



Title: A Comparative Analysis of the Effectiveness of COVID-19 Policies

Acronym: COMPVID

Project leader: Mircea Epure

Host organisation: Universitat Pompeu Fabra

Main purpose of the project: The project analyzes the costs and benefits of relief mechanisms implemented by large European countries in the aftermath of the COVID-19 pandemic. Specifically, it assesses the (un)intended consequences of changes to accounting regulation and corporate disclosure on firm survival, growth, and employment, as well as on public finance.

Design/methodology/approach: The empirical approach exploits heterogeneity in the staggered adoption of relief mechanisms in terms of their impact on firm- and economy-level outcomes. It relies on financial data for the universe of privately held firms, matched with loans from public guarantee schemes, and macroeconomic information from statistics institutes.

Potential results: The project will deliver results on: (1) whether changes to accounting regulation may have increased corporate opaqueness, thus impairing screening processes for state guaranteed loans; (2) whether firms lowering disclosure quality resorted disproportionately to government guarantees; and (3) the trade-off between supporting liquidity versus equity in reducing potential corporate defaults.

Social relevance of the research: While interventions were welcomed by the public, the stimuli increased public debt and may constrain future policies. This work will inform whether resources were mobilized in favor of healthy and transparent firms or by opaque firms, arguably unviable in the marketplace, thus generating negative consequences for private and public stakeholders.

Originality/value of the project: The project combines granular econometric approaches with comparative analyses of changes to accounting regulation and firm behavior. The project will identify micro effects that aggregate to macro-welfare aspects such as public spending, unemployment, and economic growth; relying on credible counterfactuals will enable uncovering the real effects of government interventions.