

Forum: Economic and Social Council

Issue: Reenvisioning employment in a post COVID-19 world

Student Officer: Amber Lin

Position: Deputy President

Introduction

Ever since the Great Depression in the 1930s, the world economy has reached an all time low due to the COVID-19 pandemic, and the pandemic has triggered a severe job crisis on a global scale. As the pandemic has worsened throughout the past two years, many people had to work from home or find alternative ways to make a living. Those whose work requires them to travel or be physically present in the work space, like those of the service sector, have significantly suffered unemployment since many governments have mandated quarantines or limited physical contact amongst citizens. The drastic hit of the COVID-19 pandemic resulted in a decrease of employment rate by around 10% in the United States (US) and 18.2% worldwide according to the International Labor Organization, which not only takes a toll on the economy, but also disrupts normalcy in the lives of civilians. As the global unemployment rate was improving before the time of the COVID-19 pandemic, the sudden spread of virus forced everyone into quarantine and social distancing which ultimately hindered employment worldwide. Even in the digital age, society is built upon mostly direct human to human interaction. Thus when this is taken out of the equation, the progression of humanity is hindered.

In countries with severe COVID-19 cases, lockdowns were enforced on the cities, which only served as a greater obstacle that prevented people from going to work. Specifically, many people, especially those of the younger generation, are employed in the leisure and hospitality industries. The pandemic significantly limited travel which significantly harms the tourist-reliant service sector, and this lack of tourism led to an employment decline of 41% between February and May of 2020, many lost their source of income (World Travel & Tourism Council). The lack of employment plus economic recession has only perpetuated a negative cycle that becomes difficult to disrupt. On the other hand, as vaccinations become more readily available for citizens across the globe, our lives are continuing on its path back to normality. The issue of unemployment has been improving before the pandemic hit in 2020, where on average the unemployment rates of all states in the US were half of what they are today. As we look into the future, it is important that we try to look at employment through alternative lenses. Being

in the digital age, it is essential we consider ways to most effectively take advantage of the connectivity that technology provides us with, especially in underdeveloped areas of the world.

Definition of Key Terms

Employment Rate

According to the Bureau Labor of Statistics, the employment rate that is referred to is calculated by the average employment-to-working-age population ratio. An example of a high employment rate of above 70%, which means that 70% percent of the people in a certain working age are employed. On the contrary, a lower percentage such as 30%, means that 30% of the people in an age group is employed; any percentage below 50% is considered a low employment rate. According to OECD, Switzerland has the highest employment rate of 79.9% in 2020, while South Africa has a low employment rate of 38.5% in 2020.

The Service Sector

The service sector is defined as the industry that provides services such as maintenance and repairs, training, and consulting rather than creating products. It is the third tier of the three sector economy, and it's also often referred to as the tertiary sector. The service sector is extremely crucial in terms of employment seeing as globally, according to the World Bank, 50.575% of the total employment is in the service sector. Some examples of the jobs in the service sector include hospitality, tourism, education, and etc.

Unemployment

Unemployment is the idea of employable individuals who are seeking for a job but are not able to find one, or at times it can refer to the idea that individuals losing their job and hence becoming unemployed. Unemployment itself contains a wide range of negative consequences, including obviously, a loss of source of income for people which commonly leads to depression and other mental health issues, an increase in crime rates, a decrease in total economic production and consumption, a decrease in volunteerism, and a deterioration of skills. In addition, unemployment can lead to excessive inflation, where the employed have money to spend and thus demand for products more than the manufacturers can supply so the prices of the products rises. This might result in an increase in the cost of living, which is especially difficult for residents in developing and/or low-income nations.

Recession

The definition of recession regards a period of temporary economic decline in which the commerce and industrial activities are decreased. Recession is evident through the fall of a country's GDP in two consecutive quarters (duration of 90 days). Recession is seen to be a direct result of unemployment seeing as when large amounts of unemployment occur, the economy can no longer continue prosper.

History

The eruption of COVID-19

In the beginning of 2020, the COVID-19 virus emerged from China, and quickly spread across the globe. Though after scientific research, it was known to be a mutation from the SARS disease that spread in Asia during 2002.

