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Contents

EDITORIAL

GLOBAL CORONAVIRUS CRISIS: POLITICAL ECONOMIC RESPONSES

The current Coronavirus pandemic is, at root, a health crisis, characterised by its sudden onset, its ready transmission and potential to kill, and the current lack of a vaccine to counter its effects. However, the broader Global Coronavirus Crisis (GCC) that it has precipitated has many further dimensions – variously economic, social, political and environmental.

The economic dimension is most evident in the unemployment rates that, in some countries, have quickly risen to levels not seen since the Great Depression. There have been widespread business closures – some temporary, but many likely permanent. The volume and value of international trade have plunged. Both public and private debts have escalated. Bouncing back from these economic conditions will not be easy.

The social dimension of the crisis is similarly problematic. Much has been made in the media about how the crisis has fostered social solidarity and mutual support – and particular instances have been heartening indeed – but other behavioural responses to the crisis have been significantly more troubling. A short list would include the upsurge of nationalist and racist scapegoating; workers being forced to work in exposed conditions without proper protection; the heightened incidence of domestic violence, aggressive panic-buying, and harmful personal behaviours such as excessive gambling and drug-abuse.

Politically, a crisis of governance may be observed, partly arising from the limitations of current international organisations, and partly from the inconsistent and sometimes incoherent responses by national and sub-national governments. There is a human rights dimension to the crisis too, because many governments have taken the opportunity to collect people's

Editorial (2020)
'Global Coronavirus Crisis: Political Economic Responses'
Journal of Australian Political Economy
No. 85, pp. 7-10.

personal data beyond what has become normal practice and to extend social controls that curtail civil liberties.

Some talk of a crisis for neoliberalism, as they did when the GFC emerged in 2008. Certainly, this crisis – indeed, both crises – have exposed the inadequacies of political economic arrangements based on the interests of capital and policies primarily serving those interests. However, the failure of the GFC to be a major turning point, other than intensifying the politics of austerity, is salutary. Is it similarly unwise to read the death rites this time? Could there be adaptation, even intensification, rather than demise?

The current crisis also has global characteristics that differ from the GFC. The three T's of 'trade, travel and tourism' are tottering, not to mention the international student enrolments on which universities have increasingly come to depend during the last couple of decades. While the incidence of these problems varies significantly between regions and nations, the concerns have global reach, particularly as COVID-19 spreads throughout the nations of the Global South.

Perhaps most fundamentally, there is an ecological dimension to the crisis. Indeed, looking at the GCC from a holistic, ecological perspective creates deeper understanding of its significance. Contrary to narratives presenting the COVID-19 pandemic as exogenous to an otherwise well-functioning system, critics have sought to demonstrate the structural origins of the virus in the dynamics of capitalism – especially those relating to industrial agriculture and global sourcing. The fragility and unsustainability of existing political economic arrangements and processes are all-too-evident, exposing deep vulnerabilities and lack of resilience.

The 26 articles in this issue of *JAPE* look at these dimensions of the current crisis, probing its causes, possible consequences and responses. In a couple of cases, authors have extended and up-dated their previous writing for this purpose, but nearly all of the articles have been newly written for this special issue of the journal. As a guide to readers, the articles have been grouped under sub-headings to indicate their focal points, although there is some arbitrariness in this clustering because of the interconnected nature of the issues. Broadly speaking, the thematic development reflects how the crisis has evolved: beginning as a health issue, quickly becoming an economic issue, a policy challenge for governments, an opportunity for rethinking public policies and for reflection on the deeper environmental stresses arising from the collision course between capitalism and nature.

The journal's editors hope that these articles are not only of substantial current interest – that they also become foundational contributions on which more comprehensive analyses will be developed. The GCC is a situation that will almost certainly be regarded, for decades to come, as a major rupture and turning point, bringing into sharp relief many of the tensions and contradictions deeply embedded in modern economic, social and political arrangements. The questions about its causes, consequences and responses will therefore resonate for a long time to come.

The responses are still evolving, of course, and will reflect ongoing struggles and the ways in which these are accentuated, mediated and modified by the crisis. It is therefore appropriate that this issue of *JAPE* includes Meredith Burgmann's obituary for Jack Mundey. Jack was a great Australian battler for a better society, linking economic and ecological concerns – for jobs *and* the environment – and linking struggles in workplaces with social struggles on the city streets, in the suburbs and throughout the regions.

The journal ends, on a rather lighter note, with suggestions about books that are particularly pertinent in the current circumstances – some relevant reading for locked-down and socially-distanced people during these troubled times…

The next issue of this journal, to be published towards the end of the year, will be a special theme issue on 'Democracy on the Edge: Neoliberalism and Democracy in Contemporary Capitalism. It will contain a range of articles exploring the pervasive tensions that were already evident before the onset of the GCC, some of which have now been brought into even sharper focus. An evolving political economic situation requires evolving political economic analysis…

Gavan Butler
Evan Jones
Andrew Mack
David Primrose
Stuart Rosewarne
Frank Stilwell

‘There may and likely will come a time in which we have both an airborne disease that is deadly. And in order for us to deal with that effectively, we have to put in place an infrastructure -- not just here at home, but globally -- that allows us to see it quickly, isolate it quickly, respond to it quickly […] So that if and when a new strain of flu, like the Spanish flu, crops up five years from now or a decade from now, we’ve made the investment and we’re further along to be able to catch it. It is a smart investment for us to make. It’s not just insurance; it is knowing that down the road we’re going to continue to have problems like this -- particularly in a globalized world where you move from one side of the world to the other in a day.’

– **Barrack Obama, US President, 2 December, 2014**

‘Nobody knew there would be a pandemic or an epidemic of this proportion’

– Donald Trump, US President, 19 March, 2020

COVID-19 AND THE WORLD FOOD SYSTEM

A. Haroon Akram-Lodhi

On 31 December 2019, a Chinese government website announced the detection of a pneumonia of unknown cause that was, in the original reports, believed to have had its origin in a wet market in Wuhan, Hubei province, China. In large part it was traced back to the wet market because 27 of the first 41 patients admitted to hospital with the unknown pneumonia had an association with the market. However, by that time the virus was already well-established; the first recorded identification of the SARS-CoV-2 virus has been traced to a patient treated on 17 November in Hubei who had no connection to the market, and France's first case was treated on 27 December in a Parisian suburb.

In this light, it is not surprising that the transmission vectors for the COVID-19 pandemic have not been definitively traced. While the scientific consensus in the spring of 2020 was that it most likely originated in bats (Readfearn 2020), the commonly-held belief that the virus emerged in a Wuhan wet market as a result of an interaction between an animal and a human is just that: a belief. It is likely that the virus passed through an intermediary animal but, unlike Steven Soderbergh's *Contagion*, it is highly unlikely that the Wuhan market will ever be identified as the definitive ground zero of both the SARS-CoV-2 virus and COVID-19. It is, at best, a hypothesis.

The role of bats as vectors of transmission, however, points to the importance of understanding the critical links between the emergence of new zoonotic diseases and the world food system. Zoonotic diseases are human bacterial and viral infections that originate in animals and which cross the species barrier. Something on the order of 60 percent of new human pathogens cross from animals to humans (Molyneux *et al.* 2011).

Akram-Lodhi, A.H. (2020)
'COVID-19 and the World Food System'
Journal of Australian Political Economy
No. 85, pp. 11-16.

And, over the course of the 21st century, the process of transiting across the species barrier appears to have accelerated as a succession of new diseases have emerged. Since 2000 there have been three pandemics: severe acute respiratory syndrome, or SARS, in 2003; H1N1, commonly known as swine flu, in 2009; and now COVID-19. However, there have also been regional outbreaks of zoonotics: avian flu from poultry; the Middle East respiratory syndrome from camels; Ebola from monkeys and pigs; Rift Valley fever from livestock; West Nile fever from birds; Zika from monkeys; and Nipah from bats.

Indeed, these may just be the tip of the iceberg, given that many novel human pathogens may emerge in regions where weak health systems prevent their detection as novel.[1] The success of these diseases lie in them entering human immune systems that do not have the antibodies to resist infection precisely because they have recently crossed from animals to humans.

The world food system has laid the structural foundations to facilitate the expanded spread of zoonotics in the 21st century. The reasons for this are many, but here I want to focus upon two dimensions: the ongoing marginalisation of small-scale petty commodity producers; and the ever-expanding remit of industrial agriculture.

At the point of production, the dominant model of the world food system is the fossil-fuel driven, large-scale, linear-flow-through capital-intensive industrial agriculture megafarm (Qualman *et al.* 2018). This produces, through enclosures of land and multiple other resources as well as the market imperative of cost competitiveness, an agrarian crisis for many small-scale petty commodity producing peasant farmers around the developing world. As Harriet Friedmann so cogently reminds us:

> Transnational agrifood capitals disconnect production from consumption and relink them through buying and selling [...]

1 Here, we owe a huge debt to the pivotal work of Rob Wallace in identifying the rapid proliferation of food system-sourced pathogens in the 21st century. As Wallace writes, 'This century we've already trainspotted novel strains of African swine fever, *Campylobacter*, *Cryptosporidium*, *Cyclospora*, Ebola, E. coli O157:H7, foot-and-mouth disease, hepatitis E, Listeria, Nipah virus, Q fever, Salmonella, Vibrio, Yersinia, Zika, and a variety of novel influenza A variants, including H1N1 (2009), H1N2v, H3N2v, H5N1, H5N2, H5Nx, H6N1, H7N1, H7N3, H7N7, H7N9, and H9N2' (Wallace 2020). That Wallace has largely gone unrenumerated for his work is a shocking, if unremarkable, indictment of the 21st century academy.

> Suppress[ing] [...] particularities of time and place in both agriculture and diets ... [t]hey have created an integrated productive sector of the world economy, and peoples of the Third World have been incorporated or marginalized—often both simultaneously—as consumers and producers (Friedmann, quoted in Bello and Baviera 2010: 45).

Such peasant producers face a 'simple reproduction squeeze' because the world market prices that they face fail to cover the costs of production at the farmgate (Akram-Lodhi and Kay 2010).

As a result, hundreds of millions of small-scale farmers around the world have been marginalised, which has in turn laid the foundations for the global expansion of industrial agriculture. Worldwide, there are more than 570 million farms, most of which are small and family-operated. Small farms of 2 hectares or less operate about 12 percent of the world's agricultural land, and family farms more generally operate about 75 percent of the world's agricultural land (Lowder *et al.* 2016). Faced with a simple reproduction squeeze, some small-scale farmers have coped by moving to less cultivable, often forested, areas, where they encroach on wilder habitats, putting in place a possible channel through which animal viruses can be transmitted to humans as 'forest disease dynamics' (Wallace *et al.* 2020) enter peri-urban settings.

Alternatively, some small-scale farmers have diversified production into more lucrative higher-value products that,when commodified, can be easily sold in nearby markets. For livestock farmers marginalised by industrial livestock production, one group of these higher-value products are animals that were once caught in the wild and eaten for subsistence and which have not been traditionally bred in captivity to be sold as food – snakes, turtles and mallard ducks, among others. For these small-scale livestock farmers, economic marginalisation has forced them to produce such commodities for niche markets in which they can realise more revenue against costs of production; such commodities can be supplemented by higher-value domesticated animals that are not traditionally eaten as food but for which a food market exists – dogs and cats, to name two. In some instances, the commodification of so-called 'wild' animals raised in captivity can create the opportunity for pathogens to cross from non-traditional farmed animals to livestock and from there into humans.

Indeed, when farmers raising non-traditional farmed animals are successful in exploiting the opportunities afforded by markets, this creates incentives to increase the scale of their activity. This has been a well-established route by which small-scale farmers unable to compete with Chinese industrial livestock production have crafted livelihood strategies (Lynteris and Fearnley 2020). However, it also amplifies and magnifies the possibility of zoonotic spread. In a commodity economy one way of dealing with the market imperative is to commodify that which was not previously widely commodified. This has been the route of some small-scale petty commodity producers marginalised by industrial agriculture, and this can create pathways through which new pathogens emerge.

In the second dimension, as industrial agriculture has grown across the developing countries, including China, its expanded control and operation of better farming land has not only forced the exit of many small-scale farmers but it has also created fertile breeding grounds for new infections as industrial livestock production increases. Industrial livestock breeds its own diseases, like swine flu and avian flu, in concentrated animal feeding operations and on factory farms.[2]

Moreover, these 'modern' industrial farming methods significantly enhance the virulence of those viruses that do emerge from farmed pigs and poultry, among others, before they cross from animal to human. This is because modern animal farming significantly weakens the resistance of animals to pathogens even as the massive application of antibiotics to combat pathogens contributes to antibiotic resistance, cumulatively exacerbating the problem of new pathogens. As Rob Wallace (2016) eloquently puts it, 'big farms make big flu'. This is why enhanced virulence has been documented in the US, Canada, Europe and Australia

2 Wallace *et al.* (2020) have a remarkably succinct paragraph that highlights the virulent risk of concentrated animal feeding operations: 'However unintended, the entirety of the production line is organized around practices that accelerate the evolution of pathogen virulence and subsequent transmission. Growing genetic monocultures—food animals and plants with nearly identical genomes—removes immune firebreaks that in more diverse populations slow down transmission. Pathogens now can just quickly evolve around the commonplace host immune genotypes. Meanwhile, crowded conditions depress immune response. Larger farm animal population sizes and densities of factory farms facilitate greater transmission and recurrent infection, High throughput, a part of any industrial production, provides a continually renewed supply of susceptibles at barn, farm, and regional levels, removing the cap on the evolution of pathogen deadliness. Housing a lot of animals together rewards those strains that can burn through them best. Decreasing the age of slaughter—to six weeks in chickens—is likely to select for pathogens able to survive more robust immune systems. Lengthening the geographic extent of live animal trade and export has increased the diversity of genomic segments that their associated pathogens exchange, increasing the rate at which disease agents explore their evolutionary possibilities.'

rather than developing countries: these are the heartlands of industrial agriculture, and the principal driver of contemporary zoonotic disease has been industrial livestock production, most notably pig production.

COVID-19 may not have emerged in industrial agriculture; but the market imperatives of industrial agriculture were imposed on small-scale farms, who responded by producing commodities with which industrial agriculture could not compete: non-traditional farmed animals for niche markets. The central issue at the source of the COVID-19 pandemic is not some people's taste for seemingly strange or exotic food, which in any event is culturally constructed, but rather the market imperatives of the world food system.

Clearly, the COVID-19 pandemic demonstrates that there is a critical need in contemporary agriculture to manage the interactions between animal and human. However, these interactions are central to the production process of the world food system, which is itself a principal cause of the crisis. Industrial agriculture and the survival strategies of marginalised small-scale petty commodity-producing farmers lay the groundwork from which new, virulent pathogens can emerge. Clearly, the terms and conditions by which the world food system operates serves to deepen threats to global health. In other words, there is a co-morbidity between COVID-19 and the world food system.

Haroon Akram-Lodhi is Professor of Economics and International Development Studies at Trent University, Canada.

haroonakramlodhi@trentu.ca

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PANDEMIC UNPLUGGED: COVID-19, PUBLIC HEALTH AND THE PERSISTENCE OF NEOLIBERALISM

David Primrose, Robin Chang and

Rodney Loeppky

The COVID-19 pandemic and its attendant political economic crisis has led myriad commentators to ring the death-knell for neoliberalism – highlighting the folly of subsuming human life to a narrow economic calculus (*eg*. Lent 2020). Sam Gindin, for instance (2020), recently lauded state reactions to the crisis as focussing less on 'how to *revive* the economy' than 'how to further restrict it'. Others have highlighted the valuable actions taken by unions, charities and other community groups to prioritise human health during the crisis, such as volunteers delivering meals to vulnerable people practicing self-isolation (*eg.* Monbiot 2020).

There is a distinct sense of *déjà vu* in such sanguine commentaries. Recall the similarly palpable sense of excitement about the 'return of the state' and 're-regulation' of economic processes at the height of the Global Financial Crisis (GFC) (Konings 2015). Yet, the GFC did not instigate such a shift, instead resulting global intensification of institutionalised financialisation and austerity. In the same vein, by focussing on the governmental politics of public health in Western countries, this article argues that the COVID-19 pandemic has not – and, likely, will not – foster a substantive shift away from neoliberalism. The public health policies implemented since the outbreak have not sought to redress the detrimental impact of four decades of neoliberalism on public health. Rather, they remain trapped within the political economic horizon of neoliberalism and will, ultimately, serve to augment its contradictory character.

Primrose, D., R. Chang and R. Loeppky (2020)
'Pandemic Unplugged: COVID-19, Public Health and the Persistence of Neoliberalism'
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The underlying conditions of austerity and inequality

The rapid emergence of any widespread illness, globally or locally, can expose socio-structural weaknesses in a glaring manner. As COVID-19 has spread globally, it must surely count as a stinging indictment of the varied forms of social austerity and healthcare economising characteristic of the diffusion of neoliberalism over the last four decades (Navarro 2020). Austerity has many layers, of course, but affected countries' healthcare systems have exhibited one largely common outcome: diminished capacity. Through the bulk of this epidemiological outbreak, in which mortality and hospitalisation figures have been the focus (actual seroprevalence remains uninvestigated), healthcare capacity emerged as the centre of national concern. From the outset, COVID-19 represented an impending crisis of capacity, as officials ratcheted up public health measures to protect explicitly against 'surges' of in-patient care. Dramatic pictures from Northern Italy validated these concerns, as overloaded care systems resulted in unnecessary and preventable deaths.

