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COVID-19 and Global Unemployment

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Why in News

The **International Labour Organization (ILO)** has recently said that the **COVID-19 pandemic** will drastically increase global unemployment, leaving up to 25 million more people out of work and slashing incomes.

COVID-19 is not only a **global health crisis** but also a major **labour market and economic crisis** that is having a huge impact on people.

Key Points

- The **International Labour Organization (ILO)**, has warned that the economic and labour crisis sparked by the coronavirus will have far-reaching impacts on labour market outcomes.
- The **ILO** said that by comparison, the global financial crisis of 2008-09 increased global unemployment by 22 million.

- **Major Findings:**

- A study based on the report suggests that the world should prepare to see a **significant rise in unemployment and underemployment** in the wake of the pandemic.
 - In the best-case scenario, 5.3 million more people will be pushed into unemployment.
 - In the worst case scenario, 24.7 million more will become jobless, on top of the 188 million registered as unemployed in 2019.
- **Underemployment** is also expected to increase on a large scale, as the economic consequences of the virus outbreak translate into reductions in working hours and wages.
- **Self-employment in developing countries** usually serves to **cushion the impact of economic shifts** but this time due to the severe restrictions on the movement of people and goods, it might not help
- **Reductions in access to work** will also mean large **income losses** for workers.

The study estimates the income loss between \$860 billion and \$3.4 trillion by the end of 2020, which will translate into falls in consumption of goods and services, in turn affecting the prospects for businesses and economies.
- The **number of people who live in poverty** despite holding one or more jobs will also **increase significantly**.

The strain on incomes resulting from the decline in economic activity will devastate workers close to or below the poverty line.
- **Some groups will be disproportionately impacted** by the jobs crisis, including youth, older workers, women and migrants which will only increase the already prevailing inequality.

- **Suggestions:**

- The ILO has called for **urgent, large-scale and coordinated measures** to protect workers in the workplace and stimulate the economy, employment and job support through social protections, paid leave and other subsidies.
- It is suggested to **tackle this pandemic in the same way the global financial crisis of 2008 was tackled**, by presenting a united front to address the consequences.

Source: TH