

COVID-19 has exposed the fragility of our economies

The Corona virus pandemic is not just a medical crisis, but a social and economic one too, says ILO Director-General Guy Ryder. If our response is to be effective it must take into account all these factors, and be delivered in a coordinated, global way. In particular, it must answer the needs of the most vulnerable.

The human dimensions of the [COVID-19 pandemic](#) reach far beyond the critical health response. All aspects of our future will be affected – economic, social and developmental. Our response must be urgent, coordinated and on a global scale, and should immediately deliver help to those most in need.

From workplaces, to enterprises, to national and global economies, getting this right is predicated on social dialogue between governments and those on the front line – the employers and workers. So that the 2020s don't become a re-run of the 1930s.

ILO estimates are that as many as 25 million people could become unemployed, with a loss of workers' income of as much as USD 3.4 trillion. However, it is already becoming clear that these numbers may underestimate the magnitude of the impact.

This pandemic has mercilessly exposed the deep faultlines in our labour markets. Enterprises of all sizes have already stopped operations, cut working hours and laid off staff. Many are teetering on the brink of collapse as shops and restaurants close, flights and hotel bookings are cancelled, and businesses shift to remote working. Often the first to lose their jobs are those whose employment was already precarious - sales clerks, waiters, kitchen staff, baggage handlers and cleaners.

In a world where only one in five people are eligible for unemployment benefits, layoffs spell catastrophe for millions of families. Because paid sick leave is not available to many carers and delivery workers - those we all now rely on – they are often under pressure to continue working even if they are ill. In the developing world, piece-rate workers, day labourers and informal traders may be similarly pressured by the need to put food on the table. We will all suffer because of this. It will not only increase the spread of the virus but in the longer-term dramatically amplify cycles of poverty and inequality.

We have a chance to save millions of jobs and enterprises, if governments act decisively to ensure business continuity, prevent layoffs and protect vulnerable

workers. We should have no doubt that the decisions they take today will determine the health of our societies and economies for years to come.

Unprecedented, expansionary fiscal and monetary policies are essential to prevent the current headlong downturn from becoming a prolonged recession. We must make sure that people have enough money in their pockets to make it to the end of the week – and the next. This means ensuring that enterprises – the source of income for millions of workers – can remain afloat during the sharp downturn and so are positioned to restart as soon as conditions allow. In particular, tailored measures will be needed for the most vulnerable workers, including the self-employed, part-time workers and those in temporary employment, who may not qualify for unemployment or health insurance and who are harder to reach.

As governments try to flatten the upward curve of infection, we need special measures to protect the millions of health and care workers (most of them women) who risk their own health for us every day. Truckers and seafarers, who deliver medical equipment and other essentials, must be adequately protected. Teleworking offers new opportunities for workers to keep working, and employers to continue their businesses through the crisis. However, workers must be able to negotiate these arrangements so that they retain balance with other responsibilities, such as caring for children, the sick or the elderly, and of course themselves.

Many countries have already introduced unprecedented stimulus packages to protect their societies and economies and keep cash flowing to workers and businesses. To maximize the effectiveness of those measures it is essential for governments to work with employers' organizations and trade unions to come up with practical solutions, which keep people safe and to protect jobs.

These measures include income support, wage subsidies and temporary layoff grants for those in more formal jobs, tax credits for the self-employed, and financial support for businesses.

But as well as strong domestic measures, decisive multilateral action must be a key stone of a global response to a global enemy. The [G20's virtual Extraordinary Summit on the COVID-19 response](#) on 26 March was a welcome first step to get this coordinated response going.

In these most difficult of times, I recall a principle set out in the ILO's Constitution: *Poverty anywhere remains a threat to prosperity everywhere*. It reminds us that, in years to come, the effectiveness of our response to this

existential threat may be judged not just by the scale and speed of the cash injections, or whether the recovery curve is flat or steep, but by what we did for the most vulnerable among us.

*By Guy Ryder, Director-General, International Labour Organization*