

Indonesia in Covid-19 Vortex: "Workers' Resistance to Waves of Mass Layoffs & Omnibus Law"

Jakarta, April 29, 2020. The multidimensional crisis is emerging due to Covid-19 outbreak and give impacts to the working class in Indonesia. Not to mention the receding issue of layoffs due to the economic crisis experienced before the arrival of COVID-19, now the wave of mass layoffs has jumped significantly as a result of the stagnation of global and national economic activity amid the pandemic. With the increase in unemployment, there is undoubtedly a high chance of causing social unrest in the community if this situation lasts a long time.

The social security program issued by the Government to deal with the social crisis due to rising unemployment is questioning its effectiveness. Whereas on the other hand, there is no decisive action from the Government to employers who often take advantage of the pandemic situation as an excuse to lay off thousands of workers. Including the pragmatic response of the Government, which has again encouraged the acceleration of the completion of the Omnibus Law discussion as a false solution, especially in dealing with national economic problems due to the global economic crisis that occurred after the 2008 global financial crisis.

It is estimating that the global economic crisis will be worse than the previous crisis in 2008. Surely this will drive many changes to the global order, including global supply chain activities. Moreover, it is very difficult to predict when this pandemic will end. In the end, it forces us to live in "new normal conditions" with various kinds of changes occurring in global and national societies. Therefore, the challenges of the Indonesian labor movement amid a pandemic will become severe in the future.

Above was highlighted sharply by three key speakers in the Economic Justice Discussion Series organized by Indonesia for Global Justice (IGJ), the People's Struggle Unity (KPR), and the Indonesian Labor Struggle Federation (FPBI) on April 29, 2020, ahead of International Labor Day.

Workers In Pandemic

Workers are strongly affected by the policies issued by the Government in the handling of a pandemic. At least three issues have been concerned by the labor movement, which clearly explained by Ky Seza, one of the leaders of the Indonesian Labor Struggle Federation in Bekasi area.

First are health and safety. Efforts to tackle the spread of COVID-19 by the Government with the implementation of social distancing or PSBB, are not in line with expectations. This policy is not adhered to by many stakeholders, including employers. Today's workers still have to keep working. The workers are facing dilemmatic conditions. When workers work, they have to deal with the threat of being infected with a virus due to non-compliance with employer protection standards. However, when they do not work, employers do not pay their wages. Until now, there have been several companies whose dozens of workers were infected by COVID-19.

Second, the issue of mass layoffs and furlough without pay the wage. In almost all FPBI bases in several provinces, there has been a practice of cutting wages by employers. For example, in the electronics sector, the employer only paid 50% of wages, and some paid only 10%. It certainly has an impact on reducing the quality of worker welfare.

This practice legitimized by The Letter of the Minister of Manpower No.M / 3 / HK.04 / III / 2020 concerning Worker Protection and Business Continuity in the Context of Preventing and Countering Covid-19. This letter stated that for companies who limit business activities due to the prevention and control of Covid-19, which causes some or all workers not to work, taking into account business continuity, changes in the amount and payment method of wages must be agreed upon between employers and workers.

Third, the low bargaining power of workers who do not have a union. The problem is that all this time, the employer's decision always unilaterally. Even for workers who work in companies without unions, the decision could be even worse. The situation has made the condition of workers in Indonesia worsen because there are still many workers who do not have a union. Based on data compiled by FPBI, only around 1.6 million workers are unionized, and about 3.6 million workers are not unionized. In the end, a wave of mass layoffs cannot be avoided. The latest data released by the Ministry of Manpower, there are around 2.6 million workers who have been layoff. But it seems the numbers have now gone up.

The Omnibus Law's Fake Solution: "Accelerating Digitalization ???"

The Government's Policies in handling COVID-19 clearly show that the State is not working for the welfare of the people. The focus of handling Covid-19 is more emphasis on efforts to manage economic growth problem, which then answer with a solution that returns in favor of capital interests. One of them is by accelerating the discussion of Omnibus Law on Job Creation, which is conduct without democratic spaces. The State seems to use the covid-19 situation to avoid protests from the public who are "forced" to remain at home as the implementation of the Large Scale Social Restrictions (PSBB) policy.

The research coordinator of IGJ, Olisias Gultom, considered the Omnibus Law on Job Creation program to encourage the acceleration of economic digitalization in Indonesia. The presence of Covid-19, which forced the public to carry out limited activities, ultimately led to an accelerating process of adaptation of digitalization. This condition will eventually be used by entrepreneurs to accelerate their transformation.

