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Financial distress during the pandemic: the role of government support

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Abstract

We investigate how (the timing of) economic support measures during the COVID-19 pandemic affected household financial distress across Europeans aged 50 and older. Using SHARE data, we track changes in financial well-being before, during and after the pandemic. Using policy data from the Oxford COVID-19 Government Response Tracker, we distinguish between countries that implemented support at an early versus a later stage. Exploiting a triple-difference identification strategy, we show that timely government interventions significantly reduced financial distress for working-age households experiencing job interruption, while delayed responses led to increased financial strain. The effect is robust to different specificities of the identification strategy. Our findings highlight the importance not only of the generosity, but also of timing of fiscal support in times of crisis.

KEYWORDS
COVID-19, SHARE, financial support

JEL CLASSIFICATION
D3, I3

1 | INTRODUCTION

The COVID-19 pandemic caused an unprecedented economic shock across Europe, leading to sharp contractions in economic activity, labour market disruptions and increased financial insecurity for households. In response, European governments introduced a wide range of economic support measures – comprising both automatic stabilisers and ad hoc fiscal measures – which amounted to about 8 per cent of GDP in 2020. Many new measures focused on sector-specific income compensation

and labour market support schemes such as short-time work arrangements (overall worth 2.7 per cent of GDP).

While these policies played a crucial role in mitigating the immediate economic fallout, their design, scale and timing varied considerably across countries. A growing body of research has begun to document the distributional impact of the pandemic and the extent to which public support mitigated adverse effects. Piyapromdee and Spittal (2020), Blundell et al. (2020) and Crossley, Fisher and Low (2021) underline how the negative consequences of the COVID-19 pandemic heterogeneously affected the UK population. Piyapromdee and Spittal (2020) also highlight the effectiveness of short-term liquidity and employment protection measures in supporting vulnerable groups (workers with the lowest ability to work from home and in industries with most reduced demand).

Other studies have examined the role of national tax–benefit/income support measures in Ireland, Italy and the UK – see O'Donoghue et al. (2020), Figari and Fiorio (2020) and Bronka, Collado and Richiardi (2020), respectively – showing that the protective effect of public policy varied depending on household characteristics and the structure of the governmental support.

This paper contributes to the literature by examining how (timely) economic support measures influenced the ability of households to cope with the financial distress induced by the pandemic. We use longitudinal data from the Survey of Health, Ageing and Retirement in Europe (SHARE), covering the period from 2015 to 2021, to study changes in household financial distress before, during and after the pandemic. By exploiting variation across countries in both exposure to pandemic-related restrictions and the timing of support implementation, we identify the extent to which economic support policies cushioned the impact on financially vulnerable households.

Our contribution is twofold. First, using rich, longitudinal microdata, we analyse the evolution of household financial distress across multiple countries and the role of government support during the pandemic. Second, we go beyond cross-sectional analysis by following the same households over a six-year period, covering pre-pandemic, pandemic and post-pandemic phases, as in Crossley et al. (2022). However, while their study focuses on labour market inequalities, we investigate whether public support measures were correctly targeted toward households most exposed to the economic consequences of pandemic-related restrictions.

Our results show that financially vulnerable households living in countries where support was implemented in a timely way did not experience a worsening in ability to 'make ends meet' during the first wave of the pandemic. In contrast, in countries where support measures lagged, vulnerable households experienced a significant worsening of their financial conditions, particularly between March and August 2020. This gap narrowed in subsequent periods, as all countries had implemented support measures by June–August 2021 (when the second wave of data collection took place).

This paper is organised as follows. In Section 2, we describe the data. In Section 3, we present the main results. In Section 4, we discuss the robustness checks. We conclude in Section 5.

2 | DATA

We use data from SHARE, a longitudinal, multidisciplinary and cross-national dataset covering individuals aged 50 and older across 27 European countries and Israel. SHARE collects both contemporaneous and retrospective information on health, socio-economic status and family networks. Regular survey waves are conducted biennially. In response to the COVID-19 pandemic, two additional special waves were conducted: the first SHARE Corona Survey, in June–August 2020, and the second SHARE Corona Survey, in June–August 2021. These two surveys cover the events between March–August 2020 and September 2020–July 2021, respectively.

2.1 | Source and descriptive statistics

Our analysis focuses on households who participated in Wave 6, at least once between Wave 7 and Wave 8, the SHARE Corona Survey 1, the SHARE Corona Survey 2 and Wave 9. Notice that Wave 8 was interrupted in March 2020 due to the pandemic, and about one-third of SHARE participants did not have the chance to complete that interview. Thus, our sample includes households participating in both Waves 7 and 8, as well as households participating only in Wave 7 and households participating only in Wave 8.

It is worth stressing that using Wave 6 data automatically excludes all the SHARE households living in countries entering in the survey from Wave 7 (i.e. Bulgaria, Cyprus, Finland, Latvia, Lithuania, Malta, Romania and Slovakia). In a robustness check, we drop the requirement that Wave 6 data are available and we also use observations from these countries.

The two SHARE Corona Surveys were designed to assess the economic, health and social effects of the COVID-19 pandemic on individuals aged 50 and over in Europe.[1] These surveys enable us to track the short- and medium-term economic effects of the pandemic. As they were conducted in the summers of 2020 and 2021, we refer to them hereafter as Summer 2020 (SHARE Corona Survey 1) and Summer 2021 (SHARE Corona Survey 2). See Table 1 for a detailed illustration of the SHARE surveys and their corresponding fieldwork periods.

TABLE 1 SHARE fieldwork times and number of observations.

	Wave 6	Wave 7	Wave 8	Corona Survey 1	Corona Survey 2	Wave 9
Fieldwork times	2015	2017	October 2019–February 2020	June–August 2020	June–August 2021	October 2021–September 2022
Observations	2,627	2,366	1,672	2,627	2,627	2,627

We complement the SHARE Corona Surveys data with information from previous SHARE waves, including socio-demographic characteristics and detailed employment histories (see Börsch-Supan et al., 2013; Weber, 2018). To ensure consistency across waves, we restrict our sample to households with complete data across all selected waves. The sample comprises 11,507 households.

Our main outcome variable is the ability to make ends meet, a widely used subjective measure of financial well-being, where respondents assess their financial situation in relation to their needs (see, e.g., Saunders, Halleröd and Matheson, 1994). In SHARE, this is captured through four response categories: with great difficulty, with some difficulty, fairly easily and easily.

In addition, we include household-level employment variables. Using data from pre-pandemic wave(s), and SHARE Corona Survey 1 (Summer 2020), we capture respondents' employment status and job characteristics prior to the pandemic. We then construct a household-level binary variable indicating whether at least one respondent was self-employed or employed in the private sector at the onset of the pandemic. We also create an indicator capturing whether any household member experienced a job interruption (unemployment, layoff or business closure) between March and August 2020 as a result of the pandemic.

Table 2 presents descriptive statistics for key household economic and employment outcomes. It shows that the share of households reporting (great or some) difficulties in making ends meet declined from 43.3 per cent in Wave 6 to 39.1 per cent in the last pre-pandemic wave. During the pandemic, this share further decreased to 33.2 per cent in Summer 2020 and 30.8 per cent in Summer 2021. However, it rose again to 35.7 per cent in Wave 9, even though it remained below pre-pandemic levels.

Prior to the pandemic, 17.7 per cent of households included at least one employed respondent, and 3.2 per cent included someone who later retired. Additionally, 13.3 per cent of households had at least

[1] The SHARE Corona Surveys differ from regular face-to-face SHARE waves, as they were conducted by phone. For more details on the transition from computer-assisted personal interviewing (CAPI) to computer-assisted telephone interviewing (CATI), see Scherpenzeel et al. (2020).

TABLE 2 Summary statistics: household economic and employment outcomes.