Before vaccinations for the virus were created, it yielded deadly side effects, and data from the World Health Organization (WHO) shows that the pandemic took around 6 million lives. Thus to prevent death, governments mandated isolation periods which led to many people not being able to perform their jobs. According to World Bank, the COVID-19 pandemic has caused the world's unemployment rate rose from 5.37% to 6.47% within a year from 2019 to 2020. Prior to the pandemic, the unemployment rate was decreasing from its peak of 6.2% in 2003 all the way to 5.37% in 2019. Though with the continuous pandemic, all the efforts to decrease the unemployment rate for the past years have been hindered, and progress has been lost. It would take an enormous amount of effort and time for the unemployment rate to return to as low as it was prior to the pandemic.

Lockdowns and different government mandates

The Chinese government enforced a lockdown at the original location where the virus erupted, which was in the city of Wuhan. The citizens in Wuhan were not able to leave the region or even their homes for weeks; they had to shop for groceries ahead of time and were not able to step foot outside of their house. Aside from Wuhan, similar situations occurred to countries that were on lockdown all over the world. Panic began to emerged when hundreds of people were hastily shopping at their local supermarkets in fear of not having enough resources. Because of this widespread panic and purchasing of goods on , the demands for items soared, causing suppliers to panic in terms of meeting deadlines for production, for smaller companies, it was almost impossible to meet the demands. The lockdown put an enormous strain on the supply chain, it exposed the flaws within the global economy, and what it takes to keep it running.

Countries also began to provide stimulus packages to improve the lives of those that were affected by the pandemic. In Japan, Germany, Italy, and the United States, their stimulus packages have helped citizens, especially those of the lower class, to purchase food and other necessities while being unemployed because of the pandemic. However, countries that are underdeveloped are not able to provide stimulus packages for their citizens, therefore they turn to seek help from the international organizations United Nations in hopes of improving the living conditions for their citizens.

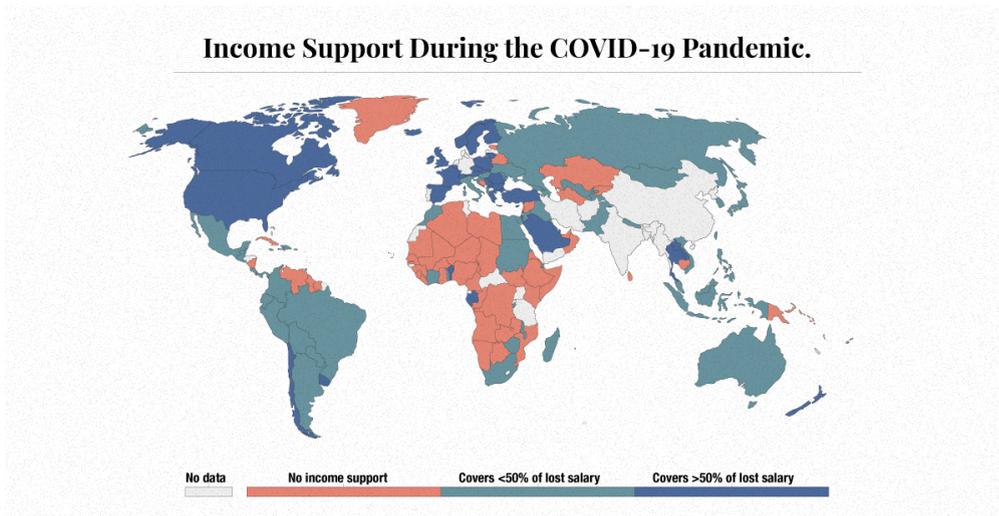


Figure 1: A global map of income support during the COVID-19 pandemic

Governments begin to loosen COVID-19 restrictions

In 2021, vaccines became more readily available for citizens around the world. The rate of COVID-19 cases has gotten smaller, and our lives are returning back to normalcy. As governments begin to loosen COVID-19 restrictions, it is the perfect opportunity to find alternative ways to change the way people are employed, with focus to the lower class and impoverished..