Omnibus Law on Job Creation compiled before the virus outbreak. According to Olisias, in the previous scheme, Omnibus Law would encourage the formation of a new industrial model based on digital, manufacturing, and other public service industries. There is a desire from the Government to get foreign investment opportunities based on the global digital trends that are developing today. It is what the Government expects from the Omnibus Law, which is inviting a lot of foreign investment to support the economic and industrial transformation in Indonesia.

Olisias also noted that there is a broader privatization agenda in the digital-based public service sector, which is trying to regulate by the Omnibus Law. Covid-19 can open space for the acceleration of privatization when the use of digital becomes more open. It will certainly impact public data protection when private companies manage a lot of public data in service activities, such as education, health, banks,

and other supply chain activities. In the future, digitalization will be used to answer the post-covid19 "New Normal" life model.

The pandemic condition is likely to be utilized by the Government and corporations to accelerate the Omnibus Law, including changes in the industrial relations model with the workers. Even though the employment cluster under the omnibus law will be postponed, this economic transformation plan will still continue to include worker's issues. It is just waiting for the time.

The process of industry digitalization certainly has the potential to create mass layoffs. Before covid-19, there were already symptoms that some of the layoffs carried out by companies in specific sectors were efforts to industrial transformation, such as the automotive and electronic sectors. The presence of a digital-based industry will create new working relationships, where the Omnibus Law on Job Creation will regulate it, especially on the provision of status of the worker. With digital trends, a new model of work status will undoubtedly emerge, often workers are considered as partners. In fact, from a number of existing practices, this new model of work status also raises problems, especially on the protection of their rights.

Olisias also stressed that the Government's desire to make the transition to digitalization is not accompanied by efforts to protect labor rights and public data. The Government is still stuttering in facing future needs. It will again open up a new monopoly space for investors.

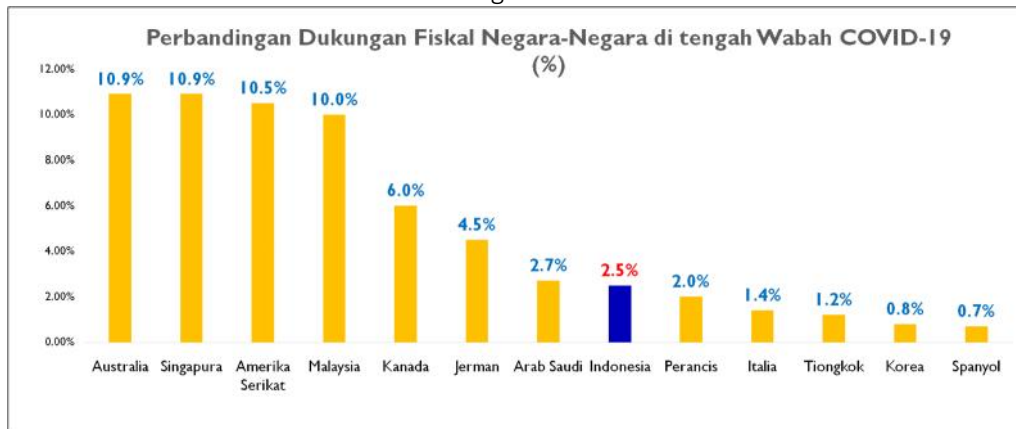
Questioning the Role of the State

The outbreak of the covid-19 will cause a sharp social upheaval if the State is unable to cope appropriately with its effects. A terrible global recession will occur, and it seems the State is stuttering in responding to the outbreak. Various policies issued even tend to be questioned for its alignments with the people. This situation was discussed in detail by Bhima Yudistira, INDEF Economist, about the slow response of the State in overcoming the crisis that arose due to covid-19, especially in providing proper protection to workers.

Bhima considered that The disruption of global economic activity had seen the impact on Indonesia. The occurrence of mass layoffs amid the pandemic has shown an increase in projections of unemployment and poverty. In the worst-case scenario, the open unemployment rate can increase almost twice from 5.2% to 9%, which could reach up to 10 million by the end of 2020. SMERU's data prediction in 2020 states that if Indonesia's economic growth only increases by 1%, then the potential poverty rate will grow by 12.3%. It is an alarm for the Government against the worst situation going forward.

Bhima further explained that the fiscal stimulus policy issued by the Government to handle covid-19 is small compared to other countries (see Figure-1), which is only 2.5% of the country's GDP, amounting to Rp.405 trillion. From this figure, the allocation of social incentives is only Rp. 110 Trillion compared to the allocation for industrial stimulus, which reaches Rp. 220 Trillion. Even the allocation for health is only Rp. 75 trillion.

Figure 1



Source: IMF, taken from Bhima Yudistira's presentation

The Figures above become an indicator for Indonesia who will lag behind other countries. According to Bhima, a country that has large social protection will be able to recover its economy faster after covid-19. For example, the budget allocation of social security in Japan reaches 21% of GDP, and even China reaches 7.7% of its GDP. But Indonesia is far behind Malaysia, Sri Lanka, and the Philippines (See Figure 2), which seems they will recover faster.

