

Conclusions & Discussion Paper
On

THE FUTURE OF WORK IN THE NEW NORMAL

Web Conference
#EconomyOfTomorrow

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Conclusions & Discussion Paper On; “Future Of Work In The New Normal” Web Conference

Covid-19 as a global trend accelerator

Participants stressed that pre-existing power-structures, trends, inequalities and vulnerabilities have been further accelerated by the pandemic like under a magnifying glass. The Covid-19 crisis revealed a lack of resilience in our health systems, social protection, and economic models, said Jayati Ghosh.

Since the 2008 global financial crisis a lot of liquidity has been channeled into the system – with the bulk ending up in the financial sector – leading to the financialization of the global economy. Because of Covid-19 even more liquidity has been pumped into the market to monetize debts.

With the shrinking of the US and the European middle class, there are less options for countries in Asia to export their products and services. Labour cost arbitrage is becoming less and less significant. At the same time, many governments in Asia are trying to attract investment and technology without considering the social function of creating decent jobs. Many young Asians criticize that an investment incentive race to the bottom, for instance with the “omnibus law on job creation” in Indonesia is against the zeitgeist and will not result in creating a significant number of decent jobs.

If the Regional Comprehensive Economic Partnership (RCEP) is ratified in the next couple of months, it will be the biggest trade bloc formed without Europe and the US. Covid-19 has triggered more inter-Asian trade. And trade is moving from predominantly trade in goods to trade in (digital) services.

The march to digitalization and automation was already underway but will be further accelerated by the Covid-19 crisis. The pandemic has also boosted the digitalization of the economy and with a few exceptions only companies, which are digitally prepared, might survive. E-commerce has become a lifeline for many companies. The GiG-economy is thriving in Asia.

During the pandemic, the job market has become even more challenging - particular for the youth - with many people suffering; precariousness, job and salary cuts. The pre-Covid existing principle is further intensified; the more vulnerable the worker, the lower the value of work. Women are particularly hit hard by the Covid-19 crisis in terms of fair distribution, since the pandemic and related social restrictions has also led to the re-traditionalization of home – and care work division.

The failures of the neoliberal counter-revolution

We have experienced a neoliberal counter-revolution against the beneficial role of the state in the last decades, said Jomo Kwame Sundaram. At the same time, oligopolistic corporate power has led to a tremendous concentration of power by Multinational Companies (MNCs) and a

shareholder value extraction philosophy. Governments in Asia have done little so far for the informal sector or against the patriarchal structures in the economic systems and suppressed wages. Governments are instead often proud of their “digital unicorns” like Gojek in Indonesia. But the digital boom has not led to a broad trickle-down effect with many benefiting from the cashed-in investment.

GiG-economy – an employment relationship in disguise – thriving in Asia

Government and employer associations in the region are welcoming more venture capital investment and the creation of more jobs in the GiG-economy.

But the informal sector and the new digital precariat in the GiG and platform economies have been always prone to ignoring decent work principles. There is therefore now an increasing risk, that we return to more pre-industrial forms of employment relations, a gradual shift to temporary work and more informality. Related to this, there is an ongoing shift to de-skilling and/or employee-based training with workers being self-responsible for their training.

For instance, in Indonesia, Malaysia or Vietnam, the increasing business of ride-hailing companies like Grab is the epitome of the digitalization of informal work. Drivers are not micro-entrepreneurs - as company representative praise - but the precariat 4.0. Finally, there is the emerging paradigm, that workers in developing countries get only GiG jobs.

Trade union representatives stressed that this needs to be changed. At least there are some positive examples, like for instance China based Didi ride-hailing drivers became formal taxi drivers.

Furthermore, the unions highlighted the ongoing risk that new technology/algorithms in the GiG-economy are primarily layered upon pre-existing vulnerabilities and mainly used for surveillance.

Again, women have been particularly vulnerable and disproportionately affected by previous disruptive changes in this sector, both in the context of the Fourth Industrial Revolution and through the informalization of formal work. Frontline workers - for instance nurses or care workers – had always to bear higher risks and responsibilities combined with low pay.

