    |
| Agree business closed      | 1000         | 0.665 | 0.472              | 0    | 1    |
| Agree activity closed      | 1000         | 0.655 | 0.476              | 0    | 1    |
| Satisfaction premier       | 1000         | 0.454 | 0.498              | 0    | 1    |
| Satisfaction government    | 1000         | 0.597 | 0.491              | 0    | 1    |
| Female                     | 1000         | 0.526 | 0.5                 | 0    | 1    |
| Young                      | 1000         | 0.23  | 0.421              | 0    | 1    |
| Fifty                      | 1000         | 0.152 | 0.3592             | 0    | 1    |
| Elderly                    | 1000         | 0.338 | 0.473              | 0    | 1    |
| No high school             | 1000         | 0.093 | 0.291              | 0    | 1    |
| High school                | 1000         | 0.581 | 0.494              | 0    | 1    |
| College                    | 1000         | 0.326 | 0.469              | 0    | 1    |
| Low income                 | 1000         | 0.31  | 0.463              | 0    | 1    |
| Medium income              | 1000         | 0.24  | 0.428              | 0    | 1    |
| Income no answer           | 1000         | 0.156 | 0.363              | 0    | 1    |
| Service worker             | 1000         | 0.276 | 0.447              | 0    | 1    |
| Blue collar                | 1000         | 0.156 | 0.363              | 0    | 1    |
| White collar               | 1000         | 0.103 | 0.304              | 0    | 1    |
| Full-time worker           | 1000         | 0.313 | 0.464              | 0    | 1    |
| Part-time worker           | 1000         | 0.12  | 0.325              | 0    | 1    |
| Good health                | 1000         | 0.596 | 0.491              | 0    | 1    |
| Left ideology              | 1000         | 0.259 | 0.438              | 0    | 1    |
| Center ideology            | 1000         | 0.359 | 0.48               | 0    | 1    |
| Right ideology             | 1000         | 0.248 | 0.432              | 0    | 1    |
## Table A2. Summary statistics wave 2

| Variables                  | Observations | Mean   | Standard deviation | Min. | Max. |
|----------------------------|--------------|--------|--------------------|------|------|
| Work home                  | 411          | 0.443  | 0.497              | 0    | 1    |
| Work outside               | 411          | 0.248  | 0.432              | 0    | 1    |
| Stop work                  | 411          | 0.309  | 0.463              | 0    | 1    |
| Less income                | 997          | 0.324  | 0.468              | 0    | 1    |
| More pessimism             | 997          | 0.352  | 0.478              | 0    | 1    |
| Agree business closed      | 997          | 0.477  | 0.500              | 0    | 1    |
| Agree activity closed      | 997          | 0.489  | 0.500              | 0    | 1    |
| Satisfied with Premier     | 997          | 0.426  | 0.495              | 0    | 1    |
| Satisfied with government  | 997          | 0.571  | 0.495              | 0    | 1    |
| Exclusion index            | 997          | 0.317  | 0.372              | 0    | 1    |
| Distress index             | 997          | 0.446  | 0.331              | 0    | 1    |
| Lockdown duration          | 997          | 5.638  | 4.510              | 0    | 20   |
| Female                     | 997          | 0.516  | 0.500              | 0    | 1    |
| Young                      | 997          | 0.238  | 0.426              | 0    | 1    |
| Fifty                      | 997          | 0.143  | 0.351              | 0    | 1    |
| Elderly                    | 997          | 0.358  | 0.480              | 0    | 1    |
| No high school             | 997          | 0.123  | 0.329              | 0    | 1    |
| High school                | 997          | 0.570  | 0.495              | 0    | 1    |
| College                    | 997          | 0.307  | 0.460              | 0    | 1    |
| Low income                 | 997          | 0.313  | 0.464              | 0    | 1    |
| Medium income              | 997          | 0.212  | 0.409              | 0    | 1    |
| Income no answer           | 997          | 0.161  | 0.367              | 0    | 1    |
| Service worker             | 997          | 0.218  | 0.413              | 0    | 1    |
| Blue collar                | 997          | 0.109  | 0.312              | 0    | 1    |
| White collar               | 997          | 0.085  | 0.279              | 0    | 1    |
| Full-time worker           | 997          | 0.260  | 0.439              | 0    | 1    |
| Part-time worker           | 997          | 0.092  | 0.290              | 0    | 1    |
| Good health                | 997          | 0.614  | 0.487              | 0    | 1    |
| Left ideology              | 997          | 0.264  | 0.441              | 0    | 1    |
| Center ideology            | 997          | 0.378  | 0.485              | 0    | 1    |
| Right ideology             | 997          | 0.252  | 0.434              | 0    | 1    |