

COMPLIMENTARY WEEKLY WEBINAR SERIES, APRIL 23 - JUNE 4

LABOR AND EMPLOYMENT RELATIONS DURING THE COVID-19 PANDEMIC



**LERA International and Comparative Interest Section (Comparative focus):
“Implications of COVID-19 for Workers: International Comparisons of
Government, Employer and Union Policies and Practices”**

Speakers:

Fang Lee Cooke (Monash University, Australia)

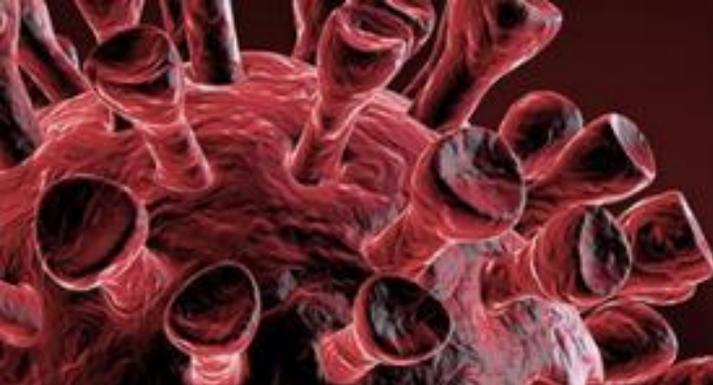
Greg J. Bamber (Monash University, Australia/Newcastle University, UK)

Virginia Doellgast (Cornell University)

Harry Katz (Cornell University)

Moderator:

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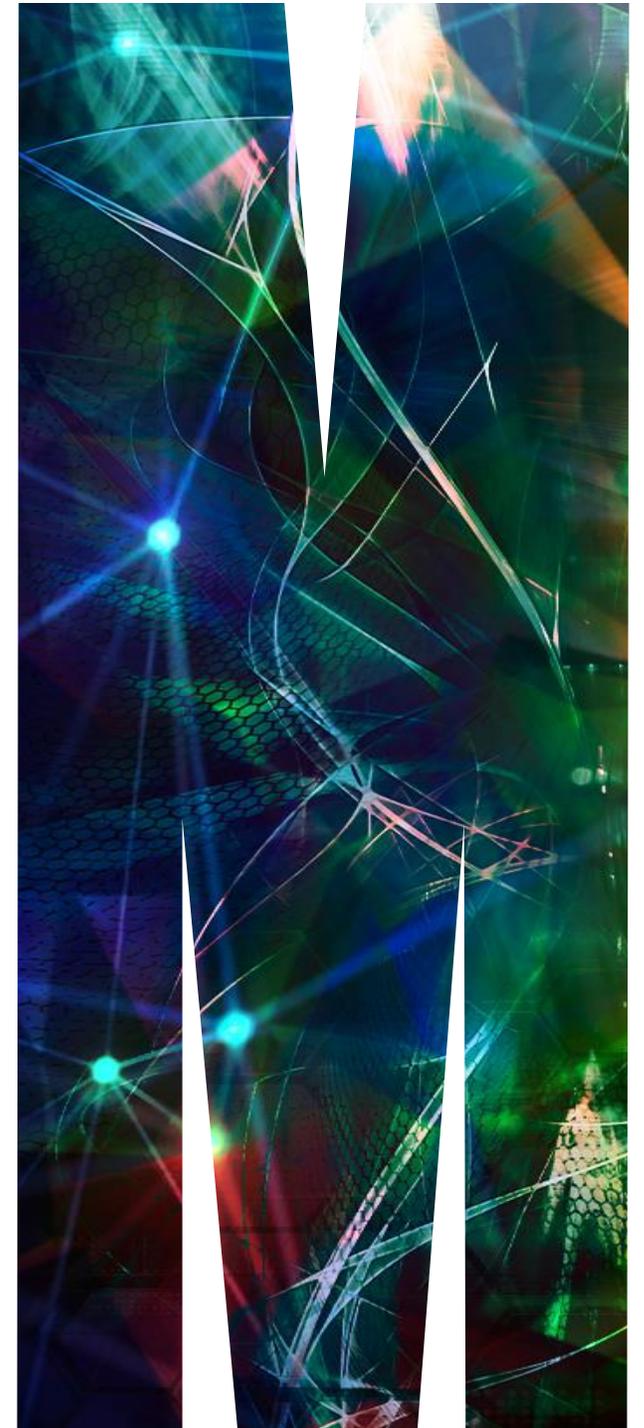
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COVID-19 and Impact on Industrial Relations in China

Fang Lee Cooke
Monash University
Melbourne, Australia



Context of industrial relations in China

- The state continues to play an influential role in shaping IR, via its agencies at all level, including the local gov't and trade union orgs;
- Only one trade union – the All-China Federation of Trade Unions (ACFTU) – is officially recognised by the Chinese gov't and it needs to operate under the leadership of the Chinese Communist Party;
- ACFTU has no rights to organize strikes/industrial actions, but is expected to participate in dispute resolution;
- A trend by the government to dismantle collective IR/labour collective disputes;
- Over 60% of the workforce is in non-standard employment, a large proportion is rural migrant workers – largely unorganised and little collective bargaining power.