By considering such structural fears over a longer time frame, however, COVID-19 appears less as an 'exogenous shock' and more as a series of nationally generated policy failures. Periodic waives of austerity, aimed at clawing back the popular gains of the postwar era (Harvey 2010), have either reduced service delivery or rearranged its components for greater profitability. Italy, along with Spain, has been undertaking cutbacks at the behest of the European Union for a decade, eliminating 37 billion Euros from its healthcare system. In a country with the second oldest population in the world, this is a disastrous scenario, even without an unforeseen viral outbreak (Hallinan, 2020). In the United States, care capacity has been subjected to ongoing rounds of cost control for many more decades, as a highly segmented system of provision remains predominantly attuned to profit (Loeppky 2019). To the North, where a Canadian single-payer healthcare system should mitigate against such problems, cutbacks have been a regular occurrence since the mid-1990s. Hospital beds have declined from 7 to 2.5 per 1000 citizens (OECD 2018; Whiteside 2015). Similar figures can be uncovered for most countries, and only where the trend lines differ significantly can we see better scenarios. Germany, for instance, where mortality rates are nowhere near those in Italy, Spain or the U.K., has demonstrated a stubborn unwillingness towards healthcare downsizing (Loeppky 2015; Pickard and Whitehead 2020).

Gross indicators on healthcare, however, cannot capture the full nature of this crisis, insofar as it is not only a consequence of diminished care, but also its unequal application. Even before it spread to pandemic proportions, SARS-CoV-2 was known to affect seniors disproportionately, raising both morbidity and mortality rates among the aged. Unfortunately, neoliberal public policy has long quarantined this population as an 'unproductive' element of society. Long-term and seniors' care were among the first on the chopping block in healthcare cuts, with public facilities transformed into 'social acccommodation' and subject to extensive cost control and privatisation (Daly 2007). The biomedical outcome of such political decisions has been to accelerate mortality, with extensive outbreaks in privatised institutions (OHC 2020). In fact, over half of deaths worldwide have occurred through long-term care homes, the overwhelming majority of which operate commercially (Connelly 2020). Importantly, this includes not only occupants but also low-paid healthcare and personal care workers, weakly supplied with protective equipment and unable to contain (and often inadvertently spreading) the illness.

The health outcomes of austerity are further made evident as illness disproportionately affects racialised, poor, and working classes, not afforded the luxury to withdraw from public interaction or even effectively social distance. With a far greater necessity to continue low-paid work, as well as a higher rate of underlying medical conditions, these populations are boxed into elevated risk. The ominous statistics emerging from US urban centres, including New York, Chicago, Detroit, Milwaukee and New Orleans, demonstrates once again that viruses, including SARS CoV 2, clearly discriminate on a racial and class basis (Aleem 2020). Where inequality is rampant, the long-term effects of crippled social supports and downward income pressure subject vulnerable populations to unnecessary fear and death. Such vulnerabilities cannot be seriously addressed in the midst of emergency—sadly, by the time of crisis, it is too late. But if this is not the time to reveal austerity and enforced inequality as the underlying dynamic of this pandemic, then no time will be.

Fighting a (neoliberal) war: The post-political response

If COVID-19 illustrates the pitfalls of neoliberalised public health systems and social inequalities outlined above, Western states have not reacted accordingly. Instead, state responses have encapsulated a post-political logic of governance, in which the neoliberal status quo has framed 'appropriate', primarily techno-managerial policies to mitigate its effects. In brief, 'post-politics' constitutes a governmental modality narrowing the political domain by foreclosing fundamental social antagonisms: eviscerating ideological contestation and social struggles under the deterministic economic imperatives of capital, in favour of consensual governance, techno-managerial planning and expert administration (Žižek 1999). While debate remains on contentious public issues, the social foundations of neoliberalism – and capitalism – are institutionally and discursively pacified and, thereby, pushed beyond the scope of political consideration (Wilson and Swyngedouw 2014; Swyngedouw 2018).

This post-political logic has played out through governmental responses framing the global health crisis primarily as a 'security' matter (Nunes 2020). Paralleling the securitised response to previous pandemics, such as Ebola and Swine Flu,[1] official narratives have articulated COVID-19 as an existential threat to the political economic order (Nunes 2016; Everts 2013). Here, the pandemic, '[l]ike an asteroid', constitutes 'an exogenous shock' – 'an unforeseen problem' coming 'out of nowhere' (Luce 2020; Trump 2020a). It must, thus, be contained and managed via emergency measures to secure this order (Buzan *et al.* 1998; Braun 2007).[2] This framing has been particularly evident in pervasive invocations of bellicose war metaphors to comprehend the crisis, articulated as the species engaged in a battle to contain the existential threat of an external 'Other': COVID-19. The humanitarian nature of this battle is made evident by WHO Director-General, Tedros Adhanom Ghebreyesus (2020), who casts the illness as 'an unprecedented threat' and 'opportunity to come together as one against a common enemy […] against humanity'.[3]

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[1] For excellent considerations of how the logic of securitisation has increasingly dominated global public health discourse since the late-1980s, see Rushton (2011, 2019).

[2] Similarly, Donald Trump (2020d) initially suggested that '[w]e're having to fix a problem that, four weeks ago, nobody ever thought would be a problem' and, later, that '[i]t's something that nobody expected' (Trump 2020b).

[3] Analogously, Trump (2020c) described himself as a 'war-time president' confronting an 'invisible enemy'. Media outlets have employed equally combative metaphors, with a headline in *Forbes* (Rapier 2020) affirming: 'COVID-19: "Our Generation's Great War"', while the *Globe and Mail* (Potter 2020) proclaimed that: 'We are at war with COVID-19. We need to fight it like a war.'

Reflecting the centrality of apocalyptic imaginaries to the new cultural politics of capitalism (Boltanski and Chiapello 2017; Badiou 2007), such representations posit COVID-19 as an existential threat able to be managed within the current system. Specifically, a securitised lens disavows political economy, and enables policy-makers to focus on the *immediate* imperative to contain the outbreak and minimise risk of further infection. Political energies are then channelled into managing the symptoms of the crisis rather than addressing its structural underpinnings. The reified interpretation of the coronavirus SARS-CoV-2 as an external, ecological 'intruder' (*eg.* Carlsson-Szlezak *et al.* 2020; Leduc and Liu 2020) or 'black swan event' (*eg.* Halliburton 2020; Heskett 2020), disrupting an otherwise healthy, rational economic system, has been fetishised to stand in as 'the problem' to confront. Concomitantly, its presentation as a universal threat – as has been declared *ad nauseum*, 'we are all in this together' – papers over the pre-pandemic health inequalities and social struggles exacerbated by neoliberalism (Ruccio 2020).

Together, these formulations have produced a thoroughly depoliticised political imaginary, grounded in 'an ecology of fear, danger and uncertainty while reassuring the 'people' […] that the technoscientific and socio-economic elites have the necessary tool-kit to readjust the machine such that things can basically stay as they are' (Swyngedouw 2010: 11). Political debate has centred on retrofitting the economy so that radical political economic transformation becomes unnecessary. The outbreak has brought into relief the processes of social reproduction necessary for the survival of capitalism (Bhattacharya 2017, 2020) – most obviously, by suspending social interactions integral to employment and consumption via enforced social distancing (Gindin 2020). Yet, the scope of this renewed focus remains temporary and limited. In the most extreme cases, exemplified in the US and UK, this logic has seen the state willing to risk extensive loss of life to enable resumption of regular economic processes in the midst of the pandemic (Knott 2020; Leake *et al.* 2020) – a case of capitalism literally Trumping life! More generally, public health responses, even where effective, such as in Belgium and Germany, have largely centred on shoring-up national economic processes until the virus can be contained (Arruzza and Mometti 2020).

Simultaneously, in lieu of meaningful reforms, a techno-managerial public health politics administered by experts has focussed on modifying individual behaviour. Most notoriously, during the early stages of the outbreak in the UK and France, this manifested in libertarian-paternalist measures 'nudging' citizens toward more responsible health behaviour. Articulated in the work of Thaler and Sunstein (2008), 'nudging' policies utilise behavioural economics to steer individuals toward more 'rational' behaviour via psychological stimuli rather than regulation. In the UK, the government-established advisory body, the Behavioural Insights Team, convinced the state that prematurely quarantining individuals would engender 'behavioural fatigue' and loss of discipline when the epidemic reached its peak (Hutton 2020). In turn, the government favoured measures such as posters in toilets and television advertisements encouraging citizens to adopt 'barrier gestures' such as wearing protective masks, and practice good personal hygiene and social distancing.

While problematic in its own right, nudging also exemplifies the post-political implications of broader governmental responses focussing on individual behaviour modification (Primrose 2017; Sodha 2020). Mirroring official reactions to pandemics such as HIV/AIDS and Ebola (Hunsmann 2016; Nunes 2016), scapegoating 'irrational' or 'unhealthy' individual behaviour discounts the political economic reality that public health systems are in a weak position to respond. Governments may thereby avoid implementing more exhaustive social reforms – beyond self-quarantining – requested by the WHO (2020) to confront the crisis, such as establishing large-scale, systematic screening for the infection, training additional health personnel and constructing new health infrastructures. Concomitantly, individual behavioural strategies engender a form of ontological violence: working to foreclose universal demands for structural change based on re-politicising the social foundations of neoliberalism and their impacts on public health. Instead, they channel political activity toward more particular demands to ensure individuals function more effectively within the extant system (Žižek 1999). Greater individual rationality and resilience, rather than contesting neoliberalism, informs the politics of public health.

Lessons learned? The (weak) prospects for change

For political economists, the current global health and economic crisis surely questions the neoliberal tenets of the current capitalist order. It has brought into relief the sharp political variation that exist between different countries' economic policies related to growth and public health spending. In this sense, at least two questions emerge: 1) Will the neoliberal fixation with growth at all costs be altered by a new post-crisis reality of economic deceleration?; 2) Will the structure of both healthcare and public health be bolstered in the aftermath of this crisis? On current evidence, the prognosis on both of these matters is, to say the least, grim.

Prior to the crisis, concerns about ‘secular stagnation’ and the slowdown of neoliberal economic growth already existed (Gordon 2016; Kotz and Basu 2018; Vollrath 2020). Yet, in the midst of crisis, Western governments have proven uncharacteristically willing to adopt myriad ‘exceptional’ measures to alleviate social unrest and buttress economic activity through temporarily increasing national debt and injecting capital into the productive economy and credit systems, in conjunction with a selection of discretionary welfare expenditures. Such activities have already totalled around US$9 trillion globally, with over US$7 trillion in the US and EU alone (Battersby *et al.* 2020). Essentially, the measures implement a logic of Keynesianism-with-a-time-limit: being overwhelmingly provisional and able to be reversed without fundamentally disrupting the political horizon of neoliberalism.

Importantly, public funds have primarily been allocated to enabling firms to weather the emergency, albeit without attendant policies to salvage jobs and avoid layoffs – based on the problematic assumption that companies receiving the funds will defer layoffs and restore lost jobs once the crisis recedes (Arruzza and Mometti 2020). Certainly, talk of ‘basic income programs’ or ‘greening the economy’ as more palatable in the wake of the pandemic seem unlikely to materialise, despite the immediate notability of governmental largesse. For instance, while the EU agreed to suspend the Eurozone Stability Pact to allow expansionary fiscal policy, this remains strictly conditional, rather than setting a precedent for transitioning the Eurozone away from institutionalised austerity (Council of the EU 2020). Ultimately, as the ideological justification for capitalism, economic growth will remain the first priority in the post-crisis milieu of Western capitalism.

Worse still, the likelihood of stepped up austerity should not be underestimated, as this has consistently proven vital to neoliberal economic policy across the advanced capitalist world. Despite the magnitude of current governmental outlays, few resources have been devoted to boosting long-term healthcare capacity undermined by austerity policies, reversing the commodification of healthcare, or implementing broader measures beneficial for public health such as increasing provision of quality public housing or permanent free childcare.

In all likelihood, as growth begins to accelerate post-crisis, the re-evaluation of public debt will be in full swing. In the US, this has already surfaced, as a Republican-controlled Senate has put the brakes on an aid package already passed by the Democrat-controlled House (Everett 2020). Accumulated debt and ongoing deficits will serve as the rallying point around which cutbacks in governmental spending will be rallied, especially in healthcare spending, where the historical rate of growth has for most of the last half century exceeded growth in national income (Baumol 2012). Add to this the above-mentioned public health model that pursues individual and population resilience over structural well-being and preparedness, and the lure of austerity only intensifies.

Critically, the future is not so distant, as a second wave of infections hangs in the air, and as the probability of future viral events has become part of the popular and political imaginary. However, even equipped with knowledge of such possibilities, it is altogether unlikely that societies will become structurally better prepared with healthcare investment; that workers – ‘frontline’ or otherwise – will perceive their workplace as safer or healthier; or that the gross inequality with which illness or disease navigates human populations will be mitigated in any serious manner. Instead, individuals, families, and workers will be entreated to modify their behaviour, absorb insecurity, and stand ready while governments steady the ship of capitalism for the next round of growth. Indeed, COVID-19 has portended great societal change – it is just not the change we need.

David Primrose is a PhD candidate in the Department of Political Economy at the University of Sydney.

david.primrose@sydney.edu.au

Robin Chang is a PhD candidate in the Department of Political Science at York University.

robchang@yorku.ca

Rodney Loeppky is Associate Professor candidate in the Department of Political Science at York University.

rloeppky@yorku.ca

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FROM ONE CRISIS TO ANOTHER: THE UNDERLYING MALAISE IN THE AUSTRALIAN ECONOMY

Stuart Rosewarne

Despite the Treasurer's repeated reassurances that Australia has been unique among OECD countries in avoiding an economic recession and that the economy is in a 'strong position', various economic data suggests otherwise. The dramatic and sudden shuttering of businesses following the imposition of coronavirus social-distancing suggests that the business community was in a somewhat fragile state prior to the pandemic. Gross operating profits actually declined in the last quarter of 2019 (ABS 2019b).

It is apparent that recession clouds have been overshadowing the Australian economy for some time and that there was a dramatic slowdown in the second half of 2019. Were it not for the economic expansion associated with population growth from immigration, the Australian economy would have recorded a recession in per capita terms over the last two years (Letts 2019a; Scutt 2019). Even then, increasing public sector expenditure, which has proved an important salve to recession, growing by between 3 and 6 per cent over the last two years, did not prevent the decline in GDP in current prices (ABS 2019). In real terms, taking inflation into account, the Australian economy was slipping into recession in 2018.

One can thus better understand why the employment crash with the COVID-19 shut down of the economy has been so remarkably dramatic. Understanding some of the critical factors that that have framed the flatlining of the economy also exposes shortcomings in the Coalition government's proposed policy to engineer a quick 'snapback'.

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Drawing on ABS, we can gain a better sense of the folly in this strategy and the devastating impact it could have on a large proportion of the Australian population, not to mention the millions of temporary visa holders who are already deleteriously affected by being denied access to the JobKeeper and JobSeeker schemes.

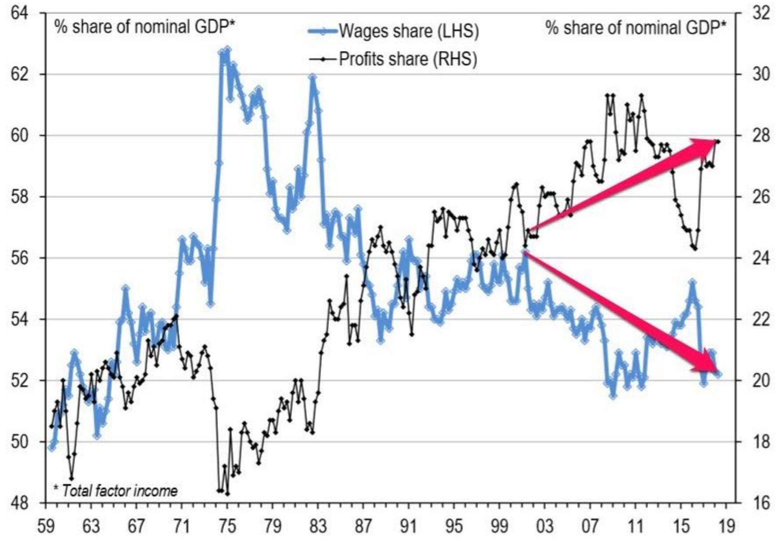
A crisis long in the making

A starting point is to acknowledge the initiatives of the Reserve Bank to reinvigorate economic activity through successive reductions in the interest rate and the Bank's unsuccessful appeals to the government to employ fiscal measures to underwrite a stimulus. Uppermost in the concerns being regularly expressed were the flow-on effects of subdued wages growth.