Outcome	Mean	SD
Difficulty in making ends meet		
Wave 6	43.3%	49.6%
Wave 7	40.5%	49.1%
Wave 8	39.1%	48.8%
Summer 2020	33.2%	47.1%
Summer 2021	30.8%	46.2%
Wave 9	35.7%	47.9%
Household employed pre-pandemic	17.7%	
Household retired after pandemic	3.2%	17.7%
Anticipated retirement	0.6%	0.8%
Regular retirement	2.3%	15.0%
Postponed retirement	0.4%	5.9%
Self-employed/employed in private sector	13.3%	34.0%
Job interruption (March–August 2020)	4.7%	21.2%
Number of observations	11,507	

Notes: All variables are binary, taking the value 1 if the condition is met, and 0 otherwise. Difficulty in making ends meet is coded as 1 if the household reports some or great difficulty, and 0 otherwise, in each of the listed waves. Employed pre-pandemic indicates that at least one household respondent was employed as of Summer 2020. Retired after pandemic includes all respondents who retired following the COVID-19 outbreak, with subcategories for anticipated, regular and postponed retirement. Self-employed/employed in private sector is coded 1 if at least one household respondent was self-employed or employed in the private sector at the onset of the pandemic. Job interruption refers to any case in which a household respondent became unemployed, was laid off or closed a business due to the pandemic between March and August 2020.
Source: Authors' elaboration using SHARE Corona Surveys 1 and 2, and SHARE Waves 6–9.

TABLE 3 Summary statistics: household socio-demographic characteristics.

Characteristic	Mean	Observations
Household composition		
Single, ≤ 65 years	9.5%	1,095
Couple, at least one member ≤ 65	13.3%	1,532
Single, > 65	52.4%	6,027
Couple, both > 65 years	24.8%	2,854
Highest household educational level		
Primary or none	16.7%	1,923
Lower secondary	15.1%	1,739
Upper secondary	35.6%	4,100
Post-secondary, non-tertiary	5.7%	658
Tertiary	26.8%	3,087
Number of observations	11,507	

Notes: The table reports household-level statistics on composition, categorised by age and relationship status, as well as the highest educational attainment among household respondents.
Source: Authors' elaboration using SHARE Corona Surveys 1 and 2, and SHARE Waves 6–9.

one respondent working as self-employed or in the private sector, while 4.7 per cent reported at least one job interruption episode due to the pandemic between March and August 2020.

Table 3 presents key household-level socio-demographic characteristics. About 38 per cent of households consist of couples. In Summer 2021, 9.5 per cent of household heads were single and aged 65 or younger, while 52.4 per cent were single and older than 65. Couples with at least one

member aged 65 or younger made up 13.3 per cent of the sample, while 24.8 per cent were couples where both members were older than 65. Regarding education – defined as the highest level attained by any household respondent – 67.4 per cent of households reported a medium to low level of education (upper secondary or lower).

2.2 | Household difficulties in making ends meet

Our aim is to shed light on the effect of pandemic-related European Union government policies on household financial difficulties. To this end, we study the ability of households to make ends meet over time. Thus, this section provides an overview of our variable of interest, *Make Ends Meet*, that varies from 1 (easily) to 4 (with great difficulties).[2]

First, we evaluate its variation during the pandemic. We define the change in *Make Ends Meet*, denoted as ΔMeM, as the difference between the *Make Ends Meet* score between Summer 2021 and Summer 2020. This variable ranges from –3 (indicating a marked improvement in financial conditions) to +3 (indicating a substantial worsening).

Overall, the proportion of households reporting an improvement in *Make Ends Meet* ($\Delta MeM < 0$) is nearly equal to that of those reporting a worsening ($\Delta MeM > 0$): 22 per cent versus 19 per cent, respectively. However, substantial heterogeneity exists across countries. Figure 1 illustrates these cross-country differences in ΔMeM, highlighting that in six out of the 28 SHARE countries, the share of households experiencing a worsening in financial conditions exceeds the share reporting an improvement. These six countries are Czech Republic, Denmark, Finland, France, Slovakia and Sweden.

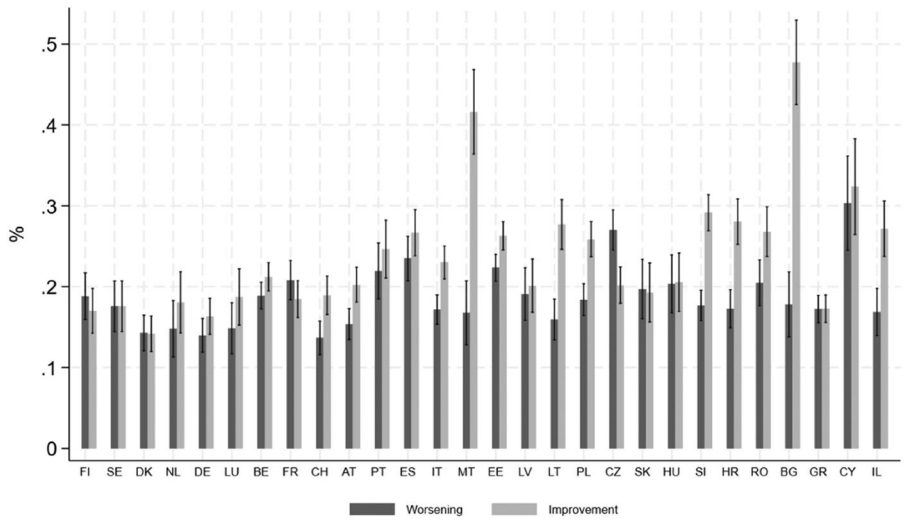

FIGURE 1 Change in ability to make ends meet between Summer 2020 and Summer 2021 (ΔMeM)
Notes: The figure displays, for each country, the percentage of households experiencing an improvement (light grey bars) or a worsening (dark grey bars) in their reported ability to make ends meet between Summer 2020 and Summer 2021.
Source: Authors' elaboration using SHARE Corona Surveys 1 and 2.

[2] The full 'make ends meet' question presented in both SHARE Corona Surveys is the following. 'Thinking of your household's total monthly income {since the beginning of the pandemic/since your last interview}, would you say that your household has been able to make ends meet with great difficulty, with some difficulty, fairly easily, or easily?' Thus, the answer covers the household financial distress over a period and is not related to a single moment.

TABLE 4 *Make Ends Meet* in Summer 2020 and household labour market characteristics at the beginning of the pandemic.

Make Ends Meet (Summer 2020)	Private sector worker	Job interruption
Easily	15.9%	5.3%
Fairly easily	12.5%	5.8%
With some difficulties	11.7%	6.4%
With great difficulties	12.2%	8.8%
Number of observations	11,507	

Notes: The table presents, by *Make Ends Meet* level in Summer 2020, the share of households with at least one respondent who was self-employed or employed in the private sector at the onset of the pandemic, and the share of households with at least one respondent who became unemployed, was laid off or had to close a business due to the pandemic.
Source: Authors' elaboration using SHARE Corona Surveys 1 and Waves 7 and 8.

Table 4 further explores the relationship between financial hardship and household employment characteristics during the pandemic. It shows that households experiencing greater financial hardship in Summer 2020 were less likely to include a respondent who was self-employed or employed in the private sector, compared with households reporting little or no financial difficulty. In contrast, households facing difficulties were more likely to include at least one respondent who experienced a job interruption, such as unemployment, layoff or business closure, due to the pandemic. These patterns suggest the existence of a link between employment disruptions and perceived financial strain during the first wave of COVID-19.

2.3 | Pandemic-related government policies across the European Union

The COVID-19 pandemic stimulated unprecedented government interventions across Europe, starting in early 2020. In addition to containment measures (e.g., mobility restrictions and workplace closures), governments introduced economic support policies targeting household income and liquidity. To analyse the nature and timing of these policy responses, we rely on the Oxford COVID-19 Government Response Tracker (OxCGRT).

The OxCGRT is a widely used database that systematically collected and coded daily data on pandemic-related government interventions across more than 180 countries (see Hale et al., 2021). These policy measures are aggregated into four indices: the overall government response index; the containment and health index; the stringency index; and the economic support index. Each index ranges from 0 to 100, capturing both the presence and intensity of government actions.

Among the four, two indices are particularly relevant to our analysis: the stringency index and the economic support index. The stringency index reflects the strictness of containment and closure policies. It is based on nine response indicators: school closures; workplace closures; cancellation of public events; restrictions on gatherings; public transport restrictions; stay-at-home requirements; restrictions on internal movement between cities/regions; international travel restrictions; and public information campaigns. The economic support index captures the extent of economic measures directed at households. It aggregates two components: income support (e.g., direct cash transfers to those unable work) and debt or contract relief for households (e.g., loan or bill deferrals).