Key Issues

Financial and mental consequences of unemployment

With the sudden loss of income source, many people would face the financial crisis of needing money to support their family, which can then lead to severe mental stress and issues. According to a survey conducted by the Mental Health Foundation, it has shown that people who are unemployed are twice more likely to receive treatment against depression. When a family loses their source of income, they are not able to fund basic daily necessities such as grocery shopping or affording electricity or water. If those who are unemployed cannot afford basic necessities, they are definitely not able to afford

psychiatrist or forms of therapy to improve their mental state. Without proper mental healthcare or ability to afford basic necessities, it is even more difficult for people to reenter the workforce and continue to find ways to support themselves financially.

Decreasing manufacturing rate

China serves as the largest manufacturing power in the world, holding 28.7% of the global manufacturing output (Statista); though since COVID-19 erupted within the country, many of their factories were temporarily shut down. This not only hindered China's exports as well as profits of the companies who owned those factories, but many Chinese workers were left unemployed. Aside from China, most manufacturing places around the world have faced similar consequences. When factories and other businesses are shut down because of COVID, many are left without a source of income. This ultimately leads to economic recession and can even lead to an increase in poverty.

Lack of audience for the service sector

The service sector is the portion of the economy that has affected by the pandemic the most. As social distancing and other covid-19 regulations are being implemented, it is more difficult for businesses in the service sector to profit. When the businesses of the service sector are not able to yield revenue, their employees cannot maintain a stable income for their families. A survey conducted by World Travel & Tourism Council (WTTC) covering approximately 26,000 business owners over 50 countries shows that during 2019 54% of the businesses in the tourism industry, 47% in hospitality and event services, 45% in childcare services and education, 36% in entertainment, and 32% in hotels, cafes, and restaurants were all closed.

Tourism is built upon the desire to travel and the exploration in other countries. Though with the severe consequences of the COVID-19 pandemic, borders were closed off, countries are in lock down, it is near impossible for travel, let alone for leisure. Prior to the pandemic, tourism has contributed to 10.4% of the global gross domestic product (GDP), yet with the large restriction to mobility, the GDP contribution has been reduced down to 5.5% (Statista). The lack of tourism also led to 62 million job losses in 2020, in percentage, that is a 18.5% decrease in employment rate on a global scale (WTTC).

Revamping small businesses

The dominance of large businesses, along with the struggles and restrictions presented due to the pandemic, it has been even more difficult for small businesses to maintain themselves amidst the pandemic. Only a few weeks into the crisis sparked from the pandemic, many businesses were closed and hence a large number of employees were laid off. Specifically in the US, the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by the government was the hope for many small

businesses, as they counted on the funding given to them through this act. Aside from large companies, small businesses is crucial to the economy because they provide an opportunity for entrepreneurs to start their own businesses with greater job satisfaction and a different perspective into the economy through generating different ideas than traditional companies. Small businesses allow money to be kept close to home and supports the local community.

It is essential that when considering ways to ensure sustainable ways to ensure employment in a post-COVID-19 world, the importance of maintaining small businesses is not overlooked and solutions should cater to them.

The role of governments in COVID-19 regulations and unemployment relief

The role of the governments in regards to enforcing strict COVID-19 regulations along with providing unemployment relief to citizens has differed from nation to nation. For example, the U.S. government did not enforce strict COVID-19 regulations in comparison to other equally developed places such as Europe. However the German government been enforced mandatory lockdowns on the country when the pandemic worsened. In terms of combating unemployment, the American government only took measures to provide relief after people became unemployed by providing them with unemployment benefits. On the other hand, the German governments reduced the number of people at the office while still giving them the status of being employed and providing them with 60% of the worker's wages— they aimed to prevent unemployment rather than providing unemployment benefits. Consequently, The Washington's Post's data demonstrates that America's unemployment rate peaked at 15%, meanwhile Germany's unemployment rate only peaked at 4.4%. Clearly, nations like Germany were able to effectively minimize the effects that COVID-19 had on employment. The strategies used in Germany are not plausible in all countries though, as Germany is one of the most developed countries in the world— underdeveloped nations did not have the capacity to implement this solution. However this does not mean that it is impossible for less developed nations to recover from the unemployment caused by the pandemic: capitalizing on the global connectivity technology brings humanity is essential to reenvisioning employment, as well as is precautionary measures prior to issues that may lead to unemployment, rather than dealing with the problem after it occurs.