While the government was praising its economic record of keeping the Australian economy on track and maintaining the momentum of growth, for over three years the Governor of the Reserve Bank repeatedly raised the spectre of an imminent crisis linked to the suppression of wages. Fairly early in his taking on the role, Philip Lowe observed that 'The crisis is really in wage growth'. In urging workers to take action to demand higher wages, he advocated a prescription that was completely at odds with the Coalition's industrial relations agenda (Long 2017; Lowe 2018; Hutchens 2017).

Lowe's concern was that the falling share of wages in national income was having a depressing effect on aggregate national demand. The trend in the wages share of GDP, charted in Figure 1, was downward, as the profit share grew. With wages the principal source of household consumption expenditure and household expenditure accounting for over half of GDP, Lowe could see that wage stagnation would likely have adverse consequences for the level of economic activity.

Figure 1: Wages and Profits (% Share of Nominal GDP)

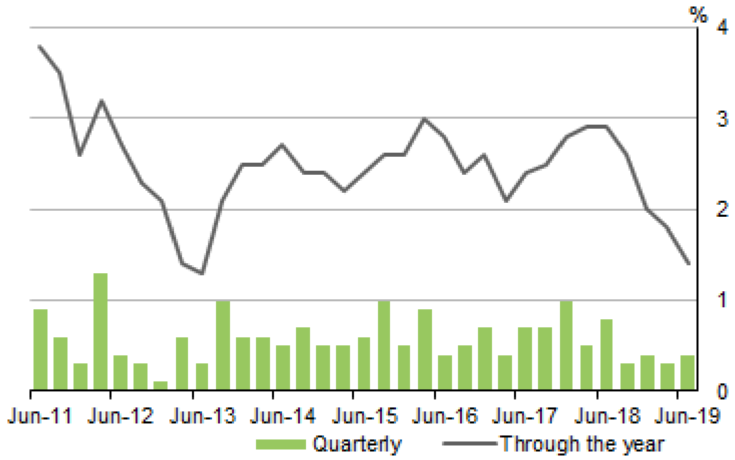


Source: ABS, UBS.

The link between wages and household expenditure is affected by households' ability to borrow to maintain consumption standards, and there has been an extraordinary increase in borrowing. Australia now has the second highest household debt/GDP ratio in the world and debt continues to grow 'outpacing household disposable income' (RBA 2020, 7; ABS 2019a). The Bank's concern is that this cannot be sustained, and the time will come when the debt has to be reined in, creating yet more adverse impacts on household spending with flow-on effects for the economy (Lowe 2017; Bullock 2018; Janda 2019).

There was a marked downturn in consumer confidence and household consumption expenditure over 2018 into 2020 (Figure 2). Consumer confidence and spending had plummeted before the onset of the pandemic (Letts 2019b; Roy Morgan 2020). The unfolding scenario had all the hallmarks of an emerging underconsumption crisis, and there were some obvious signs of the effects of wage suppression in the boarded-up shopfronts on the high streets of cities throughout the country, the shuttering of Myer, and in Harvey Norman's capital raising and withholding of dividends in its endeavour to boost liquidity (Carter 2019; Powell 2019).

Figure 2: Household Final Consumption Expenditure



Source: ABS 5206.0: Household final consumption expenditure.

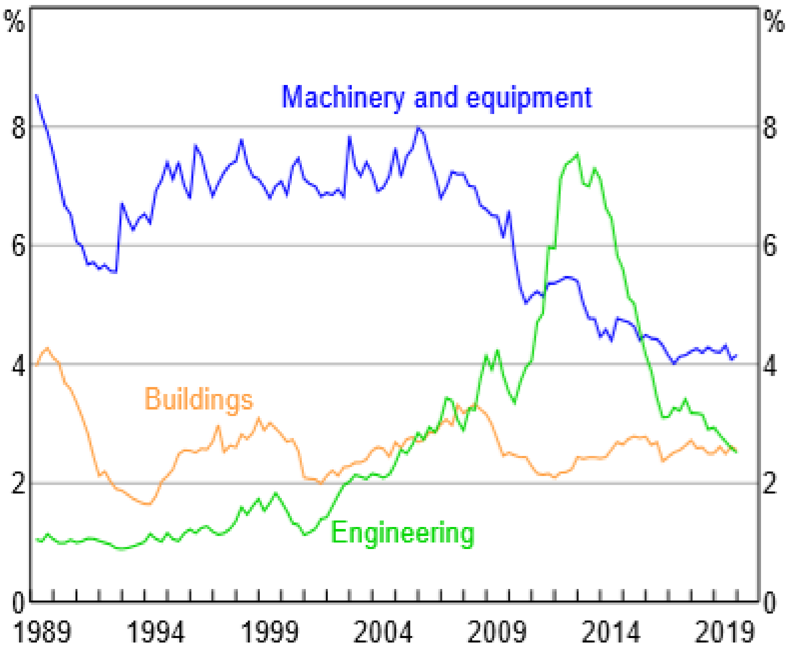
Note: Chain volume measures are easonally adjusted.

Wage suppression has been the pivot upon which the economy turned. As Lowe frequently advised, recovery in wage growth was contingent on increasing productivity. Notwithstanding capital capturing an increasing share of GDP as profits, the impetus to invest profits to increase productivity had been trending down for some time.

Evidence of an imminent economic crisis was not restricted to the depressing effects of wage stagnation on consumption expenditure. Business confidence began to wilt in mid-2018, dropping alarmingly in the final quarter of 2019. (NAB Quarterly Survey 2019; RBA 2020: 9). The reasons were evident. Corporate profitability was declining, falling across most sectors and culminating in a sharp 3.5 per cent decrease in profit rates in the last quarter of 2019 (ABS 2019b). Banking and finance was the notable exception, capturing an ever-larger share of the profit pie.

Figure 3, charting key Business Investment Components published in the Reserve Bank's *2020 Chart Pack*, highlights businesses' diminishing investment in new capital formation. In 2018-2019, as a share of GDP, new business investment actually declined by 1.3 per cent, its lowest level in over a quarter of a century (Bell and Keating 2019). This rang alarm bells in the Business Council of Australia (Boyton 2019). An accumulation crisis could be seen to be unfolding; and, instead of addressing this, business focused on the short-run horizon, borrowing funds which were mostly used to maintain dividend payments and shareholder confidence and to meet the inflated cost of executive remuneration packages (Robertson 2019; Roddan 2020; Wright 2020; RBA 2020: 10).

Figure 3: Business Investment Components (Share of Nominal GDP)



Source: ABS.

Note: Adjusted for second-hand asset transfers between the private and other sectors.

Poor policies: Continuing malaise

What is intriguing, given the weak state of business confidence and capital formation, has been the Coalition government's canvassing of potential policy options for progressing a post-COVID-19 recovery. None is new. One is cutting corporate taxes to ignite renewed investment momentum, but this has been predictably unsuccessful. As has been the case in the United States, most of the extra profits retained following tax cuts in Australia have ended up financing the costs of share buy-backs and maintaining dividends (Gray *et.al*., 2019). The tax savings have been diverted to enhancing the accumulation of wealth rather than investing in new capital formation (Lucy 2019; Wright 2020). The Treasurer had previously expressed his disdain for such practices (Shield 2019), to no effect, yet in the current context the Coalition has not resiled from its determination to cut corporate taxes.

A second option on the Coalition's policy agenda is cutting public expenditure. The RBA maintains the immediate challenge to a post-COVID-19 recovery is the shortfall in demand. Correcting this requires fiscal stimulus, as the Bank Governor has argued for the last couple of years. The Coalition is ideologically opposed to this, despite public investment in infrastructure having been the one demand stimulus that provided a counter to declining aggregate demand. The Coalition cannot see beyond the coupling of austerity and corporate tax relief as the means for stopping public expenditure crowding out private investment. But there is no evidence that cutting corporate tax cuts will drive appropriate investment. Reducing corporate tax rates will simply result in cutting public expenditure and shifting the tax burden to wage and salary earners.

The cost of austerity has been exposed by the pandemic in the impoverished aged care facilities that do not provide safe residence or sufficient staff and the inadequately funded hospitals that cannot guarantee the supply of basic and personal protection equipment. Cutting funding and promoting financial self-reliance has undermined the integrity and viability of the not-for profit sectors providing care and health. Similarly, the Coalition's treatment of higher education stands out for its distinctive disregard for the benefits that flow from investing in skill formation. The Coalition's parsimony frames the organisation of employment in technical and further education and universities. Effective teaching and research have become contingent on the institution competing in the market to attract increasing numbers of fee-paying international students to generate necessary revenue, while cutting costs through increased employment of teaching, research professional staff on fixed-term and casual contracts. Standards heve been compromised, yet the Coalition is doing its damnedest to undermine the sector's reputation, not the least because it is treating international students with contempt.

A third policy position is the 'reform of industrial relations', code for further deregulation of the labour market, wage suppression and the erosion of conditions of employment. Real wages have all-but flatlined for the past decade and labour costs have been trending down since the GFC (RBA 2020: 12). Those sectors that have experienced the strongest employment growth over the last decade or so are where mostly low-wage workers are employed.

These employment-growth sectors and the ones that are most likely to increase employment in the immediate future – such as hospitality and accommodation, arts and recreation, retail and education, including pre-school, health care and social services, including aged care and disability services – are dominated by enterprises that operate on low profit margins or are not-for profits. The for-profit businesses are characteristically low-value adding enterprises operating in intensely competitive environments, whereas the not-for-profits struggle to provide services under severe funding constraints. Many survive in the current economic climate because most occupations in these sectors are regarded as low-skilled, low-valued and characteristically low-paid, disproportionately part-time or casual. Their viability is contingent on the employment of low-paid workers, relying increasingly on labour-hire companies, employing staff through special purpose entities to avoid direct employment relations and employer obligations or on restrictive work visas. As the prevalence of wage theft and underemployment have demonstrated, these employment practices merely institutionalise a 'race to the bottom' that rarely enhances enterprise viability. It detracts from investing in innovative ways to increase workplace productivity and serves to intensify competitive pressures and the search for more ways to cut labour costs.

These sectors are also characteristically poorly represented by unions and, in practical effect, have fewer employment protections. Industrial relations reform would further weaken the ability of workers to negotiate industrial instruments that do provide some minimum standards and protections. The exploitative conditions that characterise these sectors are justified by the Coalition's ideological conviction in the logic of the so-called *laissez-faire* labour market and that it should be unfettered. This is the logic that justifies the increasing disparity in remuneration rates across the spectrum of wage and salary earners. Freeing up the labour market and employment categories has driven a wedge into workforce earnings, with the hourly rate of low-wage worker earnings falling quite substantially relative to higher-salaried cohorts, and increasing income inequality within the workforce. This, needless to say, has had a dampening effect on aggregate consumer demand among those with the highest propensity to consume, while, on the other hand, the disparity in earnings has contributed to the higher income earners increasing their investment in shares and property (ABS 2018; Bell and Keating 2019). Wage suppression has had its greatest impact among the lower-paid and this plays out in terms of gendered and cultural biases.

The current economic crisis has a history rooted in ideology and uneven development. It may be said that the recent past is now catching up with the present. This was most evident in the third quarter of 2019 when the ubiquitous retailer Harvey Norman was exploring how to insure against the potential fall-out from an economy that was tanking but did not give thought to how it could end up. Wary of the prospect that one in five retailers might not survive a depressed retail market, Harvey Norman cashed up through a big share issue in August 2019 (Carter 2019; Powell 2019). This insurance appeared to pay off because, only a few months later, the Chairman was bragging about how well Harvey Norman was doing from COVID-19 panic buying and he was investing in a share buyback (Richards 2020). The ‘market’ thought otherwise, selling down Harvey Norman shares, directors’ salaries were cut and dividends revoked. Wealth accumulation did not win out against wealth generation.

Conclusion

This crisis is not new: it has been long in the making. It has its roots in wage suppression, fiscal austerity and the unfolding capital strike of 2018. It is more than simply the effect of a sudden drop consumer demand consequent upon the COVID-29 shutdown. It has its origins in a more general faltering in accumulation, in the profitability downturn and the mounting reluctance of business to invest in capital formation. In wondering whether those boarded-up windows on the high streets will be dismantled one day soon, the failings of the Coalition on economic management must be called out. The Coalition has to be called to account to ensure that, at the very least, the post-COVID-19 recovery is built on adequate funding that fosters greater equity and security in the labour market. At the very least, the 'snapback' must guarantee that the labour of those workers who are so crucial to our health, wellbeing and education is recognised, justly remunerated and afforded appropriate employment protections. The calls to extend the reach and duration of the JobKeeper and JobSeeker programs is a step in the right direction, although the bigger challenge of resuscitating the pace of accumulation remains.

Stuart Rosewarne is a Research Associate in the Department of Political Economy at the University of Sydney.

stuart.rosewarne@sydney.edu.au

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CRISES AND RECESSION AS THE NORM

John Quiggin

The coronavirus pandemic has been described as a ‘once in a hundred years crisis’, and, in a literal sense this is true. The last comparable disease outbreak was the influenza pandemic of 1919, commonly referred to as the ‘Spanish flu’ though it was actually spread among, and by, the armies of the Great War, first in trenches and field hospitals and then on their return home.

The reality, however, is that economic crises are part and parcel of capitalism. Since the resurgence of neoliberalism in the mid-1970s, events described as crises, crashes or recessions include the mining boom and bust in Australia (1979-83), its ‘banana republic’ crisis (1986), the stock exchange crash of 1987, the ‘recession we had to have’ (1989-91, with effects persisting into the mid-1990s), the Asian financial crisis (1997), the dotcom bubble and bust (1999-2001), the Global Financial Crisis (2008-9, with effects continuing to the present), and now the pandemic.

Despite this record, neoliberal economic policy relies critically on the assumption that capitalist economies are inherently stable. In this sense, classical/neoliberal economic management is like the way Australia historically approached drought (and the National Party still approaches it). Rather than seeing drought as part of the inherent variability of the Australian climate, the possibility of drought was disregarded in ‘normal’ times, and presented as an unforeseeable natural disaster when it occurred. The result was to encourage unsustainable practices such as overstocking. When the inevitable drought occurred, images of starving and dying animals produced an emergency response which effectively rewarded poor management.

The same is true of neoliberal economic policy. Institutions such as financial markets, and policies such as privatisation, are evaluated on the

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basis of whether they can outperform the public sector under ideal conditions of full employment and economic stability. The fact that they regularly require bailouts in times of crisis is ignored. As a result, they pursue policies that make them, and the economy, even more vulnerable, on the assumption that governments will pick up the pieces when something goes wrong.

In all of the crises of the past 50 years, governments and central banks have acted to mitigate the impact of the crisis, sometimes successfully and sometimes not. As soon as the economy recovered, however, the dominant assumption the crisis represented a once-off shock and that the recovery was a return to normality. Indeed, in the early 2000s, future US Federal Reserve chairman Ben Bernanke popularised the idea of a 'Great Moderation', representing a reduction in the variability of economic growth and unemployment. This idea generated a stream of research articles and opinion pieces, growing in volume of confidence until it was rudely interrupted by the GFC.

This pattern of regular crisis is not specific to the era of market liberalism (or neoliberalism) that began in the late 1970s. Rather, with the exception of the three decades after 1945 (to be discussed below), recessions and crises have been the norm, and sustained periods of stable growth the exception.

Monitoring crises

The most consistent set of data on economic crises is that of the National Bureau of Economic Research, originally established in the 1920s to study business cycles. Although the NBER as a whole has long been absorbed into mainstream economics, its Business Cycle Dating Committee continues to monitor the fluctuations of the US economy, announcing (with some time lag) the beginning and end of US business cycles.

The NBER estimates go back to 1854, and may usefully be divided into three parts: the period 1854-1939; the Keynesian period from World War II to the end of the Bretton Woods system of fixed exchange rates in 1972, and the period of neoliberalism from 1973 to the precent

In the 1854-1939 period, 'classical' economic policies based on budget balance and the gold standard prevailed until the catastrophe of the Great Depression brought them to an end. According to the NBER estimates, contractions and expansions were about equally long, so that the economy was in recession a little under half the time.

However, this classification is, in critical respects, an underestimate. In deep depressions, economic weakness persists long after the end of the contraction phase. At least from the perspective of labor markets, it would make more sense to treat the recession as continuing until the economy returns to full employment and the pre-crisis growth path. On this basis, we derive the common sense that the whole of the Great Depression should be treated as a recession, which implies that the US economy was in recession for more than half the years from 1854 to 1939.

Although there is no comparable data series for Australia, it seems clear that the same result would hold true for the period from the late 19th century (when industrial capitalism was first established) to 1939. From the crisis of the 1890s, which led to the establishment of the Australian Labor Party, to the outbreak of war in 1939, depressed conditions were the norm rather than the exception.

The only period of sustained economic stability and widely-shared prosperity in the economic history of the United States and other leading capitalist countries came during the three decades after 1945, when a combination of Keynesian macroeconomics, social democratic domestic policies and the Bretton Woods system of fixed exchange rates prevailed.