Both indices vary over time and across countries, reflecting the heterogeneous policy responses throughout the early phase of the pandemic. Higher values indicate more stringent containment or more generous economic support, respectively.

Figure 2 (and Tables A.1 and A.2 in the online Appendix) report the fortnightly average values of the stringency and economic support indices from 17 January to 4 June 2020. These dates reflect the period during which policy actions escalated in most countries. Earlier data are excluded, as the

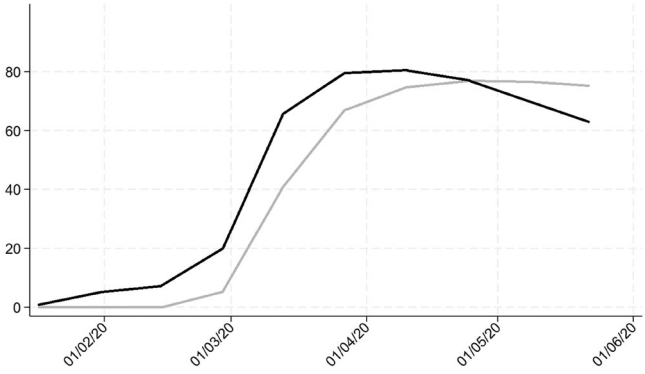

FIGURE 2 Evolution of stringency and economic support indices among all 28 countries
Notes: The figure shows the mean values of the fortnightly country average values of the stringency index (black) and economic support index (grey) between 17 January and 4 June 2020.
Source: Authors' elaboration using OxCGRT data.

first containment and support measures were introduced only after 22 January 2020 (in France) and 1 March 2020 (in Cyprus and Estonia), respectively.

Figure 2 shows the cross-country average of the stringency and economic support indices over time. Containment measures (stringency index) increased rapidly from February and peaked in March–April 2020 before beginning a gradual decline. Economic support, however, was introduced with a lag and stabilised slightly later, reaching peak levels in April.

Tables A.1 and A.2 highlight cross-country variation in both indices. By 28 February 2020, all countries had introduced some form of containment measures. By 27 March 2020, all except Bulgaria had also implemented economic support policies.

Table 5 shows the values of stringency and economic support indices, in each country, across four fortnightly intervals: 28 February to 12 March, 13–26 March, 27 March to 9 April and 10–23 April 2020. The median stringency index values across these periods were 16, 66, 81 and 80, respectively. There were 11 countries[3] that reported stringency index values below the median in at least three out of four intervals. The median values for the economic support index were 0, 38, 66 and 75, respectively. There were 10 countries[4] that had economic support index values above the median in at least three out of four intervals. Overall, for all countries except for Latvia and Luxembourg, there seems not to be a correspondence between strict containment measures and generous economic policies.

To assess the potential mismatch between containment and support, we compute the difference between the stringency index and economic support index across the four fortnightly intervals (between 28 February and 23 April 2020). A large positive difference suggests that stringent restrictions were in place while support measures lagged behind. We define a country as a late responder if it exhibited a difference exceeding 25 points in at least two out of four periods. Countries not meeting this criterion are classified as early responders. This operational rule captures meaningful delays in support relative to containment.

Table 5 also presents, for each country, the computed difference between the stringency index and the economic support index for the selected intervals (columns 4, 7, 10 and 13). Based on this criterion, we identify eight countries as late responders: Bulgaria, Denmark, Germany, Greece, Hungary, Italy, Lithuania and Poland.[5]

[3] These are Bulgaria, Estonia, Finland, Germany, Hungary, Latvia, Luxembourg, the Netherlands, Poland, Sweden and Switzerland.

[4] These are Austria, Belgium, Cyprus, Czech Republic, France, Israel, Latvia, Luxembourg, Portugal and Spain.

[5] We use also different gap thresholds (20 and 30 points of difference between the stringency index and economic support index) for country selection. Empirical results are comparable.

TABLE 5 The stringency and economic support indices, and the difference between them, by country and selected fortnightly period.

	28 February–12 March			13–26 March			27 March–9 April			10–23 April		
Country	**SI**	**ESI**	**SI – ESI**	**SI**	**ESI**	**SI – ESI**	**SI**	**ESI**	**SI – ESI**	**SI**	**ESI**	**SI – ESI**
Austria	15	0	**15**	74	61	**14**	81	88	**−6**	79	88	**−9**
Belgium	14	31	**−17**	67	63	**5**	81	80	**1**	81	88	**−6**
Bulgaria	19	0	**19**	65	0	**65**	72	29	**42**	72	88	**−15**
Croatia	16	0	**16**	65	45	**21**	96	79	**18**	96	88	**9**
Cyprus	9	43	**−34**	59	93	**−34**	93	100	**−7**	94	100	**−6**
Czech Republic	24	2	**22**	77	27	**50**	78	86	**−8**	67	100	**−33**
Denmark	23	11	**12**	70	38	**32**	72	38	**35**	70	59	**11**
Estonia	2	32	**−30**	47	63	**−15**	77	63	**14**	78	63	**15**
Finland	21	0	**21**	61	39	**21**	71	50	**21**	69	50	**19**
France	41	0	**41**	77	79	**−1**	88	100	**−12**	88	100	**−12**
Germany	27	0	**27**	57	29	**28**	77	54	**23**	77	63	**14**
Greece	26	0	**26**	67	13	**54**	84	50	**34**	84	50	**34**
Hungary	17	0	**17**	64	32	**32**	76	50	**26**	77	71	**5**
Israel	29	9	**20**	74	45	**30**	86	86	**1**	91	100	**−9**
Italy	73	0	**73**	84	27	**57**	85	50	**35**	93	50	**43**
Latvia	9	2	**7**	56	62	**−5**	61	88	**−26**	61	88	**−26**
Lithuania	12	0	**12**	73	18	**55**	81	36	**46**	83	75	**8**
Luxembourg	10	0	**10**	72	71	**1**	80	100	**−20**	77	100	**−23**
Malta	15	0	**15**	63	49	**14**	83	63	**21**	87	63	**25**
Netherlands	12	0	**12**	65	29	**36**	79	63	**16**	79	63	**16**
Poland	15	0	**15**	56	12	**44**	75	38	**38**	86	38	**48**
Portugal	14	7	**7**	69	63	**7**	83	75	**8**	84	75	**9**
Romania	25	0	**25**	66	16	**50**	85	79	**6**	87	88	**0**
Slovak Republic	16	0	**16**	72	32	**40**	77	82	**−5**	78	88	**−9**
Slovenia	11	0	**11**	61	29	**32**	87	70	**18**	89	75	**14**
Spain	20	0	**20**	69	42	**27**	82	80	**2**	85	88	**−2**
Sweden	16	5	**11**	42	38	**5**	62	38	**24**	65	38	**27**
Switzerland	23	0	**23**	63	33	**30**	73	63	**11**	73	63	**11**

Notes: The table reports, for each country, the fortnightly average values of stringency index (SI), economic support index (ESI) and their difference (SI − ESI) for four selected periods between 28 February and 23 April 2020.
Source: Authors' elaboration using OxCGRT data.

Figure 3 illustrates the evolution of the stringency index and economic support index in Cyprus and Greece, offering a clear contrast between an early response and a late response country. In Cyprus, economic support measures were introduced shortly after containment policies, with a negative and relatively small difference between the stringency index and economic support index. In contrast, Greece shows a delayed and weaker roll-out of support measures, resulting in a consistently large positive difference between the stringency index and economic support index, suggesting limited potential for economic support to offset the adverse effects of restrictions during the critical initial weeks of the pandemic.

