

# A Neoliberal Pandemic in Asia

In the first few months of the Covid-19 pandemic, there was some optimism amongst trade unions that the lessons of the pandemic would lead to a renewed sense of solidarity coupled with a heightened appreciation for public services and the workers who deliver them. This new found appreciation, it was hoped, could stop the assault on workers and their unions. The realisation that precarious work makes us all unsafe would lead to regulatory changes to deliver secure jobs.

The pandemic initially seemed to open opportunities for rethinking orthodox economics, with a glimmer of hope that the recovery might usher in a new social contract – a healthy recovery that benefited people over profit. Certainly, there was a sense that public health and other public services and particularly frontline workers were finally being valued ahead of corporate bosses.

At the same time it was clear that neoliberalism was making the pandemic worse. Neoliberalism shifts risks on to individuals and the pandemic had shown that those conditions make us all unsafe. Across the region the dangers of precarious work became apparent, with Malaysia<sup>1</sup>, Singapore<sup>2</sup>, Thailand<sup>3</sup>, Australia<sup>4</sup> and India, all experiencing outbreaks because precarious workers were unable to isolate, denied adequate PPE and were working across multiple employment sites. Privatisation of health care made it less possible for many people to access testing and treatment and rates of mortality in private aged care facilities was far higher than in public care<sup>5</sup>. Across the world, state intervention was back in fashion.

But capital cannot waste a crisis. Governments across the Asia and Pacific regions have used the cover of the pandemic to drive through some of the widest sweeping neoliberal reforms seen since the IMF imposed Structural Adjustment Plans following the Asian Financial Crisis. Why should we be surprised? For the past 40 years disasters have been used to justify austerity and neoliberal structural reform with disastrous consequences. The global financial crisis demonstrated that stark evidence of capitalism's failures does not lead to progressive reform. But the scale of the attacks on labour rights and public service, particularly in India and Indonesia, are brazen, exploiting the circumstances of the pandemic to deny workers opportunities to mobilise against the reforms.

## Indonesia

In 2019 Indonesian President Joko Widodo ('Jokowi'), began laying the ground for wholesale

reform of Indonesia's economy and regulatory environment. He contended that "we need structural reform, deregulation, de-bureaucratisation, so we can simplify doing business. I want all ministers to evaluate each problem in detail and to detect weaknesses and points that have hindered businesses"<sup>6</sup>.

And so it came to pass in 2020, while his country was battered by the pandemic, Jokowi introduced the most comprehensive and radical change to the countries economic and regulatory framework since becoming a democratic nation. With one single bill Jokowi has done something that took even Thatcher and Regan years to do – he has rushed through the neoliberal playbook. On 5 October 2020, the Legislative Body of the House of Representatives of the Republic of Indonesia ('DPR') agreed to pass the Omnibus Bill on Job Creation or what is commonly known as the Omnibus Law and Jokowi signed off on the 1187-page Law on 3 November.

The taskforce pulled together to draft the Bill included no unions or representatives of the people who would most suffer from the provisions. Instead it was stacked with representatives of capital and included at least 9 people affiliated with mining and private sector energy interests<sup>7</sup>. It's not surprising then that the final law contains provisions to privatise energy, slash labour rights, rip-up environmental protections, and reduce the rights of Indigenous peoples.

Workers will now be more easily sacked, receive reduced severance pay, have less secure work and likely to see wages stagnate or fall. The law removes the basic cost of living as a consideration in setting minimum wages. It removes the limit on the use and length of contracts, meaning insecure work will skyrocket.

Indonesia's own national human rights commission, Komnas Ham, said that the Law was likely to violate human rights with particular concerns around the rollback of worker's rights, the expansion of central government powers, risks to the environment and the benefits to the rich at the expense of poorer communities. In the lead up to the passing of the law, Komnas HAM chairman Ahmad Taufan Damanik stated, "[w]e recommend that the President and the House stop the deliberation of the bill to respect, protect and fulfill the human rights of all Indonesians"<sup>8</sup>.