At that time, the causal relationship seemed clear. Keynesian economics had, it seemed, not only provided a theoretical explanation for the instability of capitalist economics, but had shown that this instability could be remedied through government policies based on the maintenance of full employment.

It took only a single economic crisis to see this analysis abandoned in favour of a return to classical economics, initially in the form of the monetarist theory advanced by Milton Friedman. From the late 1960s onwards, inflation accelerated, while unemployment rose to 9 per cent in the United States, and 6 per cent in Australia. These rates were considered catastrophic at the time, but have regularly been surpassed in the era of market liberalism. For the US, unemployment exceeded 10 per cent in the early 1980s, in the aftermath of the GFC and again with the onset of the pandemic.

The resurgence of market liberalism in the late 1970s was followed my major global economic crises in the 1980s and 1990s. These events were treated as after-effects of the presumed failure of Keynesianism and as part of the process of adjustment to a newly liberalized economy. Similarly, the developing country crises of the 1990s were blamed on inadequate liberalization and crony capitalism.

These assumptions were dramatically falsified when the Global Financial Crisis emerged from Wall Street, home of the most sophisticated financial markets in the world, where state-of-the-art regulation was supposed to prevent cronyism and corruption. There was a brief attempt to reimpose some regulation through legislation such as the Oxley-Sarbanes Act and stress testing of financial institutions, but nothing fundamental was changed.

Worse still, as soon as the crisis was past, policy switched to austerity measures, with cuts in education, health care and other services. Among the cuts were the abandonment of seemingly non-urgent expenditures such as preparedness for pandemics. The deeper the cuts, the worse has been the impact of the pandemic.

What’s different this time?

While the GFC was generated within the financial system, the coronavirus pandemic has been an externally generated shock. If the GFC demonstrated the potential of financial markets to generate economic crises, the pandemic has demonstrated their irrelevance in resolving them. Financial markets are supposed to be forward looking, with highly skilled professionals paid to assess the future prospects of assets of all kinds. Yet long after the coronavirus was front-page news, financial markets took no account of their likely impact outside China. The US Standard and Poors index reached an all-time high on 21 February 2020, before losing nearly a third of its value. Massive handouts to business have revived share prices, but done little or nothing for the US economy.

As Krugman (2020) observes,

> We’ve learned that advanced economies are much less stable, much more subject to periodic crises, than almost anyone believed possible.

Yet this ‘learning’ has had hardly any effect on stock market valuations. The crucial lesson here is not simply, as Krugman puts it that ‘stock markets are not the economy’, but that any economic policy that relies on these markets to guide investment is doomed to disaster. Yet reliance on financial markets is central to the market liberal ideology that has held sway since the 1970s.

The repeated crises of the 21st century have demonstrated that it is democratic governments, and not markets, on which we ultimately rely for our security and prosperity. A radical change in economic policy was needed after the GFC. It is needed even more now. Attempting a snapback to the *status quo ante* would be a recipe for disaster.

The starting point for these changes should be a renewal of the public commitment to full employment and financial stability that prevailed in the era of Keynesian social democracy. This entails a drastic reduction in the size, influence and profitability of the financial sector, which should be returned to the status of a dull and stable public utility.

Looking to the future, the resetting of economic activity due to the pandemic gives us a chance to return to the path that seemed to lie before us in the middle decades of last century, a path in which we could be free of the incessant demands of the market, while still enjoying a comfortable and prosperous life. I've described some ideas along these lines in various writings, such as Quiggin (2019). Steps along the way would include reductions in working hours, broadening the social welfare system with the aim of providing everyone with a 'participation income', and an end to gross inequalities of all kinds.

John Quiggin is Professor in the School of Economics, The University of Queensland.

j.quiggin@uq.edu.au

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THE STRANGE DEATH OF NEOLIBERALISM

Michael Berry

The year after the Collapse of Lehmann Brothers triggered the credit crunch and the GFC, Keynes' biographer Robert Skildelsky published a book titled, *Return of the Master*. He was referring to the panic on Wall Street, the City of London and Washington DC that led Western leaders to embrace, albeit briefly, the policies of budget stimulus proposed by Keynes eighty years before. But within eighteen months those leaders and key international institutions like the IMF, had 'snapped back' to embrace the failed policies of 'austerity'. Unsurprisingly this locked most of the advanced western economies into a decade of stagnation and intensifying economic inequality. The few countries, like Australia, that pushed against the wind and maintained budget stimulus policies experienced an economic recovery, albeit tepid. No country in this increasingly interconnected world really escaped the claws of 'the Great Stagnation' following on from the GFC. And so, no country was in a good place to deal with 'the Great Pandemic' of 2020.

The brave diagnosis that neoliberalism was dead, pronounced by born-again Keynesians a decade ago, proved to have been exaggerated, as Mark Twain might have said, again. But this time, it's different - I think! Why? And if I'm correct, what does the future hold when some degree of normality returns to our lives?

The neoliberal turn

From the early 1970s, roughly kicked off by the collapse of the post-world war II international monetary system, governments and their economic

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advisers turned away from direct intervention in the economy to rely as much as possible on the role and rule of the market. I say, 'the market', singular, because the term is an abstract concept meant to represent real world markets for the disparate patterned interactions of specific buyers and sellers. The same logic, constraints and outcomes are assumed to cover trading in things as different as soap powder, cars, houses, company shares, corporate bonds and workers' labour. Competitive markets are held to most efficiently allocate the resources of an economy so that (a) no reallocation could make everyone better off and (b) no resources are left unemployed, other than by the voluntary decision of their owners. It was Keynes' genius to demonstrate the fallacy of point (b). Mass unemployment was not only possible but ever-likely unless governments stood ready to intervene when markets collectively failed. Point (a) also fails muster when and where monopoly and other market failures persist, as they must in the real, as opposed to, textbook world.

However, just because real world markets fail doesn't necessarily mean that government will succeed. The power of the neoliberal critique of Keynesian policies lies in the claim that no government can gain the economic intelligence in time necessary to 'fine tune' the economy. Only markets collectively and impersonally bring together, as if by a hidden hand, all the aims of buyers and sellers, producers and financiers in a coherent outcome that makes best possible use of a country's resources. Yes, there will be waste, frictions and opportunities missed but, over time, they are small compared to the mistakes likely to flow from the interventionist policies of ill-informed, slow-footed government. Some economists of a Calvinist bent positively embrace the harsh judgment of markets in impersonally punishing those who would seek to interfere with the collective judgments of the market.

This anti-government position is more a matter of economic theology than empirically grounded argument. To reprise an early comment of Keynes, whenever recession threatens, governments tend to reach for their battered copies of *The General Theory*, only to cast it aside when the stormy sea is flat again, This is not fine tuning but a rescue refit. Time and again, recessions over the past eighty years have been shortened by deliberate government intervention to stimulate effective demand. And yet orthodoxy has, time and again, reasserted its grip on the minds of public and politicians alike. However, there are reasons for thinking that this won't happen this time.

Reality bites

The scale of the public health emergency wrought by COVID-19 has led to a virtual state-decreed closure of the market as the primary economic mechanism in the economy. Markets continue to operate on one cylinder, in sectors associated with health, agriculture, public administration and emergency services, and online in other sectors like education and retail. But what is glaringly obvious is that, in dealing simultaneously with both the health and resultant economic crises, government is absolutely central to success or at least, to avoiding complete catastrophe. The idea, previously adopted as axiomatic, that the market can do everything worth doing and that all government needs to do is stay out of the way and enforce existing private property rights is challenged by every press conference at which the Australian Prime Minister, Premiers and public health officers address the nation. In an emergency people look to their leaders for guidance and hope. Our governments bear - they must bear - catastrophic risk; it cannot be laid off to markets. This is the one big lesson of the pandemic: infectious disease control is a vital public good that can only be provided by government. The corollary: this will only happen if regulators are adequately resourced.

So, when, finally, lockdown is progressively wound back, the view that government is economically redundant is unlikely to survive, at least in its extreme neoliberal form. Attempts will be made to breathe life back into the zombie ideas of orthodox economics. Conservative governments, including Australia's, stunned at their courage in unleashing the full fiscal might of their Treasuries and central banks, will search for ways of reining in the burgeoning national debt taken on to get through the storm. All the old saws – 'need to live within our means', 'must not overburden our children with future crushing taxes', 'time for us all to pull in our belts', etc. etc. - will be dusted off and presented as new. But a serious review of future prospects will make this a difficult exercise in the liberal democracies.

First, voters will have embedded in their recent memories the countless times they have been told that government spending at 'unprecedented' levels is not a problem. Haven't our leaders been hammering this point throughout the last couple of months as they introduced ever more gobsmacking support packages?

Second, the burden of even huge increases in public debt will be bearable in the medium term, as long as central banks maintain interest rates at historic lows and as long as the economy begins to generate activity and jobs to pay the taxes necessary to gradually repay that debt over time. (Australia is fortunate in that we start with a public debt to GDP ratio of about 20 per cent, much lower than most other advanced economies.)

Third, governments will need to (should) address the over-stretched global supply chains that create bottlenecks and fracture points when national economies are under stress, as they currently are: this is the second big lesson, don't become too dependent on one or a few supply chains. (And is it wise to allow a situation where the supply of strategically key products like personal protection equipment and medical respirators are monopolised by one or a few countries?)

Finally, consumers chastened by near-death experiences and still carrying an overhang of household debt will have become used to more modest expenditures. Businesses will take time to come out from their bunkers, reassess and move to repair their battered balance sheets. Bankruptcies will require time to be resolved, leading to business and industry restructuring.

All this will underscore the need for continuing government spending, preferably on productive infrastructure, including reducing the huge backlog of unmet social housing need, future proofing against future pandemics (they will be back) by improving our health system and stockpiling strategic medical supplies and addressing the inadequate social safety nets for the unemployed, underemployed and otherwise disadvantaged.

Finally, we are likely to need a complete rethink on the current market determined distributions of income and wealth. We have reached a situation where the combination of income and indirect taxes, the opportunities for tax minimisation and the impact on effective marginal tax rates of the social security system have reinforced, rather than offset, the increasingly unequal 'pre-distribution' of income, thereby accentuating the wealth polarisation in our societies. If left untreated, this trend will further depress effective demand and feed the global savings glut driving asset inflation and financial market volatility and fragility. Governments are going to need to take a positive role in ensuring adequate effective demand in the first years of recovery and after.

For medium-sized economies like Australia, longer term strategic questions must be answered. Lagging private demand will be reinforced by a large fall in overseas migration for the foreseeable future and the long-term decline in the total fertility rate. Bumping up growth and jobs by simply relying on a flood of migrants won't cut it!

What I hope turns out to be a near-death experience rather than total social collapse and anarchy should finally loosen the grip of the Ricardian theory of comparative advantage – the idea that by leaving markets to roar, an open economy like Australia's can happily accept being confined to those productive areas of activity in which we have a 'comparative advantage'. Never mind the hollowing out of local manufacturing, even the strategically vital production of medical products and technologies. We cannot, or at least, should not, happily drift along by selling raw materials, attracting overseas tourists and students, working in low skilled, low paid retail and service jobs, and importing everything else from China. Genuine strategic economic planning is required that will also deal with our pressing national problems of population and climate change.

On that last point, the current forced global 'pause' in economic activity is temporarily reducing greenhouse gas emissions, providing breathing space – literally in heavily polluted cities like Beijing – to work out collective policies to reverse the march towards an unliveable future. The challenge will be to make use of this brief window of opportunity before the eventual recovery and rebound forces us back onto the path to environmental destruction. Australia's Prime Minister clothes this in terms of reasserting our economic sovereignty. Time will tell whether this is more than a rhetorical flourish.

Use the crisis!

On the basis of the motto – never let a good crisis go to waste – coming out the other side presents real opportunities for Australians. People will have seen (I hope) how the various financial and regulatory policies imposed to fight the crisis have worked. In Australia's case, large wage subsidies, doubling of unemployment assistance, and free provision of childcare suggests that a permanent universal, adequate system of income support and adequate public provision is both feasible and valuable. This could be implemented through (a) a generous (by past standards) guaranteed minimum income scheme (say at 70 per cent of mean fulltime earnings) , supplemented by a job guarantee scheme and (b) a broader suite of 'merit goods' (such as childcare and dental services) provided by government. This may require selective (re)nationalisation of key organisations in return for current assistance to survive – perhaps in the banking and airline industries. A form of 'political hysteresis' that makes it difficult for democratic governments to take back the support provided during the crisis works in favour of such a 'revolutionary' approach. Conservative attempts to 'snap back' to previous mean minimum support can be politically resisted, if progressive forces are sufficiently marshalled and deployed. Something similar happened in 1930s America and after World War II. Why not again?

The other side of this coin is a largescale revamping of the taxation system, both to deal with the increased public debt overhang from the current crisis, and the moral imperative to equitably spread the load of recovery. As in the recovery period following world War II, increases in the burdens borne by high income earners and the wealthy through more progressive income taxes and estate duties, complemented by a systematic crackdown on tax avoidance and evasion, are required. In order to catch and dissuade the anti-social actions of large multinational corporations, taxes may have to be shifted from profits declared in a country to a minimum flat tax on revenues earned in that jurisdiction. This implies a generalised form of what is called 'a Tobin tax'.

Such suggestions might be considered 'nuts' in normal times. But times are not normal. The current crisis has drawn comparisons to wartime: 'we are all in it together', 'sacrifices have to be made to win through', etc. Well, after World War II, the western democracies experienced a period of 'unprecedented' sustained economic recovery and social transformation, resulting in a long boom. This was achieved by governments embarking on major infrastructure programs, such as the interstate highway and major water projects in the US and the Snowy Mountain Scheme in Australia. America helped to recapitalise the European nations through the Marshall Plan. The neoliberal era then saw a very truncated, narrow pattern of investment in infrastructure, involving a lot of churning of assets transferred through privatisation and the progressive financialization of western capitalism.

There are now massive opportunities for government to drive major new projects, drawing on the plentiful supply of liquidity sloshing around financial markets at super-low interest rates. This was how Sydney scored its iconic Harbour Bridge, financed at bargain rates by British bond holders during the Great Depression with loans repayable over the next fifty years. This was probably the premier city's greatest ever single investment. New manufacturing industries focused on energy, transport and communications can be fostered by wise government policy settings, requiring complementary investments (public and private) in education and training. But above all, we must break away from the zombie's curse – trickle-down economics, small government and the 'propertarian' cult of the free market.

Beware the zombies

The danger, ever present, is that the wartime spirit of equal sacrifice fades and the old norms and patterns of influence reappear and consolidate. Recent predictable attempts by Morrison to edge the narrative of 'the road out to the other side' towards a focus on the 'need to revisit' industrial relations and company tax cuts must be recognised for what it is – a blatant attempt to turn back history. The zombies are afoot, beware! The current global crisis gives us a chance, slim though it be, to begin to deal with the really big ongoing challenges. In addition to being prepared for future pandemics, the linked issues of nuclear annihilation, climate change and the insidious growth of cyber warfare call for concerted international cooperation, using whatever current international architectures exist and whatever new ones can be constructed before the Doomsday clock strikes Midnight.

On that cheery thought, let's note that the Doomsday Clock recently updated in the Bulletin of Atomic Scientists is now set at one hundred seconds before Midnight, the first time since its introduction in 1947 that it has fallen below two minutes! This signals a code red emergency level greater than when president Reagan promised Star Wars and President Kennedy confronted Secretary-General Khrushchev during the Cuban missile crisis.

Michael Berry is Emeritus Professor in the Centre for Urban Research, RMIT.

mike.berry@rmit.edu.au

RETHINKING SOCIAL REPRODUCTION IN THE TIME OF COVID-19

Kavita Dattani

COVID-19 has been spreading rapidly across our globe. As it is spread through close contact, many countries have enforced a form of lockdown requiring populations to stay at home unless for essential travel. These lockdowns have had severe effects on the global economy, particularly on businesses that rely on footfall. At the same time, parks, theatres, gyms, malls, streets and other public and semi-public spaces have been left vacant in the effort to keep people apart. The spatial narratives of the lockdown have largely been focused on the issue of where we *can't* go. In doing so, they contribute to making more invisible the space within which many of us are now spending the majority of our time – the (heavily gendered) space of the home.

For many women, the household has always been a site of work – of social reproduction – but how does this intensify during a global pandemic? As Bhattacharya (2017) asks, 'If workers' labor produces all the wealth in society, who then produces the worker?' Capitalism has long relied on women's (low-)paid and unpaid domestic labor in the home in order to socially reproduce its workers. It shapes the 'activities and attitudes, behaviours and emotions, responsibilities and relationships directly involved in the maintenance of life on a daily basis, and intergenerationally' (Laslett and Brenner 1989: 382). Put differently, the daily and generational renewal of human life through the social organisation of sexuality, the provision of food, shelter and clothing, and the care of children and the elderly, among other things, is largely taken on by women across the globe in order to produce and reproduce labor power – the ability to work (Ferguson 2017; Laslett and Brenner 1989).