Major Parties Involved and Their Views

ILO (International Labor Organization)

ILO is an agency founded by the League of Nations in 1919 that believes in the advancement of social and economic justice through establishing international labor standards including laws and regulations to ensure greater equality and less discrimination. The International Labor Organization is constructed by a three party structure in which they utilize to offer workers, employers, and the government an equal voice to ensure that the different perspectives of each party is being well represented in the labor standards and for future developments of policies and programs in relation to labor. Aside from the motives mentioned previously, other goals of the ILO include promoting workers rights and adequate job opportunities, while hoping to improve social protection, and lastly, strengthen the communication when it comes to work-related issues.

The Netherlands

In the Netherlands, a system called werktijdverkorting (WTV) was created, in which citizens can apply for a short-time working permit. Thus the employees can apply for temporary unemployment benefits. According to the government of the Netherlands, the Employee Insurance Agency will advance the company a payment equal to 80% of the requested allowance. Companies will then be able to maintain paying their employees' salaries. The government not only provides compensation for the impacted sectors, they are also relaxing the rules in tax collection. The citizens who have lost jobs will then be able to have enough time to find a new job and earn sufficient money to support themselves before paying taxes to the government. The Dutch economy was able to drastically improve after the pandemic because the government created more job opportunities for those that were unemployed. Aside from more job opportunities, they also developed a Jobs and Economy emergency package in March 17th, 2020. This effective stimulus package helped the Netherlands reduce their unemployment rate and their impact from the pandemic as much as possible compared to other nations.

China

In China, industries including food, entertainment, tourism, and cultural services, are being hindered by ongoing mandatory social distancing measures. Uncertainty over the resurgence of COVID-19 cases, especially in the lack of a medical remedy, is impacting on demand for services like transportation. The rise of unemployment and economic instability are cutting domestic demand for non-essential spending which affects the services sector. The gradual improvement in the services sector is deemed crucial for China's economy, since the services sector contributes to more than half of the country's GDP growth. As a result, the finance ministry in China reduced social insurance payments by RMB 1 trillion to encourage enterprises to keep employees. In late January, the ministry declared that infected medical professionals would get subsidized workers' compensation, and local finance agencies began distributing daily reimbursements for the individuals.

USA

Many of the US's COVID-19 regulations are not mandated, and up to the federal and local governments to establish and enforce them. With no strict regulations enforced on the citizens, the pandemic grew out of control compared to other countries, especially their European counterparts. According to the Centers for Disease Control and Prevention (CDC), the United States has reached over 79.2 million cases following 957,000 deaths since the beginning of the pandemic. Along with their advancement in vaccination development, the government of the United States developed The American Rescue Plan Act in hopes of bringing relief to the workers. The act will improve the unemployment insurance system to grant them more benefits in such difficult times, assisting those who lost their job with health insurance that are fully subsidized, and lastly enforce regulations for greater safety of the workers.

Timeline of Relevant Resolutions, Treaties and Events

Date	Description of Event
December 2019	The global unemployment rate was 5.37%
January 7th, 2020	China reports its first case of the COVID-19 virus
January 20th, 2020	WHO's first situated report on the COVID-19 crisis, confirms cases in Japan, South Korea, Thailand
January 23rd, 2020	First lockdown in Wuhan, China
February 25th, 2020	Europe has its first outbreak, lockdown in countries
March-May, 2020	First wave of COVID-19 pandemic
April 2nd, 2020	According to the Department of Labor, 6.6 million US citizens file for their unemployment benefits
July 27th, 2020	HEALS Act issued in hopes of bringing more employees back into the workforce
October, 2020	First delta variant of the coronavirus appeared in India
December 2020	The global unemployment rate was 6.47%
December, 2020 - March, 2021	Second wave of COVID-19 pandemic
April - May, 2021	Third wave of COVID-19 pandemic
November 22, 2021	First omicron variant of the coronavirus, individual in California who returned from Saudi Arabia
December 2021	The global unemployment rate is 6.5%

Relevant UN Treaties and Events

- Development Policy and Multilateralism after COVID-19, 13 July 2020
- Compilation of statements by human rights treaty bodies in the context of COVID-19, September 2020
- Policy Brief: The World of Work and COVID-19, June 2020