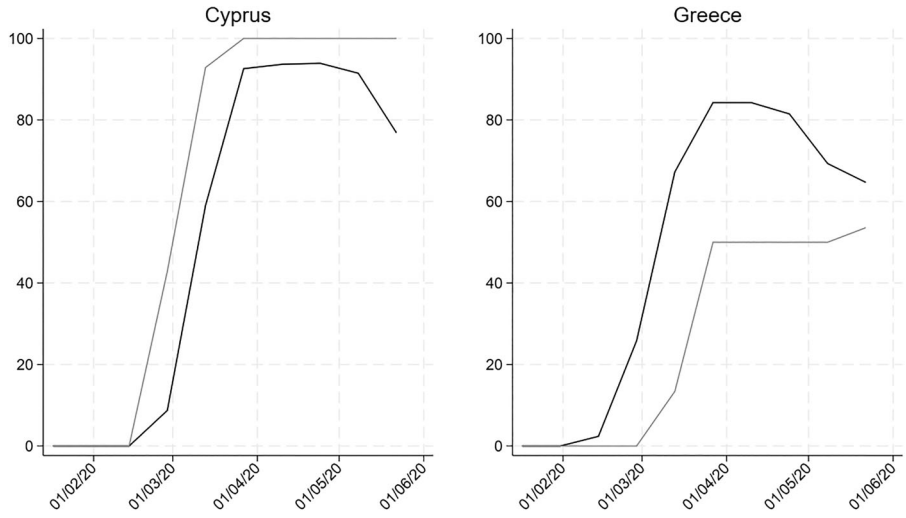

FIGURE 3 Evolution of stringency and economic support indices in Cyprus and Greece
Notes: The figure shows fortnightly average values of the stringency index (black) and economic support index (grey) between 17 January and 4 June 2020 for Cyprus and Greece.
Source: Authors' elaboration using OxCGRT data.

3 | DESCRIPTIVE EVIDENCE AND RESULTS

The primary objective of this study is to assess whether the timing of economic support measures implemented by European governments during the early stages of the COVID-19 pandemic influenced household financial well-being. Specifically, we investigate whether households exposed to employment disruptions fared differently in early response versus late response countries, based on their ability to make ends meet.

To do this, we use a triple difference-in-differences (DDD) approach, which allows us to identify the interaction between three key factors: (i) country-level variation in the timing of financial support implementation; (ii) household-level exposure to employment shocks; and (iii) temporal variation across SHARE waves.

3.1 | Trends by country and household type

Figure 4 shows average *Make Ends Meet* scores across the six survey waves considered, comparing early and late response countries. The figure shows a similar evolution over time, even though the average score fell more during the pandemic for the early response countries, indicating an improvement in financial conditions for households living in these countries. However, stringency measures likely had different effects across population subgroups; they were more important for working-age households than for pensioners, whose income was likely unaffected by the pandemic stringency measures.

To better capture the differential impacts of policy timing, we focus on households with at least one working-age respondent (under 65 years of age) in 2021, who were more likely to be economically vulnerable to containment policies. Figure 5 selects the population accordingly, showing the *Make Ends Meet* evolution only for households under 65. Overall, the time evolution of *Make Ends Meet* is similar among late and early response countries. However, there is a clear divergence in Summer 2020: late response countries show little or no change in *Make Ends Meet* compared with Wave 8, while early response countries registered a clear reduction, on average, of this (financial hardship) score.

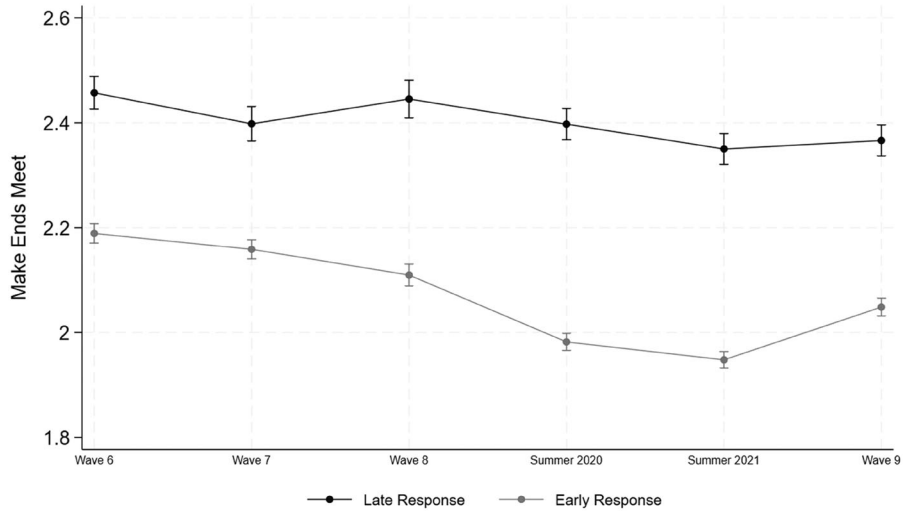

FIGURE 4 Average *Make Ends Meet* by wave, grouped by early versus late response (all households)
Notes: The figure shows average *Make Ends Meet* values across SHARE waves, by COVID-19 government responses (early versus late response). *Make Ends Meet* varies from 1 (easily) to 4 (with great difficulties). The higher the value, the worse the financial condition.
Source: Authors' elaboration using SHARE Corona Surveys 1 and 2, and SHARE Waves 6–9.

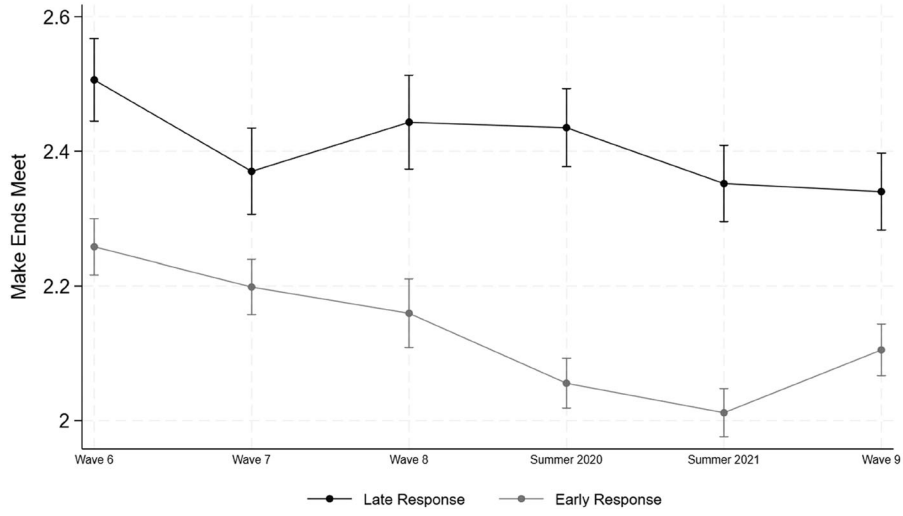

FIGURE 5 Average *Make Ends Meet* by wave, grouped by early versus late response (households under 65)
Notes: The figure shows average *Make Ends Meet* values across SHARE waves, by COVID-19 government responses (early versus late response). *Make Ends Meet* varies from 1 (easily) to 4 (with great difficulties). The higher the value, the worse the financial condition.
Source: Authors' elaboration using SHARE Corona Surveys 1 and 2, and SHARE Waves 6–9.

We further stratify these households based on job interruption (between March and August 2020) resulting in four groups: late response country and job interruption; late response country and no job interruption; early response country and job interruption; and early response country and no job interruption. It is worth noting that, while there were households experiencing job interruption due to the pandemic in both late and early response countries, only those living in early response countries received timely government support during the first COVID-19 outbreak. Table 6 shows the number of household observations for each household subgroup as of Summer 2020.

TABLE 6 Number of household observations by job interruption and country classification (households under 65).

	Early response	Late response
No job interruption	1,491	795
Job interruption	246	133

Notes: The table presents the number of households by job interruption between March and July 2020, and country classification (early versus late response).
Source: Authors' elaboration using SHARE Wave Corona Survey 1.

