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Employment Policy in the Covid-19 Pandemic Crisis

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Abstract

The paper analyses the macroeconomic situation at the labour market and proposes measures to restore employment to the pre-COVID -19 level. The literature review of the assessment of the pandemic COVID-19 impact on employment indicates that governments develop measures to support workers in need, and apply both approaches of the effect on the supply - side and an effective demand - side for stimulating economic performance. The study of the basic concepts of the state regulation methods of employment demonstrates that numerous forms of application use on the country's macroeconomic level. The theoretical analysis of modern

economic approaches suggests using economic policy that should be assessed with the point of adaptability to the prevailing economic conditions in the modern economy, while not excluding ideological and theoretical preferences, and economic interests hidden behind the choice problem. The estimation results of effectiveness's macroeconomic policies demonstrate that governments need to speed anti- pandemic measures to overcome the consequences of coronavirus.

Scientists suggest several scenarios for the pandemic COVID-19. The common feature of all scenarios is that the infection will spread in the global world, and results in dramatic damage to the world economy. The velocity and degree of damage to economies and population depend on the government active role to confront global spread infection and quarantine measures. The scenario and macroeconomic policy assessed against the spread of the virus, the vaccine creation and use proportionally among countries. The application of each of the mentioned approaches depends on the goals and expected results of the state's macroeconomic policy. The supply labour restricting measures are effective in the period of the growth indices of COVID-19 spread in the country. The recovery strategy includes the use of the domestic demand-oriented policy. The government should increase public health care capacity in order to prevent a health crisis from creating mass unemployment and bankruptcies.

The adoption of complex measures to prevent infection includes well-targeted policies to support the health system and health workers, to control business activities, support business entities, and ordinary citizens with low income. The long-term restrictive measures in developing countries result in the dramatic decline of economic activity, contraction of production, unemployment increases, labour productivity decreases due to the spread of COVID -19.

The countries with high macroeconomic indicators have better social cohesion and reliable systems of social protection. This demonstrates that there are more reliable on the employment level compares to the developing countries. The assessment of the various policy approaches of full shut up measures for localization dissemination disease, imposition of restrictions on the working life, the introduction of new remote forms of work and education suggests countries define special policy, which depends on the national economic and financial potential. The health system development and adoption stabilization measures of the epidemic situation in the country are the basis to restore confidence and trust in the society.

To overcome the consequences of the pandemic COVID-19, the Ukrainian state forced to take a set of measures to compensate for economic and social losses caused by the forced lockdown. They supposed to include payments forced the quarantine, deferred loan payment, tax holidays, reduction and cancellation of tax audits and financial assistance to low-income groups of the population.

Nevertheless, of the devastating effects of the pandemic on labour market, it would be suggested, that most companies would abolish remote work, restore office facilities, and return employees to office work after the end of the pandemic. The most vulnerable sectors of the economy are transport, service spheres, the restoration of which will take three or five years to the pre-COVID-19 level.

Economic analysis of macroeconomic policy indicates that the “adaptive quarantine,” which means that most of the restrictions were lifted, but in the areas with high infection rates the continuation of the severe lockdown measures, demonstrates effectiveness. The assessments of EBA survey show better results for business environment comparing with a complete shut - up measures for business in Ukraine.

The main challenges while implementing the supporting actions could be summarized in the following: “Field” employees’ safety demonstrates the absence of masks, antibacterial agents on the market. Achieve company goals have administrative barriers, budgeting constraints, cancellation of business meetings and travels. Cybersecurity characterizes data protection, decrease in control and efficiency through remote work, delaying some projects and etc. The increase in the number of debtors can be attributed to several reasons. There are the debts of Ukrainians that arose during the quarantine and an increase in the percentage of debts sold by utilities and banks to professional companies.

The adoption of macroeconomic measures confirm the time and effectiveness of taken measures by the state at the starting period of the pandemic. The suspended tax inspections of companies, deferred loan payments, expanded the government program of affordable bank loans at discounted interest rates for businesses, eased transaction registration the rules for certain categories of entrepreneurs set up the new rules for SMEs and remote forms for employees in the period of the quarantine. Entrepreneurs exempted from having to pay social security contributions. Extension of tax holidays, deferral of taxes and fees for entrepreneurs, organization of financial support for business will aim to mitigate the negative consequences of the pandemic.

The article proposes a deep account of the challenges that the Ukrainian economy has faced, and continues to face due to the COVID-19 pandemic effects, deterioration macroeconomic indicators, including employment decline. Rethinking the relation of quarantine measures and employment demonstrates that the “adaptive quarantine” measures in regions show better results comparing with complete shut up business measures in Ukraine. Due to the Covid-19 pandemic, Ukraine may face worst recession in decades, leaving more than 9 million people in poverty.

The employment will increase in the different sectors due to the Covid-19 pandemic, and will effect a loss of household income. There will be increase in insolvency. There will be a need of the debt management division in debt counselling centers. The article assumes that employment restoration to the level pre- COVID-19 quarantine will take lingering nature in Ukraine. The various methods related to the development of the unemployed population, social support, education, assistance in creating additional jobs are proposed.

Keywords: pandemic, state regulation employment, macroeconomic policy.