Evaluation of Previous Attempts to Resolve the Issue

Depending on the country, there have been several different approaches in regards to employment. For example, in the United States, the government favored providing all citizens with stimulus checks rather than in Europe where many countries focused on preventing unemployment in the first place. According to the statistics found in the “The role of governments in COVID-19 regulations and unemployment relief” section, the latter proved a more effective and sustainable investment. Even as COVID-19 regulations ease, the US (and governments who took similar precautions) have yet to return to the employment rates similar to those preceding the pandemic.

Possible Solutions

1. An increase in unemployment benefits through providing stimulus packages.
 - **Pros:** A stimulus package would be greatly beneficial to those that were unemployed through increasing unemployment insurance, and hiring subsidies to help unemployed people obtain a job.
 - **Cons:** Citizens with low paychecks will become over reliant on the stimulus packages to provide them with benefits and reduce the desire for them to reenter the workforce because the stimulus package provides more than what they obtain from working. After the pandemic subsides, the government will need to raise taxes in order to regain the money given out to the citizens during the pandemic, which would give more financial stress in the long run.
2. Improve employment services in order to increase the ability for the citizens to obtain jobs.

- **Pros:** With an increase in unemployment rate, the employment services in different nations need drastic improvements and changes in order to increase the ability for the citizens to obtain jobs. This solution is beneficial because it allows a platform for citizens to reach out in hopes of finding jobs instead of hopelessly aiming for a job. The employment services are critical for those that are unemployed because they preserve employees' earnings when they are laid off, improve their long-term labor market productivity, and stimulates the economy during recessions.
 - **Cons:** Employment services that are not conducted by the government would have an unstable cost for its service, as the job quality increases, the amount of money it costs also increases. The services often focus on quantity over quality, so more people will be able to obtain jobs, but the quality of the job wouldn't be as good, resulting in more long term damage and future chances of unemployment. The jobs that are obtained might not meet the cultural criteria of the company, with the lack of communication, it might not be as effective.
3. Empowering developing nations with entrepreneurship opportunities by increased global connectivity through access to the internet.
- **Pros:** As we begin to leave the pandemic behind, many of the practices and adjustments made in regards to work and commerce during the pandemic remain, for example online meetings, food delivery, and ecommerce. According to Mckinsey & Company, "Ecommerce has grown two to five times faster than before the pandemic," meaning that there are exemplary opportunities for businesses and entrepreneurship to profit via the internet. The pandemic has helped normalize and legitimize online transactions, as well as global connectivity. This is a perfect opportunity for people in developing countries to source income from places outside of where they reside.
 - **Cons:** In order for people in developing places to earn a sufficient income solely through the internet, they must develop special skills with computers and ecommerce of value to people in other areas of the world (for example, being able to code, web design, etc.). Not only do these people have to gain the skills necessary to be able to employ themselves, they also need access to the technology which can be expensive.

Bibliography

“Advantages and Disadvantages of Recruitment Agencies.” *Brite Recruitment*, 22 Dec. 2021, <https://briterecruitment.com/advantages-and-disadvantages-of-recruitment-agencies/>.

“The American Rescue Plan Act.” *United States Department of Labor*, <https://www.dol.gov/general/american-rescue-plan>.

Bartik, Alexander W., et al. “The Impact of Covid-19 on Small Business Outcomes and Expectations.” *PNAS*, National Academy of Sciences, 28 July 2020, <https://www.pnas.org/content/117/30/17656>.

“Coronavirus: How the World of Work May Change Forever.” *BBC Worklife*, BBC, <https://www.bbc.com/worklife/article/20201023-coronavirus-how-will-the-pandemic-change-the-way-we-work>.

“The Covid-19 Impacts on Unemployment and Well-Being: The Imperative for Working Together on Health and Labour Policies.” *PAHO/WHO | Pan American Health Organization*, <https://www.paho.org/en/events/covid-19-impacts-unemployment-and-well-being-imperative-working-together-health-and-labour>.

“Employment Impact of the Pandemic Worse than Expected.” *ILO*, 27 Oct. 2021, https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_824098/lang--en/index.htm.