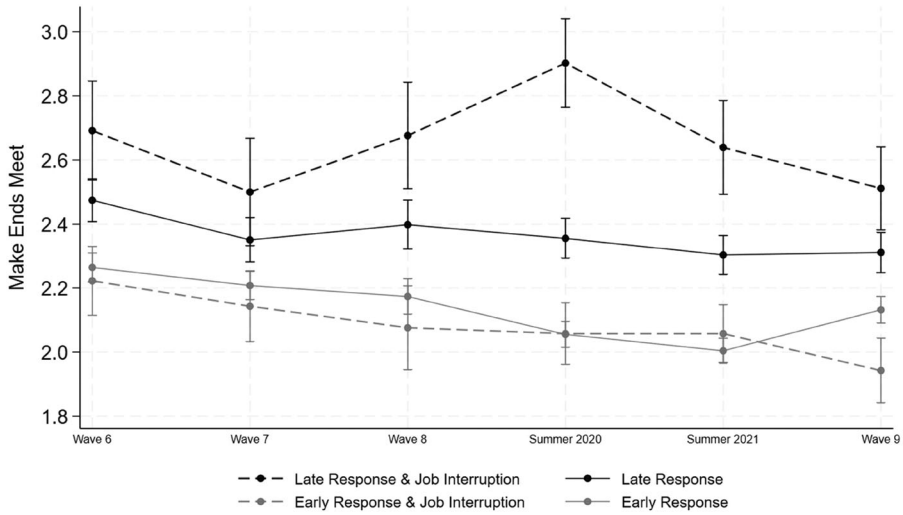

FIGURE 6 Average *Make Ends Meet* over time by household group (households under 65)
Notes: The figure shows average *Make Ends Meet* values across SHARE waves, by household group. Household groups are defined as follows: late response country and job interruption; late response country and no job interruption; early response country and job interruption; and early response country and no job interruption. *Make Ends Meet* varies from 1 (easily) to 4 (with great difficulties). The higher the value, the worse the financial condition.
Source: Authors' elaboration using SHARE Corona Surveys 1 and 2, and SHARE Waves 6–9.

Figure 6 illustrates the *Make Ends Meet* trend for each of the four household groups. Notably, households living in a late response country and experiencing a job interruption report, on average, a pronounced worsening of financial conditions during the first wave of the pandemic (Summer 2020), a pattern not observed in the other groups.

3.2 | Identification strategy

SHARE Corona Surveys 1 and 2 provide household-level information on the receipt of any type of financial support during the pandemic (from government, family or friends). However, measuring the impact of self-reported financial support on household ability to make ends meet presents a problem of reverse causality, as households receiving financial support may also be those more likely to report higher financial distress, precisely because they are the most economically vulnerable. Moreover, we do not observe information on the amount of financial support received by each household, another dimension that can largely affect the *Make Ends Meet* outcome.

We then decide to exploit country-level exogenous variation in the timing of economic support implementation to properly identify the causal effect of timely financial support. We split the sample into early and late response countries, and we group households based on their financial vulnerability.

We adopt a DDD identification strategy integrating three critical dimensions of variation: first, whether the observation is before or after the outbreak of the pandemic (time); second, if the household lives in an early or a late response country (treatment); and third, whether the household is financially vulnerable to COVID-19 stringency measures – identified by job interruption episodes between March and August 2020 (group). Intuitively, the DDD first computes the canonical difference-in-difference (DiD) of the dependent variable – *Making Ends Meet* – before and after the pandemic and between vulnerable and non-vulnerable households (first DiD in early response countries and second DiD in late response countries, respectively). Then, it compares the obtained DiD across the treatment status, comparing early and late response countries (third difference).[6]

We then model *Make Ends Meet* as follows:

$$Y_{i,j,t} = \delta_0 + \delta_1 D + \delta_2 J + \delta_3' T_t + \delta_4 (DJ) + \delta_5' (DT_t) + \delta_6' (JT_t) + \beta_t' (DJT_t) + \Gamma' X + \varepsilon_{i,j,t}. \quad (1)$$

Here, $Y_{i,j,t}$ is the *Make Ends Meet* score of household i in group j at time t; D is the treatment indicator and takes the value 1 if the household lives in an early response country, and 0 otherwise; J takes the value 1 if the household experienced a job interruption (between March and June 2020), and 0 otherwise; T_t are the wave dummies (from Wave 6 to Wave 9) where the Wave 6 dummy is the omitted category, X are the covariates and $\varepsilon_{i,j,t}$ is the error term.

The parameter of interest is β, which represents the effect of the triple interaction between early response (treatment), vulnerable household (group) and a specific wave (time). Each β thus identifies the average treatment effect of the treated (early response) at time t:

$$\begin{aligned} ATET\,(t) = &\left(\mathbb{E}\left[Y_{i,t} - Y_{i,t=-3} | J=1, D=1\right] - \mathbb{E}\left[Y_{i,t} - Y_{i,t=-3} | J=0, D=1\right]\right) \\ &- \left(\mathbb{E}\left[Y_{i,t} - Y_{i,t=-3} | J=1, D=0\right] - \mathbb{E}\left[Y_{i,t} - Y_{i,t=-3} | J=0, D=0\right]\right). \end{aligned} \quad (2)$$

In equation (2), $t = -3$ denotes Wave 6, D is a dummy variable taking the value 1 if the household is located in an early response country (and 0 otherwise) and J is a dummy variable taking the value 1 if the household experienced a job interruption between the COVID-19 outbreak and Summer 2020 (and 0 otherwise). A negative β at a specific time t means that the *Make Ends Meet* of vulnerable households relative to that of non-vulnerable households is better among early response countries.

The causal interpretation of β relies on the parallel trend assumption between the differential in the outcomes of vulnerable and non-vulnerable households in early response countries (treated) and the same differential in late response countries (non-treated), in the pre-treatment periods (Waves 6, 7 and 8). We provide evidence supporting this assumption by demonstrating nearly identical pre-treatment trends in the relative differences across early and late response countries (see Figures 5 and 6, and Table 7).

As long as the parallel trends condition of relative outcomes is satisfied, our identification strategy is solid and has a proper causal interpretation: the treatment effect we have estimated so far measures the incremental advantage of timely support for those most at risk. However, some specific features of the pandemic and of the government support measures suggest that other lines of investigation

[6] To establish a counterfactual, the comparison between vulnerable and non-vulnerable households within treatment status, and the comparison of vulnerable households across treatment status are equally attractive. However, the first strategy is not valid if government measures have been received by both vulnerable and non-vulnerable households, while the second approach is not valid if different countries have different economic or policy implementation conditions, such that the *Make Ends Meet* of vulnerable households in late response countries would have trended differently from the comparable households located in early response countries. However, we can reasonably assume that pre-existing economic differences did not affect the relative outcomes of vulnerable and non-vulnerable households before the pandemic. Thus, we can compare the vulnerable and non-vulnerable households relative differences across early and late response countries, estimating what would have happened to the relative outcomes in the early response countries in the absence of a timely implementation of financial support (Olden and Møen, 2022).

TABLE 7 DDD estimates of *Make Ends Meet* (aged under 65).

Period	ATET (β_t)	SE
Wave 7 ($t = -2$)	−0.065	0.092
Wave 8 (t = −1)	−0.055	0.119
Summer 2020 ($t = 0$)	−0.286***	0.107
Summer 2021 ($t = 1$)	−0.024	0.105
Wave 9 ($t = 2$)	−0.133	0.106

Notes: The table presents ATET estimates by job interruption and country classification (early versus late response). Controls include: age of household head in 2021, household's highest education, composition (couple or single), size, presence of at least one woman, one worker and possibility of remote working during the pandemic, and country dummies. Significance levels: $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$. Wave 6 values are the omitted values. Full parameter estimates are given in Table A.3 in the online Appendix.
Source: Authors' elaboration using SHARE Corona Surveys 1 and 2, and SHARE Waves 6–9.

may shed further light on the evolution of household financial hardship during and after the pandemic.

A first feature we should consider is that, while our design focuses on the initial advantage of early response in Summer 2020, the treatment becomes universal from Summer 2021. In other words, households living in late response countries were not yet treated by Summer 2020, but became treated in subsequent periods. A second feature relates to our definition of vulnerability that is presently restricted to experiencing a job interruption. However, this could be considered too narrow a definition of vulnerability that does not capture reductions in hours of work or business volumes for those who continued working at a reduced level.