Figure 2



Source: ADB, taken from Bhima Yudistira's presentation

Millennial Oligarchy: Taking Profit Amid the Pandemic

The policy issued by the Government strongly illustrates that the State is not protecting people. The State has failed to protect the people because millions of workers are laid off and can not access the pre-employment card provided by the Government. This social protection scheme, once again, is becoming a false solution.

The pre-employment card is a failed program forced by the Government. This card intends to push people entering the digitization phase. The Government is not aware that many workers that have been layoffs over 40 years old, who have very low adaptability to technology. The digital registration mechanism used in the pre-employment card also makes many workers unable to pass the selection process. In the end, they cannot enjoy the assistance of the pre-employment card.

Besides, the concept of pre-employment cards is unrelated to the needs of employers. For example, the training content provided by the card is completely questionable as to the results of the skills that workers will have. The difference is, for instance, with the previous Work Training Centers (BLK), which are very related to the business world's needs. Thus, the certificates issued from this pre-employment card cannot be absorbed by the business world either.

As information, the pre-employment card program is a training fee and living incentives provided by the State for 5.6 million workers, job seekers, and micro and small businesses who have lost their jobs and experienced a decrease in purchasing power. Each pre-employment card beneficiary will receive a total benefits package of Rp.3,550 million. This package consists of a training fee of Rp.1 million, which can be used to purchase various training packages on digital platforms designated as government partners such as Tokopedia, RuangGuru, MauBelajarApa, Bukalapak, Pintaria, Pijar Mahir, and Sekolahmu. Incentives will be transferred through a bank account or other fintech applications such as e-wallet, LinkAja, OVO, or GoPay. Besides, the Government will provide Post-training completion with Rp 2,4 Million for four months of Rp. 600 thousand / month for four consecutive months with a total of Rp. 2.4 million. Then, post-survey incentives for three surveys with a total of Rp.150 thousand.

It is also important to be criticized, related to the state budget of Rp. 5.6 trillion allocated for training content that can actually be accessed free in several other applications such as YouTube. In the end, once again, the digital platform companies are taking advantage of selling training content in pre-employment card programs subsidized by the State budget.

Furthermore, Bhima considered that the pre-employment card scheme had created a new oligarchy model, namely millennial oligarchy. It is because most of the owners of digital platform companies designated by the Government are occupy many public officials. Moreover, the program that harms the people is protected by regulations that provide impunity for companies including public officials who have the potential to harm state finances. It governs under Perppu No.1 of 2020 concerning State Financial Policies and Financial System Stability for Handling Covid-19 Pandemics.

With the impunity provision under the Perppu, then if the pre-employment card program becomes problematic, and it cannot be considered as State loss. It cannot be sued in court, both criminal, civil, and administrative. The pre-employment card uses a State budget of Rp.20 trillion, which is bigger than the Century Bank bailout scandal. It can be imagined how people cannot claim the loss of State budget due to the failure of pre-employment cards.

Build People's Economic Solidarity

One thing that must be a serious concern of the people's movement today is the potential for a prolonged crisis, both in terms of waves of layoffs and food crises. Nobody can predict when a pandemic ends. By looking at the differences in the capacity of countries in the world in handling this pandemic, the possibility of disruption of global supply chains will continue to drive global economic bankruptcy.

The 1998 economic crisis has the experience that the economy's backbone was in the hands of the people's production and not big corporations, including the State. Therefore, in facing a prolonged

multidimensional crisis, the people's movement must develop a collective economic strategy, including building a collective production network.

Bhima conveyed, for example, in Yogyakarta that the Movement called "Rakyat Bantu Rakyat" had built a supply chain network from farmers to help workers affected by layoffs, including other poor people to meet their food needs.

Including FPBI in the context of building economic solidarity, currently has established stations in each factory and advocated the issue of layoff waves by forming FPBI-Care. Ky Seza also said that besides the solidarity, FPBI also saw that the conditions of layoffs that encourage the cessation of production should be an opportunity for the labor movement to take over the factory and develop a collective strategy about the supply chain production.

This initiative must connect with the strength of the village. Villages are a key to production and a much stronger economic endurance base. Responding to this, Olisias also stressed that there is an opportunity to link the power of the village economy with the power of digital technology to maximize the strength of the people's economy. For example, learn from China where one of its economic strengths lies in the village by building village-based small scale industries. That is reinforced and connected with digital technology, which is now becoming a powerful accumulation. It is what we need to do, reclaiming the people's economy. *** @ RH