



International  
Labour  
Organization

## Global challenges – Global solutions: COVID-19 and the Employment Policy Response

Q&A for:

### The global pandemic in the world today

### Interview with Sangheon Lee, ILO/Director, Employment Policy Department

#### Introduction by host:

The COVID-19 pandemic has thrown the world of work into its worst crisis since the end of World War II. The number of people worldwide who are unemployed or being forced into poverty as a result of the economic impact of the pandemic is alarming. The ILO's fourth monitoring report on the impact of the pandemic on the world of work puts the situation into sharp contrast: it is estimated that hundreds of millions of jobs will be lost worldwide, and millions of enterprises will close or fail. Here's ILO Director-General Guy Ryder on the crisis:

*On the basis of a calculation of the reduction of hours actually being worked in the world, the loss is the equivalent of 305 million full time employment posts. That is the same figure in the third monitor, although we've arrived at the figure on a slightly different basis because the actual reduction in working hours is now estimated at 10.7 per cent previously 10.5 per cent but we also had to adjust for baseline figure which is now moved, so the overall figure is still at 305 million.*

The result is that the world of work, as well as hopeful initiatives such as the UN Social Development Goals are now facing new daunting challenges. Today we are talking to Sangheon Lee, Director of the ILO department that guides ILO action for promoting full and productive employment policies on the situation as it stands, and how to get from the "new normal" to a "better normal".

### **At this stage, into the second quarter of 2020, what do we know about the pandemic's impact on the world of work and what are the trends?**

The pandemic continues to severely affect public health and cause unprecedented disruptions to economies and labour markets. Compared to the pre-crisis situation, let's say the first quarter of last year, global working hours declined in the first quarter by an estimated 4.8 per cent (this is equivalent to approximately 135 million full-time jobs, if we assume a 48-hour working week).

In the second quarter of this year, global working hours are expected to shrink further, and we estimate it will be 10.7 per cent lower than in the last pre-crisis quarter. This is equivalent to 305 million full-time jobs. When we estimated first time in early April it was 195 million, so the labour market situation overall has deteriorated significantly in April and May. This has been driven mainly by prolongation and extension of containment measures.

Importantly, enterprises are also at risk. Hundreds of millions of enterprises in the hardest-hit sectors worldwide are currently facing high risks of serious disruption.

### **What is the impact on the most vulnerable workers?**

Among the most vulnerable in the labour market, almost 1.6 billion informal economy workers are significantly impacted by lockdown measures and/or working in the hardest-hit sectors. It is not very easy to know exactly what is happening to these workers in terms of jobs and incomes, but we estimate that in the very first month of crisis, the earnings of informal workers would decline by 60 per cent globally. Not surprisingly, the inequality is likely to widen further.

### **There is anecdotal evidence so far that women are particularly at risk. Can you elaborate on that?**

Certainly, that is one of our major concerns. So, let's consider informal economy workers significantly impacted by the crisis. There, we know women are over-represented in high-risk sectors. For example, 42 per cent of women workers are working in those sectors, compared to 32 per cent of men. However, this disproportionately impacts women and takes a number of forms. In addition to job losses as I just mentioned, access to online training and learning platforms isn't always resulting in equal quality learning. Women, for

example, are being disproportionately cut off from distance learning due to lack of childcare or home help during the pandemic.

### **What has been the global response to these challenges so far?**

As you know very well, the pandemic has been evolving, so do policy measures to tackle it. Immediate support is needed for enterprises and workers around the world on an unprecedented scale across all pillars of the ILO's policy framework. Our policy framework includes four pillars. The first, to stimulate the economy and employment, especially through active fiscal and monetary policies. Second, supporting enterprises and jobs and income. Third, protecting workers in their workplaces, especially from occupational safety and health risks. The last, but not least, relying on social dialogue for solutions. We stress the importance of taking actions for vulnerable groups. For instance, we highlight the urgency of policy actions to protect both enterprises, particularly small businesses; and workers, especially when operating and working in the informal economy. Mostly recently, we also analysed the devastating situation for young people. Guided by the ILO policy framework, effective policy measures need to be developed very quickly for this group, which actually represents the future of the world of work.

### **Can you highlight some of these further?**

One thing this pandemic has done, is to bring to the surface the underlying vulnerability of working people in current arrangements. As I said, support to businesses and jobs to target the most vulnerable in order to mitigate the economic and social consequences of the confinement period has become very urgent.

This applies especially to workers in the informal economy, women and youth. In terms of gender impact, for example, jobs and sectors in which women are traditionally employed are extremely vulnerable, as women are often more adversely affected than men.