In Section 4.1, we present our main estimation results based on the triple difference strategy discussed in this section – see equations (1) and (2) – while we present in Sections 4.2–4.4 robustness checks and extensions that rely on alternative, but similar, DDD approaches using a broader definition of vulnerability, studying causal effect among older households (aged 65+), and adopting a staggered DiD strategy – see Callaway and Sant'Anna (2021) and Wooldridge (2025) – to account for the fact that the 'not-treated' group was in fact treated at a later stage.

3.3 | Triple difference-in-differences estimates

Table 7 reports the DDD estimated β, while Figure 7 shows the same graphically. We use Wave 6 as the reference period, in line with the event study approach.

Table 7 and Figure 7 show that timely financial support during the initial weeks of the pandemic significantly reduced financial distress (*Make Ends Meet*) for households that experienced job interruptions. The effect vanishes in subsequent waves, consistent with policy convergence across countries. It is worth noting that the pre-treatment coefficients suggest adherence to the parallel trend assumption, crucial for a correct DDD identification.[7]

4 | ROBUSTNESS CHECKS AND EXTENSIONS

To validate our main findings regarding the importance of timely government financial support during the early phase of the COVID-19 pandemic, we present a series of alternative empirical strategies. These methods assess whether our results hold under different model specifications and subgroups of the population.

[7] Consistent with the *Make Ends Meet* trends in Figures 5 and 6, the coefficients at $t = -2$ and $t = -1$ are not statistically different from that at $t = -3$, supporting the validity of the parallel trend assumption between household groups prior to treatment.

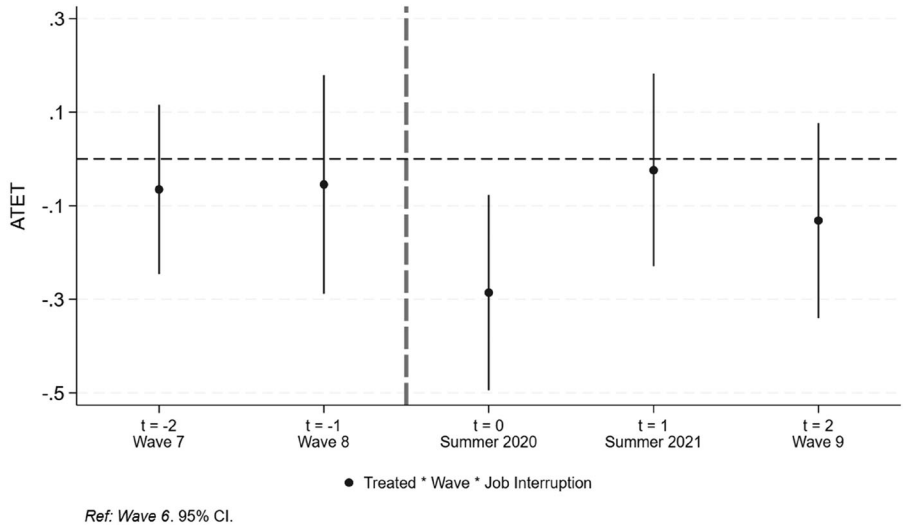

FIGURE 7 DDD estimates (β_t) with 95 per cent confidence interval (aged under 65)
Notes: The figure shows ATET estimates with 95 per cent confidence intervals. Treatment: living in early response countries; group: job interruption between March and August 2020. See Table A.3 for full parameter estimates.
Source: Authors' elaboration using SHARE Corona Surveys 1 and 2, and SHARE Waves 6–9.

4.1 | Staggered difference-in-difference approach

We implement a staggered DiD approach, that compares the outcome variations before and after treatment, and across different cohort groups distinguished by treatment initial period; see Callaway and Sant'Anna (2021) and Wooldridge (2025). Intuitively, the staggered DiD uses units that have not yet been treated (and never-treated units, if any) as a control group, and compares their outcome to the treated units.

In our scenario, the treatment is timely financial support, which early response households received in the period covered by the Summer 2020 survey – while late response households received it only after September 2020 (i.e. the period covered by the Summer 2021 survey). Table 8 presents in detail the treatment status of our two cohorts (early and late response) across waves.

The staggered DiD compares the difference in the outcome of early response (treated) and late response (not yet treated) households only in Summer 2020, as in all other waves early and late response have the same treatment status.

We select two subgroups of the under 65 sample based on households experiencing a job interruption between March and August 2020 or not, and then estimate one staggered DiD regression for each job interruption subgroup as follows:

$$Y_{i,t} = \alpha + \delta_i + \delta_t + \sum_{g \in G} \sum_{t=g}^{T} \beta_{g,t} D_{i,g,t} + \Gamma' X + \varepsilon_{i,t} \quad \text{for } \textit{job interruption} = 0, 1. \tag{3}$$

TABLE 8 Treatment status (0 = not treated, 1 = treated) of early and late response households across waves.

Cohorts	Wave 6	Last pre-pandemic	Summer 2020	Summer 2021	Wave 9
Early response	0	0	1	1	1
Late response	0	0	0	1	1

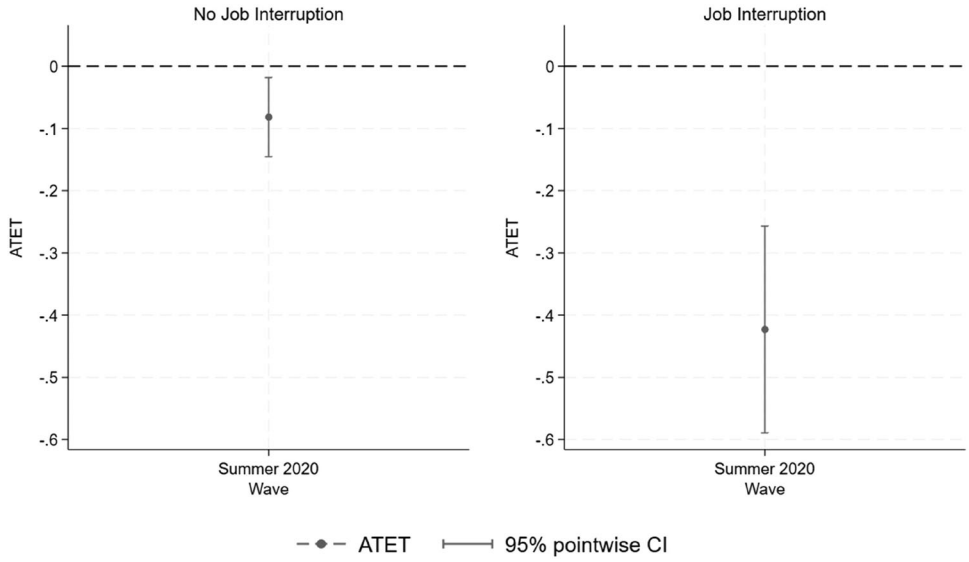

FIGURE 8 Staggered DiD: ATET (aged under 65)
Notes: The figure shows ATET estimates with 95 per cent confidence intervals, for households experiencing a job interruption (right panel) or not (left panel), comparing early and late response countries. Estimated parameters are given in Table A.4.
Source: Authors' elaboration using SHARE Corona Surveys 1 and 2, and SHARE Waves 6–9.

Here, $D_{i,g,t}$ is a dummy variable that takes the value 1 if household i is part of the cohort g at time t, and *job interruption* can take value 1 or 0, selecting households experiencing or not experiencing a job interruption episode by Summer 2020. Note that g indicates the first treatment period (g = Summer 2020 for early response, and g = Summer 2021 for late response) and identifies the two cohorts. Thus, $\beta_{g,t}$ represents the average treatment effect that the cohort first treated at time g experiences at time t relative to the cohort first treated at time $g' > g$. In our scenario, the average treatment effects on the treated (ATET) is

$$\text{ATET}\,(g,t) = \mathbb{E}\left[Y_{i,t} - Y_{i,g-1} | G_i = g\right] - \mathbb{E}\left[Y_{i,t} - Y_{i,g-1} | G_i = g'\right], \tag{4}$$

where g = Summer 2020 (early response) and g' = Summer 2021 (late response).

Figure 8 shows the point estimates of the ATET (g = Summer 2020, t = Summer 2020) for the two job interruption subgroups (see Table A.4 for parameter details).