The Indonesian Government had a choice. It could have responded to the contraction in their economy through public sector and infrastructure spending, investing heavily in domestic skills, decent

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jobs, reversing the outsourcing trend and providing essential services for all citizens. Instead it has doubled down on a neoliberal agenda, pandering to oligarchs in the extractive industries. Unions and workers who supported Jokowi to the Presidency have every right to feel abandoned and angry – their future now looks decidedly worse off – and not just because of the long road to recovery for so many from a massive health crisis but because the government is actively working against the long term interests of labour.

### India

In India, the right wing, Hindu nationalist government of Narendra Modi, used the chaos of the pandemic to push through neoliberal reforms that had been blocked by unions and social movements for almost thirty years.

The government ripped up labour laws that had been fought for and defended by Indian workers since Independence. Twenty nine central government labour laws were abolished and four laws produced covering – Wages, Industrial Relations, Social Security and Occupational Safety, Health and Working Conditions. The government was able to get the Wages Code through in 2019 but all others were blocked until the government managed to push through their agenda at a time when effective mobilising was diminished and the pandemic provided cover, on 28 September 2020.

The new law gives employers with less than 300 workers the right to dismiss workers and allows states to raise this to an even higher threshold (and the neoliberal cheer squad are encouraging states to raise the threshold to as high as 10,000 workers)<sup>9</sup>. And enterprises need not register under the Factories Act if they have less than 20 workers (or less than 40 workers if they don't use electricity). Companies with less than 300 workers don't need to define employment benefits and contractual labour is made even easier with no industries exempted and up to 50 contractual workers allowed.

Like Jokowi, the Modi government is also seeking to use the pandemic to push through further privatisation of electricity<sup>10</sup> to appease major private energy oligarchs. Workers, and more recently farmers<sup>11</sup>, have mobilised against the Bill and their alliance is the greatest defence against rapacious capital and their political representatives.

These ideas were not new. Most of them had been percolating amongst neoliberal advocates (including the World Bank and the Asian Development Bank) since 1991 when the International Monetary Fund (IMF)'s intervention came with a Structural Adjustment Plan that required deregulation, privatisation and trade liberalisation. The Second National Commission on Labour formed in 1991

proposed many of the changes. Modi announced his pro foreign investor and national oligarch agenda as soon as he was elected. But the reforms he promised big capital were widely opposed by workers, farmers and a number of state governments and, while labour protection has been eroded piece by piece over time, the wholesale reforms that passed during the pandemic had been successfully opposed for three decades.

The ILO estimated that 400 million workers in the informal economy in India are at risk of falling deeper into poverty as a result of the pandemic<sup>12</sup>. Prior to the pandemic India had one of the highest rates of informal work in the region with 81 percent of all workers working precariously. These reforms will make the situation even worse, both by enabling employers to hire more casualised labour and by eliminating some of the national standards that applied to all workers, regardless of employment status<sup>13</sup>.

On March 24, PM Modi announced that a strict lockdown would be imposed in four hours. Migrant workers, already working for starvation wages, were left with no way to survive. When the lockdown was extended, millions of starving workers tried to find ways home, walking if necessary. The government decided to provide special migrant trains, that delivered the virus to rural areas where underfunded health systems have been unable to cope<sup>14</sup>.

To make things worse several states have also used the opportunity of the pandemic to abolish labour protection and create feudal conditions. Gujarat and Uttar Pradesh suspended laws relating to 'settling industrial disputes, occupational safety, health and working conditions of workers, and those related to trade unions, contract workers, and migrant labourers' and these prehistoric conditions will last for three years. These changes are already having devastating impacts on the most vulnerable workers<sup>15</sup>.

### RCEP

The pandemic exposed the dangers of neoliberal trade rules that support the 'just in time' global supply chain and restrict the capacity of governments to cultivate industrial policies that promote local production of important equipment (like ventilators and PPE, medicines and vaccines). Governments have had to breach trade rules, introducing emergency measures that have restricted trade, prohibited exports of essential goods, directing factories to produce emergency supplies, temporarily taking over private hospitals or aged care, nationalising airlines. Predatory law firms are already providing advice to corporations on the capacity to sue governments that have taken action to address Covid-19<sup>16</sup>. Investors can even sue

governments for action, or failure to take action, in relation to external events that subsequently harm an investment (*Azurix v. Argentina*). The intellectual property rules contained in trade agreements and the World Trade Organisation make access to vaccines and other medicines much less accessible for most of the world.