Union representatives and progressive political decision-makers from different countries agreed during the web-conference to cooperate more closely to improve the working conditions in the app-based transport GiG-economy; improve training opportunities and empower workers – especially in the GiG-economy - to negotiate for their data.



Challenges for the youth

Youth are particularly challenged during the pandemic with less chances of education and training as well as high unemployment rates, decreasing job openings and low pay. Another accelerated trend among the youth is self-employment – like manifested in the GiG-economy -, which comes usually with a lack of protection, precariousness of the job and a lack of skill building opportunities.

Importance of the care economy

On the one hand, the pandemic has laid bare, that a lot more work can be done from home or could be done remotely or digitally. Some industries like tourism will probably never fully come back. Hence the employment crisis will get far more acute. On the top of this, the neoliberal philosophy, which has guided economic policymaking for the last 30 years, has really undermined any social appreciation or recognition of care work and work done mostly by women, criticized Jayati Ghosh.

The contemporary concept of value has enormous implications for the way economies and wages are structured. And all our societies have massively undervalued unpaid or underpaid care work.

On the other hand, the pandemic should have changed that. Because the pandemic should have made everybody aware how crucial care work is. Especially since the pandemic has also revealed that countries with better health care and care work are better prepared to address such a multidimensional crisis. Without a proper care sector not only societies will suffer, but also economies will suffer and will not recover soon, said Jayati. It has been shown around the world that care and medical professions are much more systemically relevant than their pay suggests. In many countries like for instance in Malaysia “frontline workers” indeed received temporarily bonus payments at the beginning of the pandemic. However, the risk is already becoming apparent that this appreciation was only temporary. Instead, a conclusion from the Corona crisis should be that these professions should be permanently socially and financially upgraded and expanded. According to Jayati up to 340 million needed jobs in the care economy could be created worldwide. That’s the underprovision of care work we have now. This change could not only mitigate the Covid-related unemployment, but also the unemployment caused by the ongoing digitization and automation. Women, who work disproportionately in this sector, would particularly benefit from it, so it would also be an important contribution to equal pay and gender justice.

Food supply chains for more resilience & decent food workers jobs

According to the UN we are facing the biggest global food crisis in 50 years. The pandemic laid bare even more the vulnerabilities of neuralgic food supply and food security in many countries. At the same time food workers, who are feeding entire societies, are so far the most undervalued workers in the world, said Hidayat Greenfield. However, during the pandemic also food workers have been temporarily declared systemically relevant. But so far it has not translated into decent jobs and wages. Hence, this sector is another example of the disconnect between the contribution certain workers make to societies and the remuneration they receive, stressed

Hidayat. At the same time, the catalytic momentum of the crisis should be also used to introduce more school feeding programs to also create a stable demand of local food products, suggested Jomo Sundaram.

Role of the government

The Pandemic has dramatically increased the already obscene inequality even further. But with further increasing inequalities and without state intervention we will see a “K-shape recovery”, predicted Jayati. There are especially many developing countries, who have not yet responded adequately to this crisis. Partly because there are concerns about sovereign debts, partly because there are concerns about capital flight, but also because some governments have still internalized the “Washington Consensus”. Because of ideological reasons some governments are obsessed to not run fiscal deficits even in a crisis like this, criticized Jayati. But in this crisis, no country should give priority to a balanced budget. Instead, governments should drastically expand their fiscal leeway to contain the economic and social damage caused by the Covid-crisis. In times when demands have collapsed governments should actively shape the market so that they deliver the kind of long-term outcomes that benefit everyone. We need massive government intervention to create domestic demand, to ensure people's livelihoods.

Hence we need a fresh embrace of state-driven expansionary fiscal policy, regain control of food supplies; enact a 'Green New Deal', create millions of green jobs in a new green industry, in the food industry as well as in the care economy with a decent remuneration. And finally, since technology is intersecting with existing power structures and vulnerabilities, take advantage of technological development to raise human livelihood.