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During a global pandemic lockdown, when mobility is restricted and many spaces outside of the home can no longer be accessed, what happens to the social reproduction of the home and its inhabitants? Using this question as an entry point, this article thinks through the ways in which an enforced spatial constraint *to* the home in the time of COVID-19 is shifting the social reproduction *of* the home. More specifically, this article suggests that this spatial constraint during a global pandemic allows us to rethink social reproduction and its manifestations through the interconnected refractions of work, class, violence and mobility.

'Depletion through social reproduction': Unpaid domestic workers

Globally, women carry out at least two and a half times more unpaid household and care work than men, valued at between 10 and 39 per cent of global GDP (ILO 2016). 'WFH' or work-from-home culture which is being promoted as a new societal norm as a result of COVID-19 has implications in terms of increasing domestic workloads. As family members stay within the space of the home for longer periods of time, this results in increasing social reproduction needs, disproportionately falling on the shoulders of women (OECD 2020). As one women's rights advocate put it, 'Women are typically the chief healthcare officer, the chief entertainment officer, the chief education officer in their homes' (Graves 2020), among other responsibilities including, for many, their paid jobs.

For many low-income or working-class women across the world, state restrictions on mobility mean that social reproduction related tasks cannot be carried out, as many women are unable to move outside of their homes to, for example, collect water or firewood (Nevill 2020). Some women, who will be forced to flout restrictions on mobility and social distancing for survival needs, risk state violence as well as the health risks of contracting the virus. Rebecca, a farmer from Zimbabwe, explains:

> At the end of the day, women and girls are at the receiving end of the coronavirus. It will affect us more than anyone else. Why? Because it's us women who do the household chores all the time. We are the ones who fetch firewood for cooking from the bush. We are the ones who fetch water from unprotected wells, and it needs two to three people to pump it. We cannot do social distancing. We are the most at risk (quoted in Nevill 2020).

This intensification of the imbalance of work within and for the household is discussed by Rai and colleagues (2019) in the context of conflict situations. Applying the term ‘depletion through social reproduction’, they highlight the adverse impact of increased labor in the household as a result of conflict situations. In such situations, the greater demands on women’s labor as a result of decreased public resources and depleted physical and social infrastructures, paired with a need to generate more income to cover household necessities due to potential loss of employment, can act as a burden on women’s health and wellbeing. In our contemporary case, a global pandemic, we can draw parallels to similar pressures on public infrastructures and resources, with women having to deal with the consequences in order to meet their households’ needs.

These impacts can also can also heighten women’s vulnerability to violence (Rai *et al.* 2020). True (2012) argues that, in contexts where patterns of gender discrimination and structural violence are already in place, gender-based violence is much more likely to occur. Pandemics and disease outbreaks show a trajectory of increased violence against women, particularly intimate partner violence, with a key factor being economic insecurity and poverty-related stress (O’Donnell *et al.* 2020). In the case of COVID-19 we are seeing a similar trend across the globe, with rapidly increasing instances of domestic violence against women (European Parliament 2020; Godbole 2020; Taub 2020). These increases, rooted in deep patriarchal masculinities, force us to think through the burden of social reproduction and its links to violence against women, as women ‘locked-down’ in their households continue to socially reproduce them whilst enduring physical and emotional violence.

Trapped: Live-in domestic workers

The social reproduction of the home during COVID-19 is being carried out by live-in domestic workers in many places across the globe (WIEGO 2020). When talking to a Hong Kong based friend recently, she filled me in on the developments of the COVID-19 situation in the city, explaining that live-in domestic workers particularly are suffering. Trapped within households and working 24 hours a day with increased workloads, their usual escape of leaving the house for grocery shopping or other errands is now restricted, as employers fear that workers may contract the coronavirus and bring it into the home. Given that limited spaces are accessible outside the home, activities that were once chores, including grocery shopping, have been transformed into leisure activities for families, allowing them to venture out of the space they are mostly confined to. 'I'm exhausted!!!' says a message that my friend received from a live-in domestic worker who works for a nearby family.

Additionally, many domestic workers' 'rest day', which is no longer permitted my many employers, involves leaving the house not only for relaxing and socialising, but to run personal errands, including for the majority of domestic workers who are migrants, sending remittances and necessities such as clothes and medicines back home (Chan 2020). NGOs have also found that, in Hong Kong, many live-in domestic workers stay in 'unsuitable' accommodation, often sleeping in spaces which are used for other functions such as toilets, storage rooms, studies or closets, with a lack of privacy (MFMW 2017).

Begum (2020) warns of similar outcomes in the Middle East where, she says, 'we can expect an increase in the number of domestic workers forced to work practically around the clock' faced with 'additional cooking, cleaning and caring demands with entire families at home all day and children out of school' as well as 'more cleaning and disinfecting' due to the virus.

Advocacy groups in the Middle East have observed a rapid rise in the number of abuse complaints by domestic workers, since the pandemic began (Daragahi and Trew 2020). In one of the most horrific abuses reported, somebody in Lebanon attempted to 'sell' a migrant domestic worker for $1000 on a Facebook marketplace page (Daragahi and Trew, 2020). As a global issue, live-in workers around the world are facing dire circumstances (WIEGO 2020).

The geographies of the home and its everyday practices and social relations resonate beyond the household (Blunt and Varley 2004). The state- and employer-enforced spatial containment to the home enforced on live-in domestic workers as a result of COVID-19 reinforces a class boundary between these workers and their employers, with a key factor being no spatial escape for the worker. As workers enact round-the-clock social reproduction, employers are able to enact a round-the-clock surveillance, resulting in new and more extreme forms of exploitation.

Conclusion

Capitalism's reliance on women's (low) paid and unpaid labor is taking new and more extreme exploitative forms in the time of COVID-19. Its new 'spatial fix' (Harvey 2001) is the space where humanity is being asked to spend most of its time – the private household. The social relations - and particularly practices of social reproduction - of this somewhat invisible space, to which many are spatially contained, are shifting as a result of limits on mobility across the globe. Taking new forms, refracted by and into intersecting elements of work, class, violence and mobility, the COVID-19 crisis is transforming women's experiences in the household, for the worse.

Kavita Dattani is a PhD candidate in the Department of Geography, Queen Mary University of London. This article is a revised and updated version of an essay first published in Antipode Interventions, accessible at

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k.dattani@qmul.ac.uk

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WE CAN'T LET CORONAVIRUS WORSEN INEQUALITY

Andrew Leigh

Over the three-month American summer break, school students regularly diverge. In high-income families, students keep learning, thanks to museum trips, instructional camps and home tutoring. In low-income families, students slip backwards, losing one to two months' worth of learning by the time they return to school. According to one study, the 'summer slide' accounts for two-thirds of the difference between poor and rich students (Alexander *et al.* 2007).

The gap between high-performing and low-performing children in Australia is already larger than in most advanced nations. With a large share of families homeschooling, this problem is likely to worsen. As Armitage and Nellums (2020) note, 'School closures impede learning and compound inequities, disproportionately affecting disadvantaged children'.

Before the coronavirus crisis struck, social scientists had identified a class gap in Australians' parenting approaches. University-educated parents spend around 40 percent more time doing educational activities with their young children than parents without a high school qualification (Kalil *et al.* 2012). The reverse is true when it comes to screen time: children from more advantaged backgrounds tend to spend less time watching television and playing video games.

As Australian schools shut down during March and April 2020, many advantaged children were intensively tutored by their parents. Other children were literally left to their own devices.

Before COVID-19 hit, the majority of Australians already thought that there was too much inequality. In the 2019 Australian Election Study,

Leigh, A. (2020)
'We Can't Let Coronavirus Worsen Inequality'
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people were twice as likely to agree than disagree with the statement that 'income and wealth should be redistributed towards ordinary working people' (Cameron and McAllister 2019: 112).

Yet there's a risk that the crisis will exacerbate inequality. When unemployment is high, employers tend to shun workers with disabilities, those with less education and people who don't fit their stereotypes.

The best defence against discrimination is a low jobless rate. This means that, if the unemployment rate spikes upwards and then takes some time to recover, it will be marginalised workers who pay the price. In its April 2020 *World Economic Outlook*, the International Monetary Fund forecast that unemployment would average 8 percent in 2020 and 9 percent in 2021 (IMF 2020). Not since the mid-1990s has the Australian unemployment rate been that high. The IMF's forecasts have Australian unemployment in 2020 and 2021 being higher than the average for advanced economies.

Distinctive dimensions of inequality

When it comes to inequality, this particular economic slump has some special features we should be concerned about. The effects of the early-1990s recession and the global financial crisis were felt hardest by the manufacturing and construction sectors, which tend to be male-dominated. Indeed, so many men lost their jobs in the 2008 crisis that some countries called it the 'man-cession'.

This time it's different. Service industries such as hospitality are dominated by women, who do much of the in-person work that is most affected by the shutdown. This means that the employment impact will be largest for women. The 'fem-cession' may have the effect of worsening the gender pay gap.

Another feature of the current economic malaise is that it has been worst for those with few assets. Even before the crisis, a sizeable share of Australians were living close to the edge. Analysing data from the 2018 *Household, Income and Labour Dynamics in Australia* survey (HILDA), the Melbourne Institute's Roger Wilkins reports that 12 percent of Australian adults said they couldn't raise $3,000 in a week to cover an emergency, 11 percent had been unable to pay an electricity, gas or phone bill on time, and 4 percent had skipped meals because of a shortage of money.

Asset inequality could make things worse. In past downturns, the share market and housing market have typically bounced back to their pre-crisis levels within a few years. So if you held on to your assets, then they recovered their value. But that didn't help for those who sold their investments at rock-bottom prices. For them, the pain of the downturn was worse than it needed to be.

That's the risk with the federal government's policy of allowing Australians to cash out $20,000 of their superannuation accounts. People with plenty of other assets and high levels of financial literacy will leave their superannuation to ride the rollercoaster. But those with fewer savings and less familiarity with investing are more likely to make the withdrawal. Already, the top fifth of Australians have 63 percent of household wealth, while the bottom fifth have less than 1 percent (ABS 2019). Don't expect the problem to get better as a result of these superannuation changes.

Is an increase in inequality inevitable? Not at all. To prevent the poor bearing the burden of this downturn, it is vital to ensure that low-income families are a priority throughout the crisis. Until a vaccine is developed, this means paying particular attention to the risks that COVID-19 poses to Indigenous and migrant communities, where houses are more crowded. Coronavirus is especially dangerous to people with compromised immune systems and pre-existing health conditions, as well as to homeless Australians and those in prison. Family violence and child abuse are exacerbated by overcrowded homes.

The inequalities can already be seen in the United States. While billionaire David Geffen posted a picture on Instagram of his US$590 million superyacht in the Caribbean ('Sunset last night… isolated in the Grenadines avoiding the virus. I'm hoping everybody is staying safe'), many less fortunate Americans were forced into doubled-up housing or homeless shelters.

As communities shut down across the US, mobile phone location data revealed that the rich reduced their movements more than the poor (Valentino-DeVries *et al.* 2020). African Americans are more likely to die of COVID-19 than whites (Yancy 2020). This year, coronavirus will kill more US prisoners than the death penalty (Gurman, Elinson and Paul 2020).

It is also vital to be thinking about the extra help that will be required to improve mental health. The stress and trauma of the crisis will be significant, and should be a priority for public health.

Across industries, many sectors are already heavily concentrated, which means consumers end up paying excessive prices. Analysing 481 industries, Leigh and Triggs (2016) estimate that, on average, the largest four firms control 36 percent of the market. Market concentration could exacerbate inequality, by transferring resources from consumers to shareholders. If policymakers aren't careful, this problem of market concentration could get even worse during the present downturn, as cash-rich behemoths use the opportunity to buy up their rivals. It's critical that the Australian Competition and Consumer Commission carefully scrutinises merger applications this year.

Challenges for policy

Australia has accumulated debt at an unprecedented rate in order to respond to this crisis. In 2013, Australia's net debt amounted to around 10 percent of GDP. In the 2019 budget, it was projected to peak at around 20 percent of GDP in 2019-20, before declining. As a result of the coronavirus response, net debt may end up at around 30 percent of GDP, or three times the level it was when the Coalition won office in 2013. How we pay back that debt will be a critical question.

Right now, the priority is to save jobs. However, as the health crisis passes, the conversation will turn in earnest to how we bring the budget into sustained surplus.

On both sides of politics, there are those peddling false hopes. Advocates of Laffernomics allege that cutting the company tax rate will boost economic growth so much that the budget will end up better off. Adherents to Modern Monetary Theory claim that the gap between revenue and expenditure can be bridged by printing money, a strategy they claim will have no adverse consequences. Neither promise is backed up by sound theory. Past corporate tax cuts have not paid for themselves. Governments that have tried to print money to cover their liabilities have learned the hard way that inflationary finance has limits (Summers 2019).

Other approaches are economically viable, but extremely unfair. Reducing expenditure on social programs – as the Coalition's 2014 budget proposed to do – would indeed shrink the deficit. But cutting the pension, Medicare and family benefits would mean that the burden of recovery would fall disproportionately on the most disadvantaged.

It would be a double burden to ask the most vulnerable Australians – who are suffering most in the slump – to bear more than their fair share of the recovery costs. It will be a painful road back to surplus if the Morrison government continues to defend tax loopholes for landlords and multinationals, and demands that Australia be one of the few advanced countries to spend 2 percent of GDP on defence.

It's not too early to be thinking about the shape of the recovery. If we get it right, Australia could emerge from this crisis a more connected community and a more egalitarian nation. But if we get it wrong, then the legacy of the crisis could be a sharply divided nation. The choice is ours.

Andrew Leigh is the Shadow Assistant Minister for Treasury in the Australian Parliament

andrew.leigh.mp@aph.gov.au

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COVID-19 AND THE POLICY-INDUCED VULNERABILITIES OF TEMPORARY MIGRANT WORKERS IN AUSTRALIA

Stephen Clibborn and Chris F. Wright

The COVID-19 crisis has starkly exposed the existing economic vulnerability of temporary migrants in many countries. In Australia, many temporary migrants, who were already at risk of marginalisation due to policies restricting their bargaining power and agency (Wright and Clibborn 2020), have lost their jobs and have minimal financial support due to their exclusion from public welfare.

We argue that the situation confronting temporary migrant workers is a direct consequence of dramatic and deliberate changes in immigration policy since the 1990s. These policy changes were engineered by the Australian state with the professed aim of increasing labour market efficiency, and led to the abandonment of previous policy arrangements that had successfully enabled social and economic inclusion of migrant workers.

The next section examines the shift in Australian immigration selection and control to an exclusive focus on improving the short-term economic contribution of visa policy. The article then analyses how these policies have eroded temporary migrants' rights and channelled temporary migrants into sectors that have poor quality employment practices. It concludes by outlining proposals to avoid marginalising migrants in the future through a greater focus on socially inclusionary measures.

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Australian immigration policy and the changing definition of 'national interest'

Nation states tend to select and control immigration in a manner consistent with how they define their 'national interest' (Hiebert and Ley 2006). Australia exemplifies this because its relative geographical isolation grants the state a virtually unmatched capacity to control immigration in accordance with its definition of national interest (Salt 2006), which has changed strikingly in recent decades. Prior to 1973 Australian immigration policy prioritised racialised exclusion, as reflected in the White Australia policy. From 1973 to 1996, this shifted to a more multicultural and socially inclusive policy, as seen in replacement of race and nationality as the basis for immigrant selection with a points test in which the family connections of applicants were a priority (Jupp 2007).

Since 1996, the Australian state's definition of national interest underpinning immigration policy has again shifted dramatically, towards a neoliberal approach aimed at maximising economic returns and labour efficiency for employers. While applicants deemed most likely to contribute to these goals have been permitted entry, those who do not meet these criteria have been deemed 'unwanted' and refused entry. Intakes of skilled and student visa holders, which are net beneficial to the Commonwealth budget, have been expanded sizeably. Skilled visa applicants are considered likely to make a net economic contribution by virtue of changes to immigration selection that prioritises young, highly qualified, high-income and English-proficient applicants. Student visa holders contribute significantly through upfront payment of unsubsidised fees. Conversely, types of immigration deemed as generating net fiscal costs – due to applicants' relatively low labour market participation and/or relatively high welfare support – have been reduced in the case of family immigration, and discouraged by force in the case of asylum seekers (Wright 2014).

A comprehensive shift from immigration policies based almost exclusively on permanent residency to large-scale temporary migration is another way the Australian state has achieved its goal of maximising the economic returns of immigration policy. Unlike permanent residents and citizens, temporary migrants have virtually no access to welfare support and social security, and their rights are constrained. For instance, there are restrictions on temporary skilled and Seasonal Workers Program visa holders' ability to switch employers. These workers face deportation if they lose their jobs and cannot find another employer sponsor with a narrow timeframe. While some temporary migrants are eligible for permanent residency, various visa changes have curtailed this in recent years (Wright and Clibborn 2020). For example, the temporary skilled visa 'short-term' stream introduced in 2018 provides no pathway to permanent residency. Since 2013 there has been a three-fold increase in the number of people on temporary visas for more than eight years (Sherrell 2019).