Impact of COVID-19 on employment and business response

- **Unable to open for business, leading to:**
 - Laying off workers
 - Standing down workers
 - Reduced working hours
- **Seconding workers to other businesses (e.g. couriers, takeaway delivery) that have a surge in business and demand for workers**

Labour market pressure: 50 million rural migrant workers + 8.7 million university graduates need to find jobs in 2020

Institutional responses

➤ **Government:**

- Stabilizing employment as the top priority of post-COVID-19 recovery;
- Top-down policy enforcement implemented by local governments and other state-control institutional actors, i.e. lower level state-agency role;
- Encouraging informal employment by relaxing laws (e.g. peddlers);

➤ **Trade unions:**

- ACFTU organizations appear to have kept a low profile, no collective bargain, no industrial actions, no pushing for legislation yet;
- Local ACFTU organizations facilitating in workers' training via vocational training institutions, as a way of organizing workers who are unemployed.

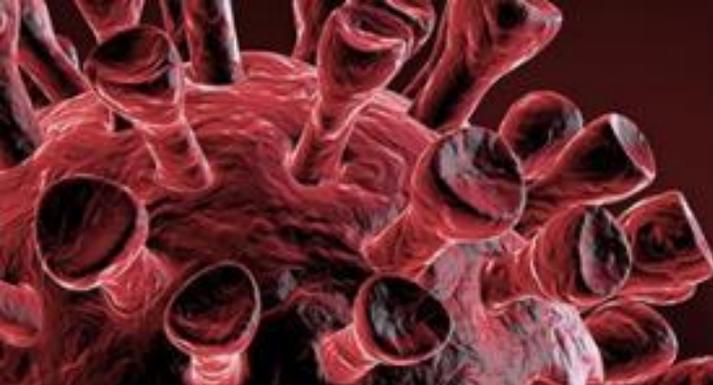
Challenges to industrial relations

- Local governments issue policy regulations to protect employment, but business foots the bill (e.g. extended leave period)
- Rising level of labour disputes due to dismissal;
- Inadequacy of current labour laws in addressing:
 - ‘Sick leave’ determination, entitlement, and compensation;
 - ‘Working time’ determination (e.g. isolation, observation period);
 - Overtime payment (businesses can’t afford to pay statutory rate)
- In short, COVID-19 constituted a force majeure event, how should employer and workers defend their rights?

Future prospect for employment and IR

- COVID-19 has led to the strengthening of state control which may continue for some time;
- Manufacturing sector will be negatively affected for some time due to the disruption of the global supply chain and reduced domestic spending;
- Informal employment/gig economy is likely to expand;
- Employers may speed up the process of production automation and digitalization of business process;
- Strong state direction in restructuring the economy, market, and industry;
- These developments will impact the nature of IR and call for new regulation.

THANK YOU!



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Australia: The lucky country!

- ‘Nickname’ for Australia (generally used favourably, but the phrase was originally negative)
- An island continent, similar size to continental USA (but smaller population, c.26 million)
- Government system: Washington & Westminster inspiration (‘Wash-minster’ similarities to Canada)
- A liberal market economy (after the Varieties of Capitalism framework, similar to USA)
- Federation of states (& territories, similar to Germany & USA)
- States jealously guard their ‘rights’ (similar in some ways to USA): States run public hospitals & schools (law enforcement & lockdown arrangements)

Employment Relations (ER)

- Campaign for 8-hour working days began in Australia (mid-19th century, then spread around the world)
- Union density was > 50% (1970s), but now < 15% (higher in e.g. public sector, transport, health, education, construction, mining, manufacturing, post, telecoms)
- A mantra of 'fair work': ER regulatory institutions: Fair Work Commission & Fair Work Ombudsman (similarities with US NLRB & FMCS)
- Universal healthcare (like most other 'advanced countries, but not USA)
- Relatively high national minimum pay level (unlike USA)
- Protection against unfair dismissal & unfair discrimination (unlike the US's employment at will)

COVID-19: National action

- Prime Minister Scott Morrison (ScoMo) an ideological (small-government) 'soulmate' of President Donald Trump
- Initial response to the pandemic was hesitant, but ScoMo's bad management of the recent bush fire crisis & forecasts of impending healthcare & economic crises suddenly spurred him into action
- Established a 'wartime'-style national cabinet, including Federal & **State** Leaders (to manage the crises)
- Lockdown, stay at home/working from home where possible!
- Travel bans (enforced quarantine for those arriving, by plane, but not on certain cruise ships)
- Childcare free (at least during the pandemic, despite ScoMo resisting it for years)!
- Fair Work Commission varied some 'industry-level collective awards' to provide unpaid pandemic leave & flexibility for holiday leave for employees (e.g. possibilities to take leave at half pay)
- Some employers & unions trying to vary enterprise bargaining agreements e.g. universities to cut pay, in exchange for fewer lay-offs!

