



Vatican COVID-19 Commission

Executive summary: Economics Taskforce



Fruitseller in Madagascar, by the International Labour Organization

SEE: Political rescue packages

How to make the invisible visible

Coronavirus containment measures are causing a global economic recession. Fewer people are consuming goods and services, businesses have been forced to close, and international supply chains are being disrupted.

The economic slowdown has placed certain sectors, such as transport, tourism and culture, at great risk and, in the meantime, the world is discovering that there are many jobs that can be performed by machines with new technology and fewer people. This will have a huge impact on jobs and is very likely to increase unemployment, according to the International Labour Organisation ILO).

Low-income populations are most vulnerable to layoffs and the most reliant on their incomes for survival. Informal employment places workers at an even greater risk. In developing countries, approximately 70% of all labour is informal, meaning that workers have no legal or social protection to help them navigate this crisis. They are invisible.

195 million

The estimated equivalent of full-time workers who could lose their jobs in the second quarter of 2020 due to the pandemic (source: ILO).

2.7 billion

The number of workers affected by full or partial lockdowns, representing around 81% of the world's workforce (ILO, April 7).



Pope Francis has asked the Vatican COVID-19 Commission to consider the key issues arising from the pandemic, and to reflect on new socio-economic-cultural approaches that are needed to enable us to build a better future for everyone.



No pay = hunger

In economic terms, everyone is impacted by the pandemic, but those who will suffer the most are the poor. Those bearing the highest burden at this time are workers who cannot access social or employment protection. If they have to stay at home, they will go hungry.

JUDGE: The pandemic affects us all but some people are hit hardest

In a crisis like this, the economy is also sick and needs 'hospital treatment'

Government interventions are especially important at a time like this to help people come through the crisis and achieve a post-COVID-19 recovery. While the crisis has prompted much solidarity and generosity from ordinary people, with many sharing food and costs, this is not enough. Action by governments is needed to ensure dignified minimum levels of income, universal provision and access to basic services, as well as dignified and sustainable jobs.

If people are not helped by legal means, they may fall victim to money lenders who offer loans with impossible conditions.

To achieve this, governments could guarantee liquidity to firms to keep workers on the payroll as well as offer protective measures and subsidies to workers. Governments also need to think about a kind of 'universal salary' or Universal Basic Income, under which everyone would receive a basic means,



including those who don't earn enough, or work in the informal sector, or are 'invisible' to society such as the homeless or migrants.

The technical difficulties of implementing such a tool are many and well known to economists but the advantages, in a time of unprecedented crisis, outweigh the costs.

Some people worry that a guaranteed income will take away the incentive to work, and there are other difficulties such as the fact that it is paid to individuals, not families, and so doesn't take into account the cost of caring for children.

On the other hand, it enables women some financial independence and it is easy to implement. Perhaps the best way to envision a 'universal salary' is to think of it as an income to navigate through a crisis and a way of recognising and stimulating all types of work, especially work that is badly paid – or not paid at all.

ACT: Proposals for action

To keep the economy running healthily, workers and firms must be protected by either the state or market mechanisms.

- Workers could retain their jobs through publicly funded **wage compensation schemes** for firms, and informal workers could be **guaranteed an income** by the government. Another possibility is a **Universal Basic Income**, one of several options.
- The Church and other religious communities should **advocate for these kinds of mechanisms** to protect workers' rights and ensure that the crisis does not result in even greater social disparities.
- It is difficult to identify informal workers quickly so governments need to **reach out** through civil associations, charities, local churches and other faith groups. **Poverty cannot be fully understood from a distance; only those living among the poor can understand who are the most vulnerable.**
- In a health crisis, hospitalizations and testing are not enough; societies need to promote **integral health** – physical, mental, spiritual and environmental – to tackle the pandemic.
- Similarly, in economics, we need to promote **integral wealth**. An income, or a universal salary that includes workers who contribute immensely to society, but who are often poorly paid, could be the way to **redress injustices** and empower people to live a life they deem to be **dignified and valuable**.