Welfare restrictions have contributed to temporary migrant workers' economic insecurity because they have no access to income support if they lose their employment. This can also make temporary migrants more vulnerable to underpayment and other forms of mistreatment because it means they may have limited alternatives to working for unscrupulous employers (Clibborn and Wright 2018).

COVID-19 has intensified these insecurities and exposed the impacts of the Australian state's neoliberal immigration policy. Many migrants are concentrated in sectors affected heavily by the economic shutdown and are excluded from the JobKeeper payment. While the government has told temporary migrants who have lost their jobs to leave, since their economic utility to Australia is deemed to have ceased, international travel restrictions make this option virtually impossible.

The erosion of protections for migrant workers

Prior to 1996, the risks of migrants in Australia being underpaid or mistreated at the workplace were relatively low. Due to the focus of immigration policy on permanent residency and the relatively standardised outcomes produced by the award system, which unions helped to enforce effectively, migrant workers had access to the same wages and conditions as other workers (Quinlan and Lever-Tracy 1990).

Under the post-1996 policy regime, temporary migrants notionally receive minimum award standards, but the challenges of enforcing these standards are considerable. While unions have been weakened by several decades of policy changes, they remain an important determinant of whether legal standards are enforced at the workplace (Hardy and Howe 2009). Union membership is low in industries where temporary migrants are concentrated, such as hospitality, food delivery, retail, horticulture, cleaning and residential construction. This makes temporary migrants disproportionately reliant upon the Fair Work Ombudsman, which lacks the resources to effectively enforce employer compliance in industries and workplaces where temporary migrants often work (Clibborn 2015).

Studies of temporary migrant workers' experiences with underpayment and wage theft illustrate these enforcement challenges. A survey of 1433 international student visa holders found that 100% of those working part-time as café and restaurant waiters and retail shop assistants were paid below the relevant award minimum rate (Clibborn 2018). Widespread underpayment has also been identified in other occupations and industries where temporary migrants are concentrated (Berg and Farbenblum 2017; Howe *et al.* 2019). The Australian government's preoccupations with maintaining labour market flexibility, the influence of employer groups over policy decisions and weak political incentives to improve employer compliance are factors contributing to widespread underpayment of temporary migrants (Clibborn and Wright 2018).

Poor quality employment practices

Employer association lobbying has been identified as a driver of policy changes enabling the growth of temporary migration in Australia (Wright and Clibborn 2017). These lobbying efforts have been particularly intense among employer associations representing industries with 'labour supply uncertainties' (Campbell 2019: 50), such as hospitality and horticulture. In some cases these labour supply uncertainties are exacerbated by factors beyond employers' control, including geographical distance and seasonal production (Campbell 2019; Howe *et al.* 2019). In other cases, however, labour supply uncertainties are caused by poor job quality – in the form of low pay, insecure working arrangements and/or minimal career development opportunities – which makes it difficult for employers to attract permanent residents. This is illustrated by research of employer sponsorship of temporary skilled visa holders.

Like employer sponsored immigration schemes in other countries (Sumption 2019), the objective of Australia's temporary skilled visa scheme is to address skill shortages, which are typically defined by the qualifications required to perform a job. However, a survey of the motivations of 1602 employers for recruiting temporary skilled migrants identified significant deviation from this objective (Wright and Constantin 2020). A key motivation of sponsorship among employers in certain industries, especially hospitality, was to recruit temporary workers perceived as more loyal and harder working than other groups of workers. These attributes are likely due to restrictions imposed on temporary skilled migrants' ability to switch employers, which makes them a more attractive source of labour supply for employers seeking a cost or productivity advantage. Only 1% of surveyed employers using the scheme increased wages to address their supply challenges, which is a widely accepted proxy for skill shortages (Campbell 2019; Healy *et al.* 2015). This indicates the skill shortages temporary migrants' employer sponsors seek to address are not acute, if they exist at all. While it was common for employers to attribute their supply uncertainties to the attitudinal deficiencies of local workers, these challenges also reflect poor job quality in industries where temporary migrants are concentrated (Wright *et al.* 2019).

COVID-19 crisis consequences

The Australian state has effectively denied responsibility for temporary migrants displaced by the crisis by failing to extend new and existing social security measures to temporary migrants and telling those who cannot support themselves to 'go home', in the words of the Immigration Minister (Coleman 2020).

Some Australian industries that have been large employers of temporary migrants in recent years, such as hospitality, have been impacted particulary heavily by the economic shutdown caused by COVID-19. A survey of temporary migrants by Unions NSW at an early stage of the shutdown found that around 50 per cent had lost their jobs as a consequence (Pupazzoni 2020).

While employers and workers with permanent residency have to some extent been protected by the JobKeeper payment, and state government assistance (Doherty 2020), this does not extend to temporary migrants, illustrated by some employers standing down temporary migrants while retaining other workers eligible for JobKeeper (Karp 2020).

Whereas temporary migrants were the most likely victims of wage theft prior to COVID-19, they have been the workforce group most adversely affected by the shutdown and least likely to benefit from changes allowing access to superannuation given relative length of service and superannuation theft. Similarly, the extension of international students' maximum working hours in health services and major supermarkets will help few, given their prevalence in hospitality and informal retail employment during semester (Marginson *et al.* 2010; Clibborn 2018).

Changes to policy

We have argued the vulnerabilities of temporary migrants to displacement are the direct consequence of 25 years of policy change. This indicates the Australian state has responsibility for these workers' plight, despite comments from government ministers to the contrary. Policy changes have been informed by a narrow, neoliberal understanding of the national interest defined exclusively in terms of budgetary outcomes and employer flexibility, with minimal attention given to social inclusion or equity considerations. To avoid the marginalisation that many migrants in Australia have experienced under these policies, which COVID-19 has intensified, the following changes are needed.

First, policies should recognise the social inclusion benefits of permanent migration and, where temporary migration remains necessary, a clear temporary-permanent migration pathway. Australia should return to the highly inclusive policy arrangements that prevailed in the 1973-1996 period that gave virtually all migrants access to permanent residency with the same rights and protections as citizens. International research demonstrates that permanent residency and citizenship are key factors enhancing the likelihood of migrant workers being treated fairly in the labour market (*e.g.* Dauvergne 2016).

Second, policies should ensure that migrant workers maintain or are granted mobility between employers so they can leave exploitative arrangements that temporary visa schemes can facilitate. Visa regulations that tie migrant workers to an employer sponsor or otherwise constrain workers' mobility can significantly enhance employer power and the likelihood of these workers being exploited (Sumption 2019).

Third, institutional protections of employment rights must serve migrant workers more effectively. This requires a significant funding increase to ensure the Fair Work Ombudsman is adequately resourced. This should be complemented by a co-regulation strategic approach whereby the Fair Work Ombudsman involves unions, community legal centres, other community-based migrant representative groups and migrant workers themselves as part of its enforcement strategies (Clibborn 2019). These groups' ability to enforce employment laws should also be enhanced.

Finally, skill shortages should be independently verified through an assessment of existing supply and demand within the labour market and addressed by more coordinated education and immigration policies (Howe 2013). While employer demand can serve as a gauge of labour market needs, it can also encourage employers to develop structural preferences for migrant labour in ways that can erode job quality and career opportunities for workers (Ruhs 2013). To this end, structured training programs, active labour market programs and requirements by employers in low-wage industries to improve job quality would enhance the attractiveness of work in these industries.

Conclusion

The policy-induced inequalities identified in this article created conditions that have made temporary migrant workers particularly vulnerable to the impacts of the COVID-19 crisis. This vulnerability has been exacerbated by new policies restricting temporary migrants from the JobKeeper payment and other forms of welfare support, which represent a continuation of the Australian state's exclusionary approach since 1996. The measures we have proposed in this article would help to strengthen migrants workers' bargaining power and agency and reduce employer reliance on an exploited and marginalised temporary migrant workforce, which must be policy priorities for the post-COVID-19 recovery.

Stephen Clibborn is a Senior Lecturer in the Discipline of Work and Organisational Studies in the University of Sydney Business School.

stephen.clibborn@sydney.edu.au

Chris F. Wright is an Associate Professor in the Discipline of Work and Organisational Studies in the University of Sydney Business School.

chris.f.wright@sydney.edu.au

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THE COVID-19 CRISIS, LABOUR RIGHTS AND THE ROLE OF THE STATE

Joo-Cheong Tham

This article assesses the impact of the COVID-19 crisis on labour rights in Australia. It considers this impact according to three labour rights (the right to work; the right to social protection; the right to safe and healthy working conditions) and three cross currents (the forces of inequality; the increase in employer power; social dialogue).

Threading through this analysis are the relevant international labour standards, particularly the standards set by International Labour Organisation (ILO). These standards are normative standards – they point to what is morally significant.

They also assist in considering how the COVID-19 crisis has altered the role of the state in relation to labour rights. Before the crisis, this role corresponded with neoliberal understandings of a market-friendly and minimal state. By comparison, international labour standards offer a different understanding of the role of the state - a social democratic understanding where the state performs an active role in regulating the market in the interest of promoting decent work. What seems to be emerging from the crisis is, however, a state that is neither fully neoliberal nor social democratic – a 'JobMaker' state.

A brief rewind

If one went back in time to February 2020, seemingly a lifetime ago, and nominated the key issues concerning labour rights in Australia, one would include the epidemic of wage theft, which witnessed regular, at times daily, reports of employers failing to comply with requirements under the *Fair*

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Work Act 2009 (Cth) (*Fair Work Act*) (Hardy 2020). Bound up with this epidemic is the persistent problem of precarious work – work with inadequate labour security – with casual workers and those on temporary visas most commonly experiencing wage theft (Australian Government 2019).

Also prominent was the federal Coalition government's continuing attacks on the union movement. The *Fair Work (Registered Organisations) Amendment (Ensuring Integrity) Bill 2019* (Cth) *(Ensuring Integrity Bill),* in particular, sought to expand the circumstances in which trade unions could be deregistered and their officials disqualified. For the Coalition government, this Bill was aimed at restoring integrity to trade unions (Porter 2019). Its critics and the union movement saw it as a union-busting measure, in clear violation of the international conventions on freedom of association (AIER 2019).

The epidemic of wage theft and precarious work, together with the Ensuring Integrity Bill, corresponded to neoliberal understandings of a market-friendly, union hostile state sanctioning low labour standards. Yet, it will be a mistake to characterise the situation as one of unadulterated neoliberalism. As Peck recognised, neoliberalism have never existed in such a 'pure' form – it 'has only ever existed in "impure" form, indeed *can* only exist in messy hybrids' (Peck 2010).

Under the *Fair Work Act,* for instance, there is a safety net comprising National Employment Standards (NES) and industry awards that, if properly enforced, provided reasonable levels of protection for employees (other than casual employees). The wage theft epidemic also saw the Coalition government seeking to address such theft including through its criminalisation (Attorney-General's Department 2019).

More significantly, the effect of climate change was beginning to be felt in the world of work. 2019 was Australia's driest and hottest year since records began being collected in 1900 (CSIRO 2020). This contributed to Australia experiencing one of its worst bushfire seasons in the summer of 2019/2020 (Richards, Brew and Smith 2020). In February 2020, there was growing public sentiment in favour of strong action to address climate change (Blau 2020). Such action would require a significant expansion of the role of the state, including to ensure a just transition for affected workers (see ILO 2015).

The right to work

The COVID-19 public health restrictions have affected the right to work (Universal Declaration of Human Rights, Article 23(1); International Covenant on Economic, Social and Cultural Rights, Article 6).

Public health restrictions imposed in March 2020 produced a dramatic increase in unemployment, with the long lines at Centrelink telling a vivid story. In April, 594,300 people lost their jobs; 489,800 people left the labour force; and the unemployment rate increased by one per cent to 6.2 per cent (ABS 2020a).

The prognosis is even grimmer. A Grattan Institute report estimated between 14 and 26 per cent of Australian workers being out of work due to the COVID-19 shutdown. Particular industries would be badly hit: more than half of all workers in hospitality industry were predicted to lose their jobs; the retail, arts and education industry would also be suffer significant job losses (Coates *et al*. 2020).

Taking a cue from former Prime Minister, John Howard's advice that 'during times of economic crisis, there are no ideological constraints' (Frydenberg 2020), the government introduced unprecedented measures: the $130 billion JobKeeper wage subsidy scheme (Prime Minister 2020c) and free child care (Prime Minister 2020d), both of which enabled continued employment during the crisis.

These responses are one with the ILO approach to tackling the COVID-19 crisis (which includes employment retention measures) (ILO 2020c). This approach speaks of a social democratic understanding of the role of the state in relation to labour rights. The right to work is understood as one that entails positive obligations on the part of the state, as reflected in the goal of full employment foregrounded in the ILO's 1944 Declaration of Philadelphia.

In this understanding, the state is not merely seeking employment in a purely numerical sense – it seeks 'full, productive and freely chosen employment and decent work for all' (ILO 2019). It is also emphatically committed to equality ('all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development') and tripartism ('representatives of workers and employers, enjoying equal status with those of governments, join with them in free discussion and democratic decision') (ILO 1944).

The right to social protection

The increase in unemployment implicates the right to social protection (Universal Declaration of Human Rights, Article 23(3)), one of the four pillars of the ILO's decent work agenda (ILO 2020a). Under Australia's residual system of social security, this right would have been placed under serious pressure, especially as analysis showed that unemployment income support covered only 75% of basic living needs (Henriques-Gomes 2020b).

This pressure was substantially alleviated by the dramatic expansion of state support for the unemployed. Emphasising how '(e)xtraordinary times call(ed) for extraordinary measures' (Morrison 2020b), the government introduced the coronavirus supplement which, in the Prime Minister's words, 'supercharged' the safety net – effectively doubling the payment rate of the JobSeeker allowance (Morrison 2020a).

The government's response to social protection for those who remain employed was, however, less robust – particularly the protection available should workers fall ill because of COVID-19, have to care for a family member who becomes ill because of the virus, or have to self-isolate due to public health requirements.

Under the *Fair Work Act,* the NES provides for 10 days of paid personal/carer's leave. It became clear early on that this provision was inadequate to meet the exigencies of the COVID-19 crisis. Casual employees are excluded from this entitlement - that is 2.6 million workers, around a quarter of all employees (ABS 2019). The entitlement also did not cover periods where a worker is required to self-isolate.

The federal government has, however, rebuffed calls from the union movement for paid pandemic leave for all employees (including casual employees) (Workplace Express 2020a). The Fair Work Commission, on the other hand, has amended awards to provide for unpaid pandemic leave of two weeks to all employees (until 30 June 2020) (FWC 2020).

The right to safe and healthy working conditions

This right is considered by the ILO as 'fundamental to decent work' (ILO 2019) (International Covenant on Economic, Social and Cultural Rights, Article 7(b)). It is also central to efforts to effectively suppress the virus.

Proper respect of this right turns less on the substance of the laws as Australia has reasonably robust workplace, health and safety legislation. The issue is rather applying such laws to the complex challenges thrown up by the COVID-19 crisis and ensuring that they are effectively enforced.

These challenges arise in various contexts. They arise with healthcare workers (those working in hospitals and other medical services) who experience a higher risk of exposure to the virus. They also arise in industries and occupations where there is close proximity in working. For instance, the largest cluster of COVID-19 infections in Victoria comes from Cedar Meats (DHHS 2020). Workers at this Melbourne abattoir considered physical distancing rules impossible to comply with (Baker, Fowler and Dow 2020). Remote working, the result of the 'stay at home' direction, also poses difficult issues, including the provision of a safe working environment.

All these challenges will persist as the restrictions are gradually relaxed from May 2020. Added to them will be the challenge of returning to work at employers' premises in the context where there is still a risk of infection.

The forces of inequality

This implicates a fundamental principle and right at work as recognised by the International Labour Organisation, protection against discrimination in respect of employment and occupation (ILO 1998: Art. 2(d)).

Those in precarious work, workers specifically noted in the United Nations 2030 Agenda for Sustainable Development (UN 2015: para 8.3), will be significantly affected. Casual employees, in particular, will suffer in terms of their labour rights. Their job losses will be higher than non-casual employees, given the sectors that are more impacted. Notably, casual employees constitute 40% of workers in the hospitality sector where it is estimated two thirds of the workforce will be unemployed (Coates *et al*. 2020). In terms of the right to social protection, entitlements to paid personal/carer's leave under the *Fair Work Act* do not extend to casual employees (see above). Moreover, the JobKeeper scheme does not extend to casual employees engaged on an irregular basis and those employed for less than 12 months (ATO 2020). There is also an age dimension to the impact on casual employees, with younger (15 to 24 years old) and older workers (65 years and older) over-represented amongst these workers. (Blackham 2020).

Workers on temporary visas are another group that will be particularly affected. They make up one fifth of the food sector workforce (Tham and Fudge 2018). In terms of social protection, they are generally denied access to coronavirus supplement (Whiteford 2020); except for New Zealanders, they have no access to JobKeeper; both of which are contrary to the principle of equality for migrant workers under international conventions (Tham 2020). Added to this is the reported increase in racism and discrimination against people of Chinese and Asian backgrounds (AHRC 2020).