Yet, amidst this pandemic, with the dangers of neoliberal trade rules exposed, fifteen governments in the Asia Pacific region proceeded to finalise and sign the Regional Comprehensive Economic Partnership (RCEP). It is the largest trade deal ever struck, taking eight years to negotiate and covering one third of the world's population and includes Australia, China, Japan, South Korea, New Zealand and the ten members of ASEAN. India left negotiations in November 2019 but the door remains open for them to join. Governments refused to release the text until after it was signed in November, making it also the most secretive and least democratic trade agreement in the world. It has been touted as the blueprint to shape a Free Trade Area of Asia Pacific.

Researchers at the UN Conference on Trade and Development (UNCTAD), found that developing countries who ratify RCEP will suffer a worsened balance of trade position as well as reductions in tariff income and more constrained policy space<sup>17</sup>. The RCEP represents another manifestation of the neoliberal political project, locking in rules that make it almost impossible for future governments to develop the radically different social contracts we need to foster decent work, sustainable development and the social and economic conditions to deal with major crises.

Neoliberalism has devastating impacts for all workers, driving inequalities and creating a perpetual state of precarity. It has particularly vicious results for women – both by undermining women's access to decent work and by shifting the responsibility of social protection for families and communities on to women's unpaid labour. In India, 95 percent of women workers are in the informal sector and women's workforce participation has been rapidly falling in the past 15 years, down to just 26 percent in 2018 from 36.7 percent in 2005<sup>18</sup>.

UNCTAD has predicted a K shaped recovery from the pandemic, where the wealthiest rapidly increase wealth in a V shaped recovery and workers income and conditions rapidly deteriorate. It's time to reverse four decades of wage suppression and neoliberal policies that have pandered to private finance.

While political leaders in Asia Pacific have used the pandemic to deepen the neoliberal agenda, unions have a unique chance to harness the public's appreciation for essential workers and public

services. Aruhndahit Roy wrote, “[h]istorically, pandemics have forced humans to break with the past and imagine their world anew. This one is no different. It is a portal, a gateway between one world and the next”<sup>19</sup>. Roy asked us to imagine a better world and then fight for it. Trade unions in the region are accustomed to fighting. Our challenge is to imagine – imagine alternatives that are so irresistible that they're work fighting for.

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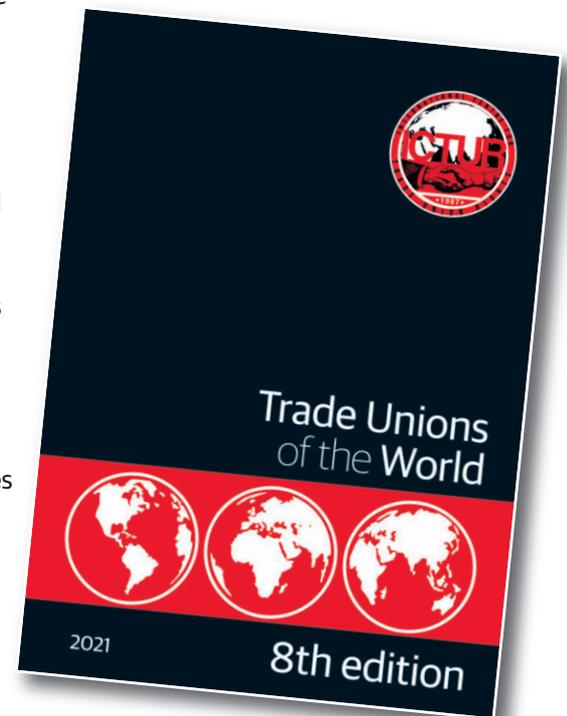
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