“First Confirmed Case of Omicron Variant Detected in the United States.” *Centers for Disease Control and Prevention*, Centers for Disease Control and Prevention, 1 Dec. 2021, <https://www.cdc.gov/media/releases/2021/s1201-omicron-variant.html>.

“The History of Unemployment in the U.S. Timeline.” *Timetoast Timelines*, 23 Feb. 1893, <https://www.timetoast.com/timelines/the-history-of-unemployment-in-the-us>.

“Impact of Unemployment.” *SPSSI*, <https://www.spssi.org/index.cfm?fuseaction=page.viewpage&pageid=1457>.

“Job Market Remains Tight in 2019, as the Unemployment Rate Falls to Its Lowest Level since 1969 : Monthly Labor Review.” *U.S. Bureau of Labor Statistics*, U.S. Bureau of Labor Statistics, 1 Apr. 2020, <https://www.bls.gov/opub/mlr/2020/article/job-market-remains-tight-in-2019-as-the-unemployment-rate-falls-to-its-lowest-level-since-1969.htm>.

Kunno, Jadsada, et al. “Comparison of Different Waves during the COVID-19 Pandemic: Retrospective Descriptive Study in Thailand.” *Advances in Preventive Medicine*, Hindawi, 8 Oct. 2021, <https://www.hindawi.com/journals/apm/2021/5807056/>.

Long, Heather, and Andrew Van Dam. “Analysis | as U.S. Unemployment Soared, Germany's Barely Budged. Is America's Safety Net Enough?” *The Washington Post*, WP Company, 13 Oct. 2020, <https://www.washingtonpost.com/business/2020/10/13/germany-unemployment/>.

Lund, Susan, et al. “The Future of Work after COVID-19.” *McKinsey & Company*, McKinsey & Company, 9 Sept. 2021, <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-after-covid-19>.

Lund, Susan, et al. “The Future of Work after COVID-19.” *McKinsey & Company*, McKinsey & Company, 9 Sept. 2021, <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-after-covid-19>.

“Mental Health Foundation Warns of ‘Profound Effect’ of Unemployment on Public Mental Health.” *Mental Health Foundation*, 23 Feb. 2021, <https://www.mentalhealth.org.uk/news/mental-health-foundation-warns-profound-effect-unemployment-public-mental-health>.

Ministerie van Economische Zaken en Klimaat, et al. “Coronavirus: Dutch Government Adopts Package of New Measures Designed to Save Jobs and the Economy.” *News Item | Government.nl*, Ministerie Van Algemene Zaken, 14 Apr. 2020, <https://www.government.nl/latest/news/2020/03/19/coronavirus-dutch-government-adopts-package-of-new-measures-designed-to-save-jobs-and-the-economy>.

Patton, Mike. “Pre and Post Coronavirus Unemployment Rates by State, Industry, Age Group, and Race.” *Forbes*, Forbes Magazine, 28 June 2021, <https://www.forbes.com/sites/mikepatton/2020/06/28/pre-and-post-coronavirus-unemployment-rates-by-state-industry-age-group-and-race/?sh=4c793bbc555e>.

Report • By Elise Gould and Melat Kassa • October 14. “Young Workers Hit Hard by the COVID-19 Economy: Workers Ages 16–24 Face High Unemployment and an Uncertain Future.” *Economic Policy Institute*, <https://www.epi.org/publication/young-workers-covid-recession/>.

“Travel & Tourism Economic Impact: World Travel & Tourism Council (WTTC).” *World Travel & Tourism Council*, <https://wttc.org/Research/Economic-Impact#:~:text=In%202019%2C%20the%20Travel%20%26%20Tourism,to%20334%20million%20in%202019>.

“Unemployment Benefit during Short-Time Working.” *Business.gov.nl*, <https://business.gov.nl/subsidy/unemployment-benefit-short-time-working/>.

“Unemployment, Total (% of Total Labor Force) (Modeled ILO Estimate).” *Data*, <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?end=2020&start=1991>.

“World Unemployment Rate 1991-2022.” *MacroTrends*, <https://www.macrotrends.net/countries/WLD/world/unemployment-rate>.