We also cannot allow MNCs to get away with paying almost no tax because of profit shifting anymore; while we allow the super-rich to move their wealth to tax havens. We need to bring back taxation to MNCs and have a wealth tax for reducing this obscene inequality, said Jayati. Governments could also condition their assistance to corporations on policies that protect public interest and tackle societal problems. They could refuse to bail out companies, which won't curb their carbon missions or won't stop hiding their profits in tax havens. But if the government focuses only to end the immediate pain, without rewriting the rules of the game, then the economic recovery that follows will be neither inclusive nor sustainable.

Pavida Pananond stressed that the government must make sure small and medium enterprises, which often form the backbone of economies and create the majority of jobs, will be able to survive in times of physical distancing and low cash-flow. At the same time, government needs to ensure that “winners don't take it all” and we will be left only with very big oligopolistic MNCs, said Pavida.

Governments are now even more responsible to expand public spending for a more inclusive, just, sustainable, innovative and resilient system and therefore to; enhance risk management; to ensure stable supply chains, sustainable production, affordable training as well as sufficient quality employment for “a great reset”. Liew Chin Tong stressed that the state needs to mobilize all societal resources to achieve the mission we agree to. The government needs to play the role of a catalyst, said Chin Tong. But the government should be also an “entrepreneurial state” he said by quoting the economist Marianna Mazzucato. The government has to ensure that as it bails out and invests in companies it is not just risking the downside, but also getting a share of the upside; for instance, by taking an equity stake in the deals it makes.

Against this background, representatives from Unions, progressive political decision-makers and civil society agreed, that it is essential for governments, social partners, civil society and academia to realize a broad social dialogue, to collaborate with all relevant stakeholders – especially the social partners - to design innovative, evidence-based concepts and creative solutions - to not only manage but to actively shape and use the current crisis and ongoing change constructively to “build back better”. Because there is no return to “normal”; since normal is broken.

However, it is already becoming apparent that poorer developing countries have much less fiscal leeway and accordingly need the support of the international community. What is needed here is a new social contract on a global level, which must be shouldered mainly by the wealthier industrialized and emerging countries. International solidarity is more urgent than ever. According to Jayati it needs globally coordinated public spending to address the challenges ahead.

This needs political will, which unfortunately is not there yet. But the politics are not written in stone. Hence, it needs more public pressure. Unfortunately, we do not have much time left, since we are heading into an even more existential crisis because of the dramatically increasing inequality as well as the alteration of the climate, reminded Jayati.

Role of trade unions & ILO

The main labour response is still the freedom of association and the ability for collective action. Trade unions are fighting for wages, which enable workers to access their human rights.

Trade unions are also fighting to improve social security of all workers - including GiG workers - and to mainstream portable social benefits.

Trade unions have also a new role in times of pandemic as “health watchdogs” to keep workers safe.

Trade unions need to increase pressure to transform the zeitgeist from a shareholder to a stakeholder approach and avoid an investment incentive race to the bottom.

Trade unions need to adapt further to embrace unpaid care work and adjust to new forms of work as well as a new type of workforce to represent also those working in the GiG-economy.

Trade unions need to empower workers to negotiate for their data.

The ILO promotes a “Rapid Social Protection Calculator” as a tool to support countries to make rapid adjustments to social protection systems in response to the COVID-19 crisis and to adapt labour laws according to the new types of industry and workforce.

The geopolitical dimension

A China-Southeast Asia industrial region from China's perspective on one hand and a China + 1 investment diversification strategy from a Western perspective on the other hand might be further accelerated by the geopolitical rivalry, the decoupling in certain sectors, China's rise and

China's investment into the (digital) infrastructure of Southeast-Asia, the ratification of the RCEP, the general trend of more intra-Asian trade, near-shoring and the diversification of investment of MNCs in Asia. This could have the effect to isolate China or might even help China to increase its control of regional supply chains and to promote its technological, urbanization (smart city) as well as labour and ecological standards.

The US under a Biden administration will continue demanding countries to be part of their sphere of power and technology, while they try to form alliances to counterbalance China's rise in Asia. This might lead to bi-polar spheres of influence and the risk of more accidents and conflict.