Figure 8 shows that early response timely intervention significantly reduced (∼15 per cent) the financial hardship (*Make Ends Meet*) of households experiencing a job interruption during the first weeks of the pandemic (right panel). Timely financial support had some benefit also among early response households who did not experience any job interruption relative to similar households in late response countries, but the reduction in *Make Ends Meet* was smaller (<5 per cent).

These findings confirm that timely government actions were effective in reducing perceived financial hardship, especially among the most vulnerable households.

4.2 | DDD by occupation vulnerability

We test whether our results hold when using occupation vulnerability instead of job interruption as the third dimension in the DDD model. Specifically, in this subsection we define a household as financially vulnerable if at least one member was self-employed, or employed in the private sector, before the pandemic.

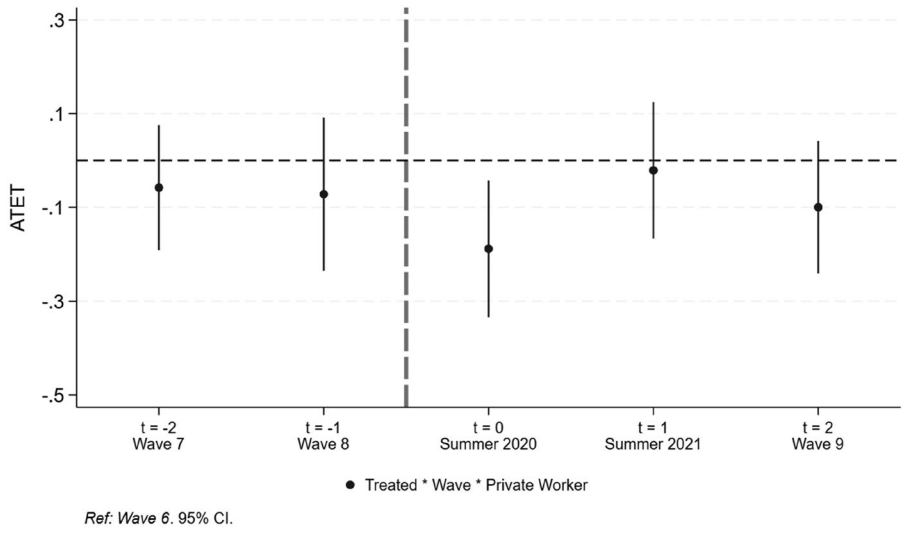

FIGURE 9 DDD estimates: financial vulnerability via occupation (aged under 65)
Notes: The figure shows ATET estimates with 90 per cent confidence intervals. Treatment: living in early response countries; group: at least one household member employed in the private sector or self-employed before the pandemic. Estimated parameters are given in Table A.5.
Source: Authors' elaboration using SHARE Corona Surveys 1 and 2, and SHARE Waves 6–9.

TABLE 9 SHARE waves fieldwork periods and number of observations, including SHARE countries entering from Wave 7.

	Wave 6	Wave 7	Wave 8	Corona Survey 1	Corona Survey 2	Wave 9
Fieldwork times	2015	2017	October 2019–February 2020	June–August 2020	June–August 2021	October 2021–September 2022
Observations	2,981	5,286	3,004	5,286	5,286	4,087

Figure 9 shows that our results are qualitatively consistent with our main findings: living in an early response country significantly mitigates financial hardship among vulnerable households. The estimated effect at $t = 0$ (Summer 2020) is statistically significant (5 per cent level), albeit smaller in magnitude compared to the job interruption specification (-0.19 and -0.24, respectively). Furthermore, the effect dissipates in later periods, reinforcing the notion that early support timing was the critical driver.

4.3 | DDD including SHARE countries entering into the survey from Wave 7

In Section 3, we selected households with non-missing information about the *Make Ends Meet* variable in the regular SHARE Waves 6, 7, 8 and 9, and the two SHARE Corona surveys. As specified in Section 3, this selection excludes SHARE countries entering the survey from Wave 7.

In this subsection, we estimate the DDD including all *Make Ends Meet* observations between Wave 6 and Wave 9, with the only requirement that households should have participated in Wave 7 and both SHARE Corona Surveys. Table 9 presents the per-period observations in the newly selected sample. Table 10 replicates Table 6 using the new sample selection, and reports the number

TABLE 10 Number of household observations by job interruption and country classification (aged under 65) including SHARE countries entering from Wave 7.

	Early response	Late response
No job interruption	2,935	1,646
Job interruption	478	227

Notes: The table presents the number of households by job interruption between March and July 2020, and country classification (early versus late response), including SHARE countries entering from Wave 7.
Source: Authors' elaboration using SHARE Wave Corona Survey 1.

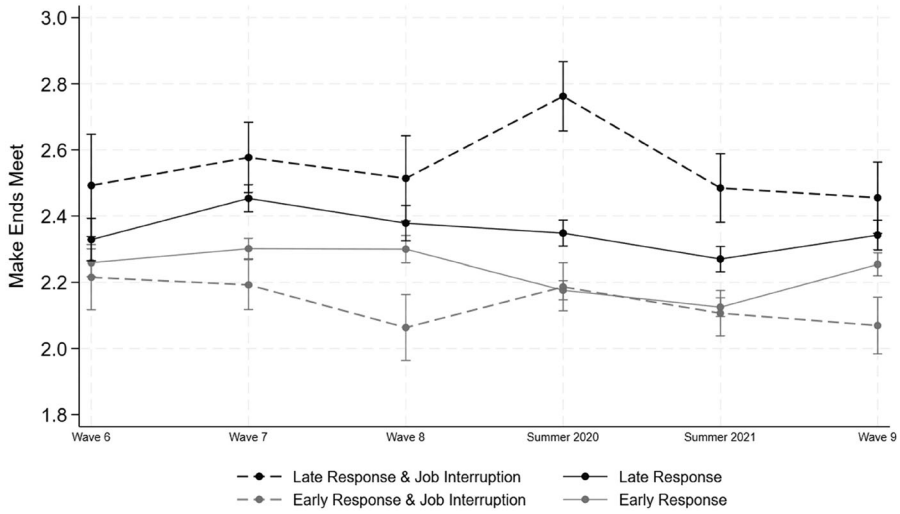

FIGURE 10 Average *Make Ends Meet* over time by household group, including SHARE countries entering from Wave 7 (aged under 65).

of observations for each subpopulation group based on late and early response countries and job interruption episodes (eventually) experienced by Summer 2020.

Figure 10 shows the *Make Ends Meet* trend of the households over time, distinguishing by household vulnerability to COVID-19 stringency measures and residence in an early or late response country.[8]

When compared with Figure 6, Figure 10 reveals a greater convergence in *Make Ends Meet* trends among non-vulnerable households. Accounting also for the financial hardship of SHARE countries entering in Wave 7, vulnerable households in both early and late response countries experienced increased difficulties in making ends meet during Summer 2020, with this effect being more pronounced in late response countries.

Our identification strategy is the same as in Section 3, but we now choose the Wave 7 as the reference period as part of the households are not observed in previous periods. Figure 11 presents the point estimate for the per-period DDD interaction term. The coefficient for $t = 0$ is negative and statistically significant at the 5 per cent level; however, its magnitude (−0.17) is smaller compared to the results in Figure 7 (−0.24). All pre-treatment coefficients are not statistically different from zero, supporting the DDD parallel trend assumption. As in previous estimates, the effect dissipates in subsequent periods, highlighting how early support timing played a crucial role in supporting vulnerable households.

[8] Late response countries now include also Lithuania and Bulgaria.

