



## Covid-19 jobs crisis: a comparison among models

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**The jobs crisis, linked to the spread of the Covid-19 virus, has shown once again, in the public debate and among the experts, the contrast between the European social model and the liberalist model of the USA.** This contrast is well represented by some different data: the 42 million applications for support for workers on short-time work or similar schemes in Europe, compared with the 36 million requests for unemployment benefits registered in the United States up to mid-May. In other words, on the one hand, many European governments have taken a lot of measures (including the temporary blocking of layoffs) to protect job retention, on the other hand the USA haven't betrayed their belief in the strength of the free market, as the engine for job creation.

**In a comparative analysis, however, the choice of models cannot focus only on Europe and the United States.** There are other national cases that deserve attention, thanks to the importance and peculiarity of the measures taken by the governments. This is what emerged from the webinar organised on 4th June by the American association of industrial relations (LERA - Labor and Employment Relations Association) about "Implications of COVID-19 for Workers: International Comparisons of Government, Employer and Union Policies and Practices", in which the discussants talked about the important measures of the Chinese and Australian models, in response to the employment crisis. We will summarize below the main contents of the interventions.

### *The Australian case*

**The Australian case is a model in full evolution. This system has developed significantly over the years, thanks to a dynamic system of industrial relations, characterized, in the 70s, by a very high union density.** From this point of view, the Australian system differs from a "classic" Anglo-Saxon or American model. The peculiarity of the Australian model is also pointed out by the presence of a universal health care system, a national minimum pay level system and a legislation that protects workers in case of illegitimate or discriminatory dismissals. These three examples are the main results of a model based on the concept of "fair work", which is implemented today by the Fair Work Ombudsman and the Fair Work Commission. The first institution ensure that workers receive their wages, holidays and rights and provides them advices on their minimum rights, while the second one helps employers and workers to keep workplaces fair and productive.

**With such a model, the Australian institutions have put in act, in a first phase, some important measures.** We can mention, by way of exemple, a specific free childcare program, the modification, by the Fair Work Commission, of some aspects concerning leaves and flexibility in the main sectoral collective agreements and finally the remodelling of some company collective agreements, on the initiative of the social partners, with the aim of maintaining the more jobs. The main measures have however been put in place directly from the government at a later stage. The latter tried to move in three different directions: the maintenance of jobs, the facilitation of the meeting between supply and demand within the labour market and the increase in employment. To cope with these purposes, the government has developed two programs, already present in the Australian legal system - the job keeper payment and the job seeker payment - and a new one has been introduced: the job maker

program. Specifically, the job seeker payment, which is a form of unemployment benefit, has doubled his value. In addition, the specific conditionalities to access it have been suspended till 9th June. The job keeper payment, on the other hand, is a specific support measure for workers' income, provided by the employers whose manufacturing operations were suspended due to Covid-19, while the job maker plan consists of the allocation of approximately 1.5 billion dollars of federal funding to support vocational training. In this context, the social partners will play an important role in defining the training courses on the basis of needs of the production system.

**From this last element, it is possible to note how Covid-19 has had a strong impact on the relationship between the government and social partners.** In fact, while before the pandemic the Conservative government was carrying out a series of reforms aimed at reducing the field of action of trade unions, the need to act quickly on the labour market has changed the situation. The withdrawal of the so-called "Ensuring Integrity Bill", an anti-union bill introduced few months before, signaled a significant turnaround aimed at probably opening a new phase of industrial relations, in the direction of a shared reform of the Australian labour law system.

### *The chinese case*

**As regards economic and employment responses to the Covid-19 emergency in China, we have to deal with a pervasive intervention of the State on society and on the economy of the country.** During the public health emergency, the Chinese government has indeed been able to take even wider measures than to those generally envisaged, with an incisive intervention on the activities of companies. In this context, on the one hand the government have adopted some measures to maintain jobs, such as, first of all, the prohibition of dismissal of workers who came into contact with the virus and the obligation for businesses to continue paying the workers concerned with the ordinary salary. This operation was supported by simultaneous measures to support businesses, with specific concessions and exemptions. On the other hand, the government has moved in the direction of significantly encouraging the informal economy, through further flexibility, to push workers "rejected" by the crisis of the various sectors towards this type of activity. In particular, a specific group of workers was particularly affected by the employment crisis during the emergency: the rural migrant workers, i.e. workers who leave their rural areas to work in the urban areas. The emergency situation has exacerbated the difficulties of these workers, mainly due to restrictions on freedom of movement, which prevented many of them from returning to the big cities to look for work. With this scenario, 50 million rural migrant workers are looking for answers and job opportunities, facing an uncertain future.

**As regards China, it is finally necessary to mention the role of the only trade union officially recognized by the Chinese government, namely the Acftu (All-China Federation of Trade Unions), whose ability to effectively represent workers and give voice to their needs is questioned.** Indeed, the Acftu operates under the authority of the Chinese Communist Party, and plays a limited role in the design of final decisions, also because of the lack of laws that would permit to organize strikes and other collective actions. In the phase of emergency, the Acftu didn't reverse this trend and maintained a low profile, without being able to affect the major decisions and without organizing protests or bargaining, although some collective consultations have taken place in certain contexts, after specific recommendations by the institutions. In conclusion, the trade union played a marginal role, focused mainly on the organization of training courses for the unemployed. All these elements therefore invite to think about a further strengthening of the role of the State in the next months, also in view of the challenges facing the Chinese workforce for the recovery. The emergency has highlighted the lack of adequate rules on issues such as sick leaves, working time determination and overtime payment.

## *Conclusions*

**In view of the above, we have seen two different approaches. The Australian case has shown how an emergency situation has prompted the government to block an important process of transition to return to a more inclusive model of industrial relations, abandoning the initial interventionist policies.** The Chinese case, on the contrary, showed the strengthening of a model implemented for years, with a very important role of the State also in the field of industrial relations, leaving trade unions playing a marginal role. Faced with these first ideas concerning two less studied models, we understand the importance of looking beyond the classic countries being compared, to study new possible solutions to problems and to understand, in a wider perspective, the own national case.

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