Women are more likely than men to be affected by job losses as they work in occupations and industries most affected by the public health restrictions (Coates *et al*. 2020). Whilst free child care has alleviated the burden of those with pre-school age children, remote learning has seen women bearing the lion's share of the care load (ABS 2020b). As to the right to safe and healthy working conditions, many of 'frontline' sectors, specifically hospitals, medical services and schools are feminised industries with majority women workers (Australian Government 2020).

The federal government's response to these questions of inequality has been mixed. It has condemned COVID-19 racism (Morrison 2020d) and acknowledged how women workers have been particularly affected by the crisis (Morrison 2020c). At the same time, it has been largely indifferent to the fate of casual employees and has said that temporary visa-holders facing hardship should 'return home' (Arora 2020).

Expansion of employer power

Obviously affecting labour rights is the relative power of the employer. In an economic recession, the balance of power between employers and workers will invariably shift towards the former. A neoliberal perspective would tend to see this as the market working. A social democratic perspective would view it as exacerbating what Justice Higgins characterised in the *Harvester* decision as 'usual, but unequal, contest, the higgling of the market for labour, with the pressure for bread on one side, and the pressure for profits on the other' (*Ex parte H v McKay*: 7).

This increase in employer power has also been facilitated by changes to formal regulation. At the government's initiative, the *Fair Work Act* has been amended to confer upon employers who qualify for the JobKeeper scheme broader ability to direct their employees in relation to their working hours; duties; and location of work (*Fair Work Act 2009*: pt 6-4C).[1] The Fair Work Commission has also varied by consent a whole range of awards to allow greater scope for employers to vary the duties of employees, their working hours and also to be able to direct them to take annual leave (FWC 2020: [36]–[42]).

Social dialogue

For the ILO, the principle of tripartism is given effect by 'social dialogue', which it defines as 'all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy' (ILO 2020b).

Surprisingly, given the traditional hostility between the government and trade unions, social dialogue has taken on a life at the senior levels of the federal government. From early March, there were regular, often daily, meetings between the Minister for Industrial Relations, Christian Porter and the Australian Council of Trade Unions Secretary, Sally McManus (Grattan 2020). The Prime Minister, Scott Morrison, has gone on to declare that because of the COVID-19 crisis, there are 'no more unions or bosses' (Workplace Express 2020c). He followed by announcing a JobMaker agenda which includes setting up a process to develop an industrial relations reform agenda through working groups comprising representatives from government, employers and trade unions. In order to facilitate this process, the government will not be putting the Ensuring Integrity Bill to another vote in the Senate (Morrison 2020c).

By comparison to social dialogue in government, social dialogue through collective bargaining, one of the fundamental principles and rights at work recognised by the ILO (ILO 1998: Art. 2(a)), faces a grim future. As it stands, the provisions of *Fair Work Act* relating to collective bargaining and industrial action are in breach of the ILO's conventions on freedom of association (International Labour Office 2010: 165-229). These breaches are compounded by the reduction of notice of proposed variation of enterprise agreements from seven days to a single day (*Fair Work Amendment (Variation of Enterprise Agreements) Regulations*), a measure

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[1] These provisions cease to have effect on 28 September 2020.

that will help some employers to extract more in a context where unions will inevitably be engaged in concessional bargaining and are constrained in their ability to organise by public health restrictions (such as ‘work from home’ directions and limits on the size of gatherings).

The future: A ‘JobMaker’ State?

Through its economic recovery plans, the government is seeking to configure a ‘JobMaker’ State – a state whose principal function is the creation of jobs. In this vision, there are evident departures from neoliberal understandings: a significant role for the state is contemplated and a preparedness to enlist the support of trade unions. There is also correspondence with social democratic understandings: the right to work is viewed as a positive right entailing government obligations; the right to safe and healthy working conditions is respecte, not least to avoid another wave of infection; and there are beginnings of a social dialogue in government with trade unions.

A ‘JobMaker’ State, as envisioned by the federal government, is not, however, a social democratic state. In key respects, it is consonant with neoliberal understandings. It is friendly to employer power with its preferred regulatory tools, financial support for businesses rather than regulation of their activities. For the Prime Minister, the goal of the ‘JobMaker’ agenda is to ‘enable our businesses to earn Australia’s way out of this crisis’ (Morrison 2020c). Its commitment to equality is qualified: gender and racial equality is in view but not so equality for precarious workers and those on temporary visas. There is no attempt to foster social dialogue through collective bargaining, which is under severe stress. And social dialogue in government is confined to the agenda of job-creation, creating a risk that other vital issues concerning labour rights will be side-lined (including the ACTU’s call for more secure jobs) (ACTU 2020).

The final issue, to conclude with, is whether this will be a green or black ‘JobMaker’ State: will the economic recovery measures address or exacerbate the climate crisis? This is shaping up to be a central policy contest with the ACTU (ACTU 2020) and the Australian Industry Group (Willox 2020) calling for recovery measures to reduce greenhouse emissions, whilst key members of the National COVID-19 Coordination Commission with strong links with the fossil fuel industry are arguing for a gas-led recovery (Morgan and Long 2020). Time – and the coming bushfire season – will tell as to the colour of the 'JobMaker' State.

Joo-Cheong Tham is a Professor at Melbourne Law School.

j.tham@unimelb.edu.au

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'A TICKING TIME-BOMB': THE GLOBAL SOUTH IN THE TIME OF CORONAVIRUS[1]

Alfredo Saad-Filho and Alison J. Ayers

At the time of writing, in May 2020, the spread of COVID-19 seems to have peaked in most Western countries; in contrast, the pandemic has been accelerating in the Global South,[2] home to 75% of the world's states and 85% of its population (TNI, 2020), with dramatic outcomes in Algeria, Brazil, Ecuador, India, Iran, Mexico, the Philippines, Turkey and elsewhere.[3] This article offers a political economy overview of the coronavirus pandemic in the South. Our starting point is that COVID-19 met a world already gripped by overlapping differences, divisions and crises (Boffo *et al.* 2018; Saad-Filho 2020), and these fragilities will intensify disproportionately the impact of the pandemic on the South. Yet, the Global South has not figured prominently in the booming literature (Davis 2020). Left debates have been similarly circumscribed, with attention focusing overwhelmingly on Europe and North America (Hanieh 2020). Our first thesis is that examination of the pandemic must be global, in order to capture its highly-differentiated and closely interrelated histories and dynamics.

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1 The title of this article draws upon Nordling (2020).

2 We use 'Global South' as shorthand for what used to be called in development studies 'the periphery' or 'the Third World': roughly speaking, the world minus the US, Canada, Western Europe, Scandinavia, Japan, Australia and New Zealand, which we call either the 'Global North' or 'the West'; debates over classification are beyond the scope of this article.

3 Uneveness in data collection and reporting may distort this picture; for an overview, see *https://ourworldindata.org/coronavirus*.

Saad-Filho, A. and A.J. Ayers (2020)
'"A Ticking Time-Bomb":
The Global South in the Time of Coronavirus'
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Secondly, the pandemic has affected social groups quite distinctly, worldwide, and in the same country, region, and city, depending on age, gender, income strata, ancestry, refugee status, co-morbidities, exposure to pollution and other triggers of ill-health. These (and other) social fractures already existed, and they created the crevices through which the coronavirus pushed its way into society. Consequently, understanding outcomes in the South requires careful examination of those tensions, differences and divisions.

Third, this public health crisis is not merely due to the chance arrival of a novel pathogen among a population not previously exposed to it: there is no such thing as a ‘general’ pandemic hitting an ‘abstract’ population. Instead, we stress that the course of the *actual* pandemic derives from the virus *in conjunction with* the social, economic and political circumstances in which it spreads, including the policy responses of local and national governments and international organisations, together with the collective efforts of masses of people, which, in turn, depend on history, economic and other strengths, modes of social reproduction, institutional capacities, national(ist) myths and ideologies, and so on.

SARS-CoV-2 evolved long ago, but it came into contact with humans in a specific historical context, including our encroachment into natural environments, busy animal markets, large-scale manufacturing, global production networks and cheap travel, as parts of a global(ised) neoliberal economy dependent upon the exploitation of the peoples and resources of the South; also influential were the patterns of difference and inequality within each country and region. In turn, the spread of the virus has been both aided and checked by historically-specific technologies and policies. Finally, although the South is likely to experience untold hardship in the coming months, the course of the coronavirus is not merely a tale of woes due to poverty, corruption or intractable destiny; the South also offers examples of good practice that would shame countries with much higher *per capita* income.

The pandemic: North and south

The trajectory of the pandemic in the South is largely explained by the structures and processes of accumulation under global neoliberalism. The illness emerged in the fast-growing manufacturing hub of the world, in South-Central China, and it tended to spread along two pathways: the commercial routes laid out by the 'globalisation' of production , producing the early flashpoints in East Asia, Iran and Northern Italy (Moody 2020; Wallace *et al.* 2020); and the international circulation of high-income individuals, *e.g.* at ski resorts in Northern Italy, who took it to several Western European countries, while upper-middle class tourists flew it from Italy to better-off areas in Rio de Janeiro and São Paulo (Rudan 2020; Slattery *et al.* 2020; Walker and Smith 2020). The rest is history.

While there is never a good time for a pandemic, the coronavirus arrived at an especially perilous juncture, as the global economy was already sliding into a perfect storm of financial, political, social, environmental, water and food crises (Roubini 2020; Roberts 2020). Given the lack of immunity of the population, the severity of the illness, the high rate of contagion, the limited capacity of all health systems, and the absence of effective treatments or a vaccine, widespread lockdowns became inevitable. However, such measures triggered an unprecedented economic collapse in the Global North. Production, trade and employment imploded, with devastating consequences for finance as debts could no longer be serviced. Stock markets nose-dived and, during March and April 2020, there was speculation that several economies would buckle under the strain (Ghosh 2020; Toussaint 2020). Slowly, and through different combinations of mass testing, social distancing, quarantines, movement controls, fiscal spending, financial transfers and quantitative easing, most East Asian and Western economies managed to contain their pandemics. By May, lockdowns were tentatively on the way out, and 'normal' life was resuming, in parallel with a frantic and well-endowed search for treatments and vaccines. By and large, health systems and social cohesion survived their biggest-ever challenge in peacetime.

The strategies that contained the virus in the West and in East Asia are, mostly, not available in the Global South. The West had to confront a health crisis and an economic crisis, but it could count on already-established (however insufficient) welfare states, as well as state capacity and large fiscal resources. This allowed those governments to provide healthcare, manage lockdowns (including the perilous exit from those lockdowns), while also subsidising (some) businesses and jobs, despite lingering uncertainty about the impact of a 'second wave' of the pandemic and the implications of a prolonged economic downturn.

In contrast, the South confronts an acute social crisis on top of its health and economic crises. With few exceptions, those states do not have the financial, institutional or managerial capacity to subsidise business or provide secure incomes to households. Moreover, health systems in the South can be precarious in terms of capacity, staff, resilience and access. For example, 34 sub-Saharan African countries (out of 45) spend less than US$200 *per capita* annually on healthcare, and five spend less than US$50 *per capita* (World Bank 2016). Malawi has 25 ICU beds for a population of 17 million, South Sudan has 24 ICU beds and 4 ventilators for 11 million people, and Sierra Leone has 13 ventilators for 8 million people (Burke and Okiror 2020; Cliffe 2020). Across South Asia, there are less than 2.8 critical care beds per 100,000 people, and Bangladesh has 1100 ICU beds for 157 million people (Hanieh 2020). Brazil is relatively well-served, with 7.6 public ICU beds per 100,000 inhabitants, but these are distributed very unevenly (Salluh and Lisboa 2016).

The lack of basic resources, including clean water, food, electricity, sanitation and primary health care, is compounded by the prevalence of severe co-morbidities, especially tuberculosis, malaria and HIV/AIDS, as well as malnutrition and weakened immune systems (Cliffe 2020; Hanieh 2020). For reasons such as these, the UN estimated that, in the worst case-scenario, the coronavirus could infect 1.2 billion people in Africa alone (out of a population of 1.3 billion), potentially leading to between 300,000 and 3.3 million deaths directly from COVID-19 (UNECA 2020). To-date, confirmed cases and fatalities are lower than such predictions, but the pandemic remains ‘a major threat to the continent’s health systems’ and concerns abound that the virus may ‘smoulder’ in transmission hotspots indefinitely (WHO 2020a, 2020b). Meanwhile, the WHO has declared that Latin America is a new epicentre of the pandemic, with a particularly alarming situation in Brazil (Berti 2020).

Lacking the resources and institutional capacity to implement extended lockdowns, and given the urgency and complexity of the problem, there is likely to be a growing tendency to resort to violence in order to clear the streets, manage population movements, distribute emergency supplies, ration services, and contain mass despair at the inevitable collapse of public health systems. In the background are the fiscal, financial and balance of payments limitations and the lack of institutional capacity, which delimit public policy in poor countries and make it impossible to support aggregate demand through quantitative easing or large-scale purchases of public and private papers in the secondary markets. Southern countries are also unable to send aircraft to procure PPE abroad, and they depend heavily on aid in order to keep their (highly import-dependent) health systems running. Given their own crises, many Western countries are unlikely to give priority to such requests. Compounding the drama is the global recession, which is likely to crush commodity prices (starting with oil in April), reduce foreign direct investment (FDI), severely curtail international travel and tourism, dramatically restrict workers' remittances, and reverse capital flows (Ghosh 2020). By April 2020, 85 countries had already approached the IMF for emergency assistance (Elliott 2020). Unprecedented humanitarian disasters are likely to follow.

Economies, societies and politics down south

The impending disaster is a direct consequence of repeated rounds of neoliberal 'structural adjustment' in numerous countries of the South since the 1980s, which have systematically dismantled state capacities and institutional resilience, undermined job stability, reduced incomes and eliminated much of these countries' manufacturing capacity, leaving them heavily exposed to disruptions in global trade, production and finance (Ghosh 2020; Gonzalez 2020; Hanieh 2020). These weaknesses have undermined the reduction of poverty and contributed to widespread hunger and malnutrition, poor housing and simmering public health crises. These circumstances suggest that, under pressure from COVID-19, 'deaths from secondary impacts – poverty, hunger, diseases, and violence exacerbated by the pandemic – may dwarf the number of those who die of the novel coronavirus itself' (Turse 2020). The economic fallout from the pandemics could increase global poverty by 500m people (8% of the world's population) and push 265m people to the brink of starvation (Sumner *et al.* 2020).

The pandemic may cut 25 million jobs in the South, and increase by nearly 20 million the number of people earning less than US$3.20 per day (ILO 2020). Even worse, around 70% of workers in the South live hand to mouth in the informal sector; it is impossible to guarantee either their employment or the economic survival of their employers, and most would find it difficult to abide by extended lockdowns. In addition, workers tend to live in cramped accommodation, often lacking hand-washing facilities, not to speak of regular electricity and working laptops. For example, the average Indian family has five members and 40% of all homes have only one room (Pandey 2020). One-sixth of India's urban population (74 million people) are slum-dwellers, for whom social distancing is impossible (Sur and Mitra 2020). Reportedly, some Indians have self-isolated in trees to protect their relatives (Stubley 2020). Similarly, informal settlements are part of the physical infrastructure of many African cities and most lacked services even before this health crisis. Africa's big cities also pose a conundrum to people who must commute to work, since it is impossible to maintain social distancing in over-crowded public transport (Noko 2020). These circumstances create conditions favouring the explosive spread of the coronavirus.

Externally, most economies in the South are also more vulnerable than those in the North, primarily because of their limited productive capacity and debt-servicing obligations. They tend to run large current account deficits, while also being heavily dependent on (currently declining) commodity prices, (volatile) external demand, and (faltering) supply chains for key goods and services. Consequently, most Southern states tend to rely on aid, workers' transfers and loans to close the balance of payments, but all these have been disrupted, risking imports, the ability to service external commitments, and (distributionally-regressive) inflationary spikes. Finally, and in contrast with wealthy economies, poor countries have limited fiscal, financial and institutional capacities, and agreements with international financial institutions prevent them from running large fiscal deficits.

At the political level, states in the South have very limited capacity to deliver public health, sustain incomes and enforce technology-based strategies of social control. It is plausible that, if the pandemic is followed by the residual circulation of the coronavirus, especially before a vaccine and affordable treatments become available, this could further worsen economic performance in the medium-term, deepening poverty and deprivation and potentially triggering a politics of despair feeding on those economic and health insecurities. This might lead to flares of destructive anger that would inevitably be contained brutally, leaving limited opportunities for constructive lessons or mass organisation, as well as facilitating the rise of 'strong' leaders promising to keep order (ICG 2020). It is possible, then, that COVID-19 may lead to the greater centralisation of power, the militarisation of society, curtailments of civil rights and growing controls of information and movements, without necessarily improving health provision or outcomes.

