IOE Web-Lab
Covid-19 and the world of work

Sangheon Lee, Employment Policy Department, ILO
Possible scenarios: Unemployment

Increase in unemployment, world

<table>
<thead>
<tr>
<th>Scenarios</th>
<th>Estimate</th>
<th>Error bounds</th>
</tr>
</thead>
<tbody>
<tr>
<td>low</td>
<td>5.3</td>
<td></td>
</tr>
<tr>
<td>mid</td>
<td>13.0</td>
<td></td>
</tr>
<tr>
<td>high</td>
<td>24.7</td>
<td></td>
</tr>
</tbody>
</table>

Increase in unemployment by countries’ income groups

<table>
<thead>
<tr>
<th>Scenarios</th>
<th>Low middle income countries</th>
<th>Upper middle income countries</th>
<th>High income countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>low</td>
<td>0.7</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>mid</td>
<td>1.5</td>
<td>4.1</td>
<td>2.9</td>
</tr>
<tr>
<td>high</td>
<td>2.8</td>
<td>7.4</td>
<td>7.4</td>
</tr>
</tbody>
</table>

Advancing social justice, promoting decent work
### Possible scenarios: Labour income and poverty

<table>
<thead>
<tr>
<th>Income group</th>
<th>Low</th>
<th>Mid</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour income (US$ billion)</td>
<td>-860</td>
<td>-1,720</td>
<td>-3,440</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Extreme and moderate working poverty (millions)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>8.8</td>
<td>20.1</td>
<td>35.0</td>
</tr>
<tr>
<td>Low income</td>
<td>1.2</td>
<td>2.9</td>
<td>5.0</td>
</tr>
<tr>
<td>Lower-middle income</td>
<td>3.7</td>
<td>8.5</td>
<td>14.8</td>
</tr>
<tr>
<td>Upper-middle income</td>
<td>3.6</td>
<td>8.3</td>
<td>14.5</td>
</tr>
</tbody>
</table>
Also consider

- **Underemployment** (time and income) is likely to increase considerably
- 22 million unemployed during the peak of the Global Financial Crisis (GFC, 2008)
- Increases in “new” **forms of employment** since GFC
- **Multilateralism** under strain and rise of nationalism
Policy framework: Three key pillars

Call for timely, large-scale, coordinated policies to protect employment, help business and support incomes

Protecting workers in the workplace
- Strengthen OSH measures
- Adapt work arrangements (e.g. teleworking)
- Prevent discrimination and exclusion
- Provide health access for all
- Expand access to paid leave

Stimulating the economy and labour demand
- Active fiscal policy
- Accommodative monetary policy
- Lending and financial support to specific sectors, incl. the health sector

Supporting employment and incomes
- Extending social protection for all
- Employment retention - short-time work, paid leave, and other subsidies
- Financial/tax relief for MSMEs
Some considerations

- Scale of intervention: Large vs piecemeal (e.g. some GFC measures)

- Focus on employment: To avoid the risk of “human capital” erosion and suppressing consumption/ investment

- Supply vs demand: Need for both actions – e.g., supporting business with employment support measures

- Short-term (e.g. immediate income/employment support) measures to be followed by mid-/ long-term measures (e.g., boosting investment)

- Constructive and persistent social dialogue