Conclusions & follow up areas

1. **Change the narrative;** from shareholder to a stakeholder approach; promote state-driven expansionary fiscal policy; a paradigm shift from state deregulation to a more pro-active entrepreneurial state; avoid an investment incentive race to the bottom
2. **Globally coordinated taxation of MNCs & wealth tax** for the super-rich
3. Demand the **green new deal** as an indispensable part of economic recovery packages
4. **Ensure sufficient decent jobs & affordable education and health care for all**
5. Promote strategically the **appreciation** and **create 340 million new care economy jobs**
6. Strengthening of **local food supply chains and appreciation of food workers**
7. Demand **a social need driven right to training** for employees and a **skills training fund**
8. Focus to improve **employment opportunities and unionization of the youth**
9. Defining **ethical corporate standards how new technology serves social functions**
10. **Formalizing the GiG-economy through international standards and collaboration**
11. Workers together with their unions should be **empowered to negotiate for their data**
12. **Create alternatives** to a China-dominated or bi-polar Indo-Pacific region

Organizers



Friedrich-Ebert-Stiftung (FES)

About Us

The **Friedrich-Ebert-Stiftung (FES)** is the oldest political foundation in Germany with a profound democratic tradition dating back to its foundation in 1925. The foundation owes its formation and its mission to the political legacy of its namesake Friedrich Ebert, the first democratically elected German President.

Friedrich Ebert, a Social Democrat from a humble crafts background who had risen to hold the highest political office in his country, in response to his own experience in political confrontation had proposed the establishment of a foundation to serve the following aims:

- furthering political and social education of individuals from all walks of life in the spirit of democracy and pluralism,
- facilitating access to university education and research for gifted young people by providing scholarships,
- contributing to international understanding and cooperation.

The work of our political foundation from the very beginning focuses therefore on the **core ideas and values of social democracy** – freedom, justice and solidarity. This also connects us to the German and international progressive family. However, as a non-profit institution we organize our work autonomously and independently.

The Singapore-based Friedrich-Ebert-Stiftung (FES) Office for Regional Cooperation in Asia coordinates activities in the region that connect global and country programmes. Through regional activities, they create synergies between the work by FES on national and global level, responding to the challenges of globalization, labour mobility and regional integration.

We support policy analysis and research that bridge the cleft between economics, ecology and politics, and that bring digital transformation into this relation, seeking ways to democratize new technologies, discuss adequate qualifications, striving for a socio-ecological transformation and overcome economic growth without a corresponding growth in jobs.

With digital and urban transformation penetrating all walks of life, we foster debates on changing strategies towards a **sustainable economy of tomorrow in Asia**. Since 2017, the Economy of Tomorrow in Asia project focuses on two specific sectors of transformation: **Future of work and The Social City**.

Organizers



Research for Social Advancement (REFSA)

Research for Social Advancement (REFSA) is a progressive, not-for-profit think tank that promotes social advancement in Malaysia. Since its inception in 2004, REFSA has been at the forefront of policy discussions and debates in the important political and socio-economic issues of the nation. Today, our aspiration hasn't changed – we want to power the movement for a just, inclusive, and multiracial society.

Since 2007, we took our advocacy role one step further by becoming a publishing house and since then, we have produced books and publications on important political and socio-economic issues, including books about The Budget, Malaysian Defence, and several biographies.

In 2016, the Library for Social Democracy was conceived as a brain trust and resource centre to complement the think tank's research. It has since been one of the few public centre of research for academicians, politicians, researchers and the wider discerning citizens interested in local and global society, politics and economics. It also acts as a public space for educational outreach, as well as to bring the community closer through knowledge sharing and intellectual pursuits.

Throughout the years, REFSA has focused on various areas, most notably democracy, governance and reforms, economy, urban, to name a few. It has published its research in various forms to aid understanding and dissemination of information and complex issues. It has organized and participated in forums, workshops, conferences, public lectures, even philosophy classes and movie screenings to encourage dialogues and exchange of ideas. It has participated in radio interviews, podcasts and talk shows to provide thought leadership and raise awareness of policy debates. To this date, REFSA is well represented in discussions, dialogue and engagement with various stakeholders of the nation, and has come to be regarded as a serious participant in the advocacy of new ideas towards nation-building.