Youth are also at higher risk than ever. Even before the pandemic, young people already faced an increasingly uncertain future in the labour market because of automation or the inefficiency of vocational training and the lack of jobs to match their qualifications. Young women are more than twice as likely as young men to be affected. We have to remember here, 267 million young people were already not in employment, education or training.

These are the so-called NEETs. Massive job losses and the difficulties to the access to distance learning will only make matters worse.

### **Do you have further findings about the current generation of youth, and can you expand a little bit on the impact on young people?**

This is exactly why we did the new global survey. Our new global survey confirms the risk is high and the situation for young people are devastating. For example, in our survey, around 17% of young people have stop working since the pandemic, and those who manage to keep their job have seen their working hours decline by more than 20%.

If we consider these multiple shocks on young people, and also consider that these negative impacts will stay with these people throughout their lives, which experts call “scarring effects”, then there is indeed a serious risk that a “lockdown generation” may emerge from this crisis, unless urgent policy actions are taken.

This is why we believe, the measures for economic reactivation should follow a job-rich approach, supported by stronger employment policies and institutions, better-resources and comprehensive social protection systems.

### **So, what more can we do? What sort of policies do you recommend?**

As our Director-General Guy Ryder has stated many times, for millions of workers, no income means no food, no security and no future. Millions of businesses around the world are barely surviving at the moment and have no savings or access to credit. If we don't help them now, these enterprises will simply disappear.

International co-ordination on stimulus packages and debt relief measures for developing countries which lack resources for stimulus packages will be really critical to an effective and sustainable recovery. International labour standards, which already enjoy tripartite consensus, can provide a good framework for policy development.

We must also need to accept that the office or workplace as we have known it will change, and in some cases disappear. What is more the way we work, and the way we acquire skills necessary for work will also be different, now and post crisis.

**That is a very good point. How will this manifest in terms of changes in the workplace or acquiring the skills needed to work in the “new normal” labour market”?**

That is a very important question we will need to tackle very quickly. First of all, teleworking in our area of work has already replaced our traditional workplace, and will be a reality for us for some time to come. Many enterprises have adapted to this by sending their employees to work from home—in some cases indefinitely. However, this assumes that we have the technology and access to ITC to do this, which is often not the case for many people.

The existing training model as we know it will also change and while there may be some return to the old normal as we adapt to the crisis, the so-called “new normal” will likely affect the immediate and future careers of millions of learners. We can safely say that nothing in the world of on-line and distance learning will be the same again. Having said this, there is no guarantee that this “new normal” will bring good things for all of us. In other words, “new” is not enough, it has to be “better.” So, therefore, it is crucial to make sure that this is a “better normal” not just a “new normal.”

**That is very good. I think that puts it very well. A better normal is needed. What sort of guidance is the ILO offering now?**

I have already mentioned the ILO policy framework with the four policy pillars. Let me add a few more points about how these policies can be implemented in practice. As I said, international coordination on stimulus packages is so crucial in making the global recovery more effective and sustainable. As I said, we need effective responses which require speed and flexibility. Governments need to continue to expedite assistance to businesses and workers and simplify the procedures for support.

The policies need to focus on providing income support for both businesses and workers to maintain economic activities, with special attention to those who are at greater risk of business failure and also to the self-employed and workers who are more likely to fall into long-term unemployment or underemployment.

Tailored responses are needed to reach and support small businesses, through combined measures of direct financial support and loan guarantees to avoid burdening firms with too much debt. Such support can also be designed to encourage firms to retain workers to make sure that both workers and the enterprise benefit from this support.

I also want to emphasize again that income support for workers and enterprises operating in the informal economy is crucial in preventing them from plunging far deeper into poverty.

**So finally, as countries begin to re-open their economies, what considerations will have to be made to get to this “better normal”?**

There are so many things to do, but let me pick up a couple very important points. First, in the reactivation phase, policies should target the provision of timely information about the status of containment measures and exit strategies. Information is important, and exit from containment should take advantage of social dialogue to ensure that reopening of workplaces occurs with safeguards for the safety of workers and consumers.

Looking at longer-term, boosting investments is key. Especially in the sectors such as health and care and green and distance technologies. Large public investments will be needed to boost employment and private investment.

**Moderator out:**

Sangheon Lee, thank you very much for that interesting overview. What is clear is that the vulnerable, be they enterprises or individuals, can't wait. We will have to develop new policy approaches quickly. In order for us to address these challenges, it is more important than ever for governments, employers and workers to come together to develop human-centred solutions, especially for the most vulnerable. The crisis has posed the most significant challenge in modern times to our ability to formulate policies and responses but also has provided us with an opportunity to adapt and innovate to address its challenges.

I'm Tom Netter, and this is the new ILO podcast series “global challenges - global solutions: COVID-19 and the employment policy response.” Thank you for your time.