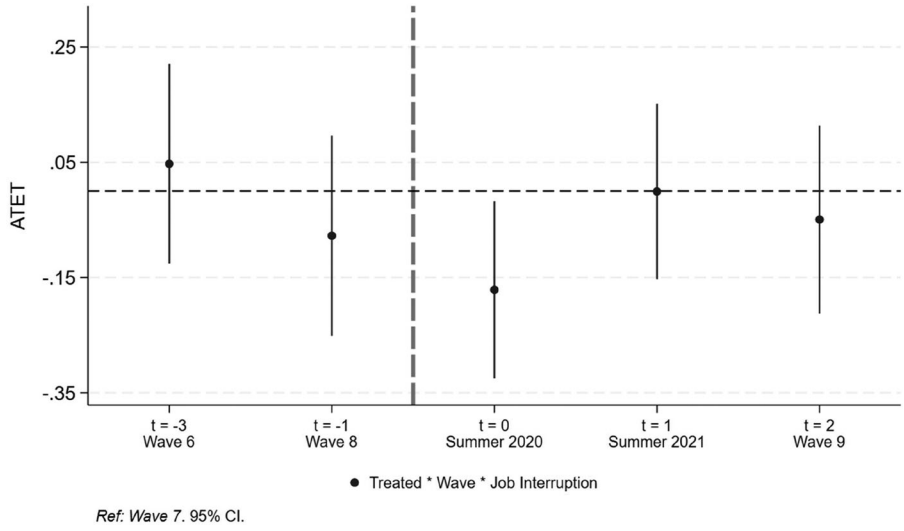

FIGURE 11 DDD estimates: financial vulnerability via job loss, including SHARE countries entering from Wave 7 (aged under 65)

Notes: The figure shows ATET estimates with 95 per cent confidence intervals. Treatment: living in early response countries; group: job interruption between March and Augusts 2020.

Source: Authors' elaboration using SHARE Corona Surveys 1 and 2, and SHARE Waves 6–9.

4.4 | DDD on households aged over 65

To further test robustness, we focus on households composed entirely of individuals aged 65+, who were primarily retired and thus less likely to experience income shocks due to containment measures. We expect no effect of early or late financial support measures on the financial distress levels of those households.

The *Make Ends Meet* trends for households aged 65+ in Figure 12 show no significant differences between early and late Response countries. Similarly, the results in Figure 13, which present DDD estimates for households aged 65+, show no significant effect of government financial support timing (considering both job interruption and occupation vulnerability typology). This supports our identification strategy, as households aged 65+ were not exposed to the primary income disruptions as their – retirement – incomes were less affected by the pandemic (see Table A.6 in the online Appendix for a complete set of parameter estimates).

Across all models and specifications, the main conclusion remains intact: timely financial support implementation significantly alleviated financial hardship during the early stages of the COVID-19 pandemic among financially vulnerable households.

The effects were strongest among households under age 65 that experienced job interruptions or were self-employed/private-sector workers, and negligible among retired households who were unaffected by employment shocks.

5 | CONCLUSIONS

In this paper, we examine how the timing of government economic support measures during the early stages of the COVID-19 pandemic influenced the financial well-being of Europeans aged 50 and older. Using SHARE data (regular waves and Corona Surveys) and a DDD identification strategy, we show that households in countries that implemented economic support measures promptly (early response)

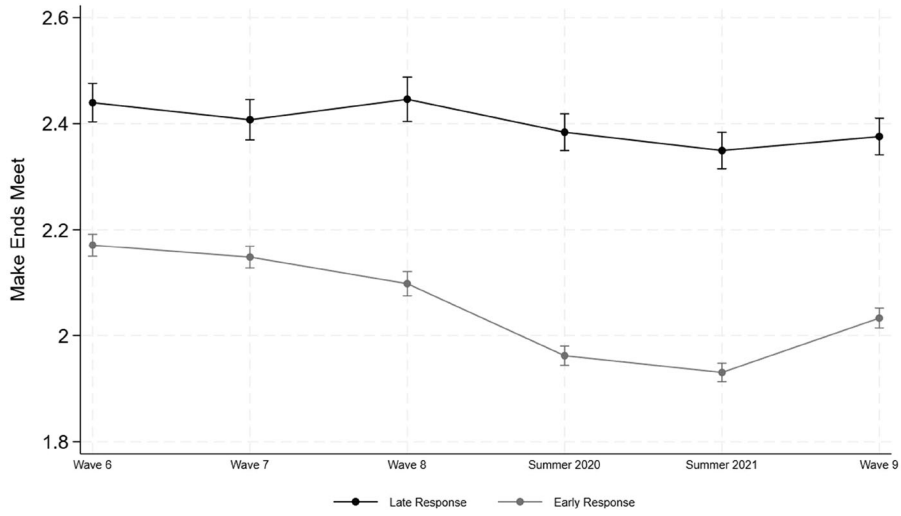

FIGURE 12 Average *Make Ends Meet* by wave, grouped by early versus late response (aged 65+)
Notes: The figure shows average *Make Ends Meet* values across SHARE waves, by COVID-19 government responses (early versus late response), for households composed entirely of individuals aged 65+.
Source: Authors' elaboration using SHARE Corona Surveys 1 and 2, and SHARE Waves 6–9.

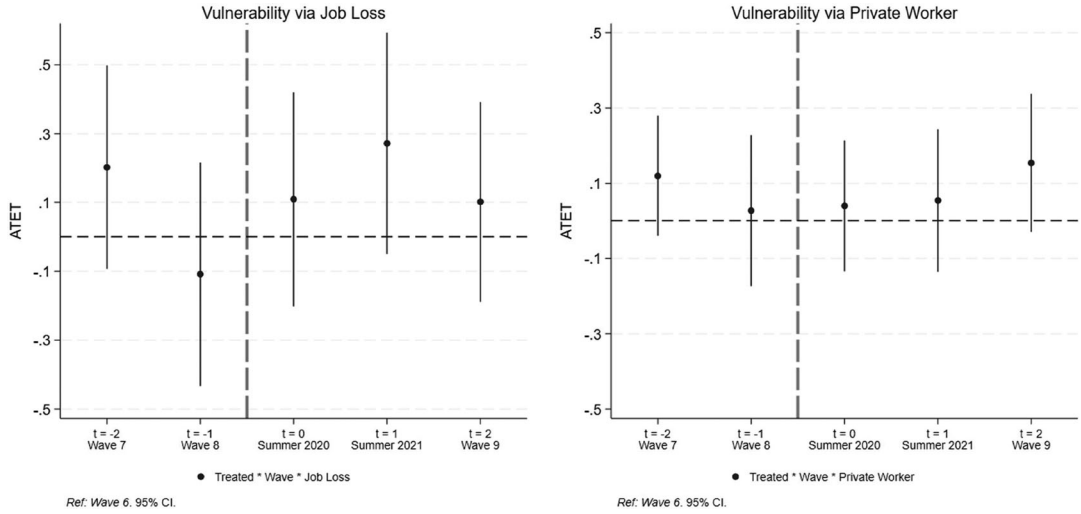

FIGURE 13 DDD estimates: financial vulnerability via job loss and via occupation (aged 65+)
Notes: The figure shows ATET estimates with 95 per cent confidence intervals. Treatment: living in early response countries. DDD group: job interruption between March and August 2020 (left panel), at least one household member employed in the private sector or self-employed before the pandemic (right panel). Full parameter estimates in Table A.6.
Source: Authors' elaboration using SHARE Corona Surveys 1 and 2, and SHARE Waves 6–9.

experienced significantly less financial distress (measured by the ability to make ends meet). This was true especially for the most financially vulnerable households, such as those facing employment shocks.

Our findings reveal that the timing of support policies, not merely their presence, was a key determinant of the effectiveness of the policies themselves. Financial hardship increased sharply in

late response countries among economically vulnerable households during the initial months of the pandemic. Early response countries, where support followed swiftly after containment measures, were instead able to mitigate these effects. These findings are robust across alternative model specifications and definitions of vulnerability, and are not observed among older individuals (aged 65+) who were less exposed to labour market shocks.

Our results underline the importance of a rapid government response in times of crises, especially for working-age households at higher risk of income loss. While much attention has been devoted to the design and generosity of support schemes, our findings stress how delayed deployment can weaken their effectiveness. This has important implications for the future design of emergency response measures in Europe and beyond.

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CONFLICT OF INTEREST STATEMENT

The authors declare that they have no relevant or material financial interests that relate to the research described in this paper.

DATA AVAILABILITY STATEMENT

The data that support the findings of this study are openly available at https://www.share-eric.eu/data/data-access. Data are available for scientific use only and to registered users.

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SUPPORTING INFORMATION

Additional supporting information can be found online in the Supporting Information section at the end of this article.

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