Government assistance

- ‘Job Keeper’ payments per week for those furloughed, thru employers & tax system (USD\$517)
Good, but unfortunate gaps (e.g. university, casual & migrant workers)
- ‘Job Seeker’ unemployment benefits: doubled amount after pandemic starts (USD\$383* per week)
- ‘Job Maker’ to create jobs – Keynesian policies to stimulate the economy (despite past government reluctance)
- Lucky in having had no recession for 3 decades; COVID-19 has just tipped Australia into ‘recession’, but so far much smaller contraction than in the USA, China & many other economies
- Starting to ease ‘lockdowns’ to return to a ‘new normal’, but speed of return varies between States
- Lucky so far with ‘only’ just over a hundred deaths from COVID-19

(* Single person, no children; more if partnered or with a dependent child or children)

From Conflict to Cooperation? Towards an 'Integrative' approach?

Before COVID-19

- The 'right-of-centre' government was in gridlock with: unions; government was promoting anti-union laws & 'inquiries' attacking unions & States, especially those led by 'left-of-centre' governments

After COVID-19

- Government trying to initiate employment relations (labour law) reform: perhaps a form of 'social compact' to be agreed with unions & employers?
- ER reform may have conflicting objectives:
 - Federal Government & employers seek more jobs & more '**flexible**' workplaces (easier to fire workers)
 - Workers & unions seek more jobs & more **job security**

Conclusions

- Following a national 'integrative' approach to confront the common enemy: the COVID-19 crisis:
- Certain employers adopting quasi-integrative,* quasi-democratic approaches to cuts in pay, conditions, jobs, especially when pushed to do so by unions what represent their workers
- Other employers adopting distributive,* authoritarian, top-down approaches

Any questions or comments would be welcome. THANK YOU LERA!

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<https://research.monash.edu/en/persons/greg-bamber>

* The 'integrative' & 'distributive' terms are from R. E. Walton, J. E. Cutcher-Gershenfeld, R. B. McKersie, *Strategic Negotiations: A Theory of Change in Labor-Management Relations* (Cornell) 2000.

For more on the ER context of the countries discussed in this session, see Bamber, G.J., Lansbury, R.D., Wailes, N. & Wright, C.F. (eds), *International & Comparative Employment Relations*, (SAGE) 2016 & forthcoming 7th edn by Bamber, G.J., Cooke, F.L., Doellgast, V. & Wright, C.F. (eds), (SAGE) 2021.

Comments and Questions (89 participants)

- How many disputes such as strikes and terminations are litigated in the courts either after ADR or in lieu of ADR?
 - You may find the statistics here: Liu, Mingwei. "Conflict resolution in China." In *The Oxford Handbook of Conflict Management in Organizations*. 2014.
 - You can find some stats on labour dispute resolutions from the China Labour Statistical Yearbook which is freely available on the internet, though there is a two-year lag. It is in Chinese and English.
- How much do other countries look to the USA for guidance in the context of COVID crisis specifically?
- Where can we find the 100 different health and safety measures negotiated between VW and the union?

Comments and Questions (cont.)

- States, under the auspice of the federal government, can use a "work share" program so that employers can bring back workers in order to reduce high levels of absenteeism and whereby the worker can earn a wage and also receive unemployment benefits. The combination of earned wages and unemployment benefits is greater than solely unemployment benefits.
- How does German unions regulate new working time practices, such as remote work.
- It is encouraging to hear of the realignment in Australia and at least the potential for a new social compact following the crisis. Is there any chance for the same in China or in any of the EU countries? Or, do these countries just see the response as a validation of their system?
- Has anybody studied the impact on emotional wellbeing by national policies? if so, please summarize.
- Right now, in China, it is a government-led employment and economy recovery effort. A new social compact (implicit) may be emerging but things are still developing fast and the growing tension between the US and China is also rather unsettling for businesses.

Comments and Questions (cont.)

- With regard to income support policy for low-income people, early in the crisis some of us in Canada were advocating for a targeted basic income to address the inadequacy and lack of coverage of unemployment insurance benefits for low-wage workers (who were also more likely to be impacted by job loss/hours loss and are also less likely to be unionized). Canada did not implement this, instead choosing to introduce an expanded form of unemployment insurance. I was fascinated to see that the US actually did introduce a (one-time) income-tested cash transfer (\$1,200) for Americans in the CARES Act. Do you think the COVID crisis will build support for basic income more broadly in the US?
- For Harry: Are we likely to see pressures for a permanent expansion of the UI system to cover gig workers, independent contractors and such? This is all playing out against problems with them getting coverage with the referendum in California and problems in NYS getting the data from Uber and such to even let workers certify for benefits.

Comments and Questions (cont.)

- To Robert: the WSI/Hans Boeckler Stiftung keeps a record of Works Agreements and Collective Agreements. I can put you in touch with someone there to follow up on the 100 VW measures with the works council: vld7@cornell.edu
- US health and safety guidance has been voluntary through CDC and OSHA, including OSHA's refusal to promulgate an emergency temp standard. Has Germany or Australia promulgated mandatory standards--eg on hazard pay for essential workers who must be on front lines, or right to refuse unsafe work, or ability to not work from fear of Covid without losing UI benefits?
- Can Greg say more about the job-maker Keynesian policies--are there specific instances that may go beyond short-term change?
- Thanks all. Very informative!