In contrast, a more desirable response based on social solidarity and public trust would require the expansion of democracy, transparency, and accountability of the state. Unfortunately, much of the Global South does not seem to be heading in that direction.

Conclusion

Despite multiple tensions and fragilities, the South has much greater first-hand experience confronting infectious diseases and epidemics than the North, for example Chikungunya, Ebola, Nipah, SARS and Zika. These health emergencies have created not only the physical infrastructure for control, but also a deep bank of technical know-how as well as social norms of behaviour facilitating the management of pandemics (Cliffe 2020; Milan and Treré 2020). Correspondingly, there have been several remarkable successes against COVID-19 in the South, for example in Argentina, Costa Rica, Cuba, Senegal, South Africa and Vietnam, as well as at the sub-national level, for example Kerala state in India.

These experiences contrast sharply with the staggering failures in the USA and the UK, for example, which show that, although high income levels allow greater scope to buy ventilators, support wages and businesses and subsidise economic activity, planning and decisions about the best use of funds depend on state capacity, which is only weakly related to income *per capita*. This is to suggest that, although the challenge is difficult, good outcomes are possible in the South as well as the North. As always, the future remains open, and political intervention can make a significant difference to outcomes.

The Global North has been almost completely absorbed in its own coronavirus drama, and insufficient attention has been paid to the far more serious implications of COVID-19 in the South, across the domains of public health, economics, politics and society. Instead of merely witnessing a destructive slide towards authoritarian responses to the pandemic (especially given the economic weaknesses in the South), it is incumbent upon the left to articulate a progressive internationalist response, based on medical and financial solidarity, the dissemination of knowledge, and the provision of healthcare for all according to need, in order to save lives everywhere. Without this global orientation, ‘we risk reinforcing the ways that the virus has seamlessly fed into the discursive political rhetoric of nativist and xenophobic movements – a politics deeply seeped in authoritarianism, an obsession with border controls, and a ‘my-country first’ national patriotism’ (Hanieh 2020). This argument is backed up by the reality of 'mutual assured vulnerability', since the circulation of the coronavirus in the South will drastically limit the scope for controlling it in the North (Singh 2020).[4] In this sense, we are 'in it together', and only global solutions can be effective.

Alfredo Saad-Filho is Professor of Political Economy and International Development in the Department of International Development, Kings College, London.

alfredo.saad-filho@kcl.ac.uk

Alison J. Ayers is Research Associate in the Centre for Global Political Economy, University of Sussex.

aja22@sussex.ac.uk

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[4] 'Let us remember that we are only as strong as the weakest health system in our interconnected world' (António Guterres, cited in Singh 2020).

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COVID-19 HITS THE FRENCH HEALTH SYSTEM

Evan Jones

On 28 February 2020 the WHO issued a report on China's efforts to control the Coronavirus outbreak, dictating a comprehensive government-led response to the threat. On 29 February, the French Prime Minister Édouard Philippe chose to divert priorities from a Ministerial Council dedicated to COVID-19 by utilising article 49-3 of the Constitution to bypass Parliament and authorise a brutal retirement 'reform' package, against which vast sections of the country had struck and demonstrated.

Article 49-3 is a nasty part of the Vth Republic's Constitution, introduced to transcend the 'instability' of governments under the IVth Republic. However, it was conceived for rare situations in which a government could not muster a majority in the National Assembly to act on problems of national significance in emergency circumstances. The article had already been applied twice to enforce fiercely opposed economic deregulation measures when Macron was Economy Minister under President Hollande.

This incident highlights perfectly the character of the Macron Presidency – neoliberal and authoritarian, the two dimensions interlinked.

As at 2 June, France had over 28,900 deaths attributed to COVID-19, in the 'top' league (apart from the populous US) with its neighbours UK, Italy, Spain and Belgium. Of this total, an estimated 37% occurred in 'medical-social' institutions, overwhelmingly aged care facilities. The debilitated hospital system has had to cope with the rest. The aged care sector (EHPAD), leaching off the public system, is itself a disgrace.

Macron is a caricature of neoliberalism, brought to power by a media predominantly owned by billionaires. He has avidly continued European Union directives pushing the privatisation and 'opening to competition' of

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essential public services and kowtowing to the Maastricht imperative of keeping the general budget deficit within 3% of GDP.

Once acknowledged for its quality, the French health system has been subject to long term deterioration. Representative of the cynicism is that the historic Hôtel Dieu hospital on the forecourt of Notre Dame Cathedral is planned for conversion and integration into a tourist complex.

The health system, like public provision and the French welfare state in general, is ultimately a product of the programme of the National Council of Resistance (CNR), formulated in March 1944.

The basic health budget is financed not out of the general budget but from a proportion of the social security (*Sécu*) contributions of workers (wages) and employers (payroll). This budget (*assurance maladie*) is complemented by firms or organisations taking out collective insurance with non-profit mutuals. Individual insurance with private insurers brings up the rear.

The system received a filip in 1958 with the creation of a university hospital network that combines care, research and training.

The hospital system, as everywhere, is under increasing strain because of greater longevity, aging of the population and expensive technologies. French hospitals, as elsewhere, run perennial deficits.

Hospitals were funded using immediate past budgets as a base line. The development of the casemix concept as a vehicle for objectively-based funding was a response to this impasse. France belatedly introduced casemix funding (via DRGs) in 2004 (*Tarification à l'activité*, T2A).

Socially-oriented doctors and commentators complain bitterly about its introduction, in the context of drastic cuts in the overall budget. Casemix based funding is a defensible principle, but applying it is another matter. Allocating all hospital functions (treatment of inpatients and non-inpatients, research, teaching) into a definitive box is an idealist proposition. In France, the system appears to have been introduced ineptly and has been subject to gaming. The unacknowledged imperative is to increase the number of procedures and to cut bed days on each procedure, a process that privileges more readily standardised procedures and more readily standardised patients (i.e. one condition, younger patients). Private hospitals/clinics have attempted to corner the market in standardised procedures and patients.

Health as a public good has been progressively undermined by privatisation, segmentation and inequality of access. ‘Efficiency’, ‘innovation’, ‘financial integrity’ became the formal criteria for undermining rather than reinforcing the public health system, as efficiency, financial economy and functional innovation are not genuinely pursued under the new models. One integral component of the neoliberal model is that hard-up institutions become top-heavy with bureaucracy, its incumbents well-housed and well-paid.

Preventative health care is poorly served in France, although it is an area that could deliver long term cost savings. Those services that have been nurtured outside the norm, oriented to the health and welfare of ‘the whole person’, especially those who ‘fall between the cracks’, are neglected or cynically treated and defunded. The latter is the experience of La Case de Santé, catering to the most marginalised, and Le Centre de Soins Saint-Sernin, catering to teenagers, both in Toulouse.

In France, the forces undermining a sector oriented to the public good are multiple – the private pharmaceutical sector, the private hospital sector, the private insurance sector and elements of the medical profession itself.

One feature that undermines the public health system from within is the power of the pharmaceutical sector. France has the highest cost of pharmaceuticals in Western Europe, because Big Pharma’s links with the state inhibits the resort to generic medicines that are in widespread use elsewhere. This is a natural arena for reform and financial efficiency, but it remains off the table. Big Pharma is closely tied with medical research establishments, with publicly-employed scientists the recipients of pharma payola.

An ancillary dimension of this linkage also has health ramifications. The agro-industrial complex (with the giant supermarket companies as key mediators) is a powerful player in France, with food highly processed and stuffed with chemicals. Food scientists are compromised. The result is an unhealthy diet amongst sections of the French populace, a fecund environment for health maladies and an enhanced burden on the health system.

Private hospitals and clinics take a large part of French health expenditure. Australia’s Ramsay Health is a big player there. The private sector does a lot of profitable standardised procedures and rehabilitation, but it wants more of the action.

The profit-oriented insurance sector has historically been only a minor player in health insurance, behind *Sécu* and mutuals. Predictably, it wants a significantly larger share of the pie. This sector (notably AXA) has been an assertive propagandist for implementing the neoliberalist agenda in France and dismantling the institutions and the spirit embodying the post-War CNR. This is comparable to the forces that have long pushed against the establishment and centrality of Medibank/Medicare in Australia.

Sections of the medical community are attracted to private health service delivery. This drive is especially embodied in for-profit private health enterprises, formally delivering primary health care. Their profit-orientation means strictly limited consultation times, regardless of patient need. They want the flexibility to charge fees above officially mandated standard rates. In addition, as in Australia, tolerating doctor preferences for urban amenities has contributed to 'desertification' of health facility access in the French hinterland.

At base is the most fundamental pressure on the public system – a yearly deficit in billions of euros of the (*Sécu*) tax-based *assurance maladie* (the Medicare equivalent). These deficits naturally provide raw material for the neoliberal agenda whose introduction has been a bipartisan affair.

In 2009, under the Sarkozy Presidency (2007-12), there was passed the (Bachelot) *Loi HPST*, which elevated the culture of the private sector to a general principle. Hospitals become an enterprise, health care a commodity, the bottom line the key indicator of success. (This is despite a wealth of literature that argues persuasively that health care doesn't fit the simple economics paradigm.)

In February 2014, President Hollande (2012-17) announced the necessity to cut €50 billion from public expenditure in three years. Health would be a significant casualty.

Behind this push is a financial pincer movement. There is the persistent pressure from Brussels and French institutional supporters to adhere to the Maastricht *dictat*. Compounding this pressure is a long term malaise of the French economy, driving lower tax revenue and higher public expenditure. De-industrialisation has raged over the last 20 years. There is no functioning industry policy (France has no industry ministry).

Beginning January 2013, the Hollande/Valls government introduced the Competitive and Employment Tax Credit (CICE). Under pressure from the strong employer lobby Medef, the *Parti Socialiste* government claimed 'the need to cut *Sécu* contributions of firms so that they will invest and hire'. The demand for massive public sector expenditure cuts was directly linked to this expensive tax concession. Estimates of the resulting impact on employment generation diverge and are disputed.

Corporate and personal tax evasion in France is rife. The GFC's aftermath further enhanced the fiscal imbalance. The first act of the Macron Presidency (2017-22) was the effective dismantling of the 'solidarity tax on wealth' (ISF), benefiting only the so-called 1%. Another tax introduced in 1990 to help to offset recurrent social security deficits, the 'Generalised Social Contribution' (CSG), was pillaged in 2019 by Macron to buy off the *gilets jaunes* from their protests.

Any prospect of raising *Sécu* contributions is now a political impossibility.

The hospital sector has been the major casualty. It means less staff (staff has been retrenched in droves, retirees are not replaced), less investment (much hospital infrastructure is ancient), worse pay and working conditions (especially for the lower ranks), less training, absenteeism and ultimately the resignation of experienced staff. It has been claimed that 70,000 beds have been eliminated in the last 10 years.

Human relations managers, hired in from outside health, talk nonsense and crack the whip. There is even a company called Mediverf, ('leader in medical employer control against excessive workplace stoppages') contracted by management, which pressures sick employees to return fully to work, with the threat of losing entitlements, under the rubric of slashing shirker-driven absenteeism rates. This obscenity has been facilitated by a 1978 law that was extended to the public sector in 1986.

In this environment, some staff retire prematurely; others (bearing a lifetime of experience) go over to the private sector out of exhaustion.

French medical staff have been sending petitions for years and have even resorted to demonstrating *en masse* – to no effect.

The general tendency is for an ongoing decline in collective and public forms of financing and greater (enforced) reliance on privatised individual supplementary insurance, for both primary and hospital care. This transformation from public to private financing doesn't lower overall cost (*cf*. the US catastrophe) but rather raises costs (private sector profits, unnecessary procedures, bloated management overheads) and it also redistributes the burden.

This necessarily implies the cementing of a segmented health care system by class. The better-off classes have better access, paid for increasingly by private insurance. The less privileged classes become shut out from affordable primary health care, and resort by default to hospital emergency departments (as in Australia). A February 2018 INSEE report estimated that the life expectation gap between the most and the least fortunate had extended to 13 years.

The hard core of the problem is in hospital emergency departments and intensive care units. Emergency departments are the front line of the health system. Moreover, emergency departments are unsuitable for the ready assignment of DRGs (as the categorisation of patient problems needs to be sorted out), so their funding is difficult to determine *a priori*. Emergency doctors complain that emergency departments are the 'end of the line' for all the problems of an unequal society (as in Australia). They have to accept the health consequences of low and/or precarious pay and unemployment leading to poor diet and poor health, mental health issues, domestic violence, etc. These causal links, ignored by governing elites, are self-evident to the practitioners.

As for ICUs, ill-prepared for the pandemic is the definitive word. Authorities were warned of the necessity for preparing for the potential; the warnings were ignored. Staffing suffering strategic long term attrition, national equipment capacity delapidated. The severe shortage of beds, masks, gowns, tests, ventilators and pharmaceuticals, accompanied by governmental lies, has proved a fiasco. Privileged firms still in production (Airbus) have been better served with masks than medical staff on the front line. Several dozen health professionals have since died.

Indictive is the scandal surrounding the firm Peters Surgical. Originally an old family-owned firm, it has been boosted by funds from the government investment bank BPI. But BPI handed control of the firm to speculative investment fund Eurazeo. Eurazeo is linked to the preeminent merchant bank Lazard, in turn linked to the political elite – a distinctly insouciant Parisian capitalism. Eurazeo quickly proceeded to offshore production of sutures to Thailand and of its unique catheters, ideal for treating COVID sufferers, to India. In spite of the firm also receiving sizeable sums of CICE tax concessions each year (for the purpose of increasing employment), Eurazeo has proceeded to sack its Paris suburban workforce while paying sizeable dividends to shareholders.

Optimists say that, historically, significant progress happens in France after major crises, hoping that the pandemic will provide one such occasion. However, the Macron regime, behind flowery expressions of a new era, knows nothing other than more of the same.

The Caisse des dépôts et consignations (CDC) is a venerable 200-year old institution that manages the finances of the state. Formally independent, it has been subordinated to political imperatives. In late March, Macron ordered from the CDC a post-COVID plan for the crisis-ridden hospital sector. The CDC's report is a dog's breakfast of neoliberal 'solutions' – all implicitly addressed to supposedly getting health expenditure off the public balance sheet. Most notable is a resurrection of Public-Private Partnerships in medical facility construction and management – already tried and proven to be a catastrophe of the first order. Add telehealth, by which health care will be delivered electronically. This mode is important by default where vast distances are involved (as in rural Australia), and is useful as a complementary vehicle in primary health care (both for streamlining advice and inhibiting doctor exposure to patient illnesses), but it has to be health professional driven. However it is a snake oil remedy when driven by private companies aiming to replace the independent health professional completely. Moreover, it necessarily structures unequal access to health care providers.

There is now a deeply rooted institutional structure and culture that automatically privileges private sector 'solutions'. A phalanx of private companies, including consultancies – even a complementary think tank! (Cercle Valeur Santé) – now form a dense network pursuing permanent parasitism on the public health budget and on the straitened family purse.

There is presently a push, especially led by noted jurist Régis de Castelnau, to have Macron and associates indicted in justice for the national suffering due to his government's indifference and incompetence. The Senate, structurally reactionary, has seen fit to quickly grant amnesty to all those elected and relevant public servants. At this time, the National Assembly remains committed to the principle.

In general, the French establishment has learnt nothing from the disastrous outcome of the pandemic on French soil, and its once admirable public hospital system will continue to struggle with wholly inadequate means and desperately demoralised personnel.

Evan Jones is a Research Associate in the Department of Political Economy at the University of Sydney.

evan.jones@sydney.edu.au

GERMANY IN THE COVID-19 CRISIS: POSTER CHILD OR JUST LUCKY?

Heribert Dieter

The SARS-CoV-2 virus has been hitting Germany as unexpectedly as other European countries. At the end of January 2020, some employees at Webasto, a supplier of automotive parts in Bavaria, were diagnosed with the novel coronavirus after they had been in direct contact with a Chinese visitor. But, for a few weeks, Germans thought that COVID-19 is an issue for Asian states and not for Germany. Today, Germany continues to be severely affected, but the situation is not nearly as dire as in Britain, Italy or Spain. Germany, with its enormous financial resources and a well-equipped medical sector, appears to be better placed than most other economies to weather the storm. In May 2020, a race to lift restrictions has started and by early June, the country may be back on track.

Merkel back in power

One of the most striking effects of the crisis was that Chancellor Merkel experienced an initial revival of support. The debate about her succession, and discussion on the next chairman of the Christian Democratic Party, temporarily became irrelevant. A poll published on 10 April put her in front of all other politicians, scoring 74% support. Some observers were already proposing a fifth term of Merkel as German Chancellor (NTV 2020).

But that popularity did not even last a month. In early May, Merkel's influence on the crisis management waned in record time. She had to watch haplessly as the leaders of Germany's 16 states no longer followed her crisis management. She abandoned her usually cautious rhetoric and accused supporters of reducing restrictions of engaging in irresponsible

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discussions. All to no avail because, by May, Germany was returning a normal life, with just a few restrictions: no soccer matches with spectators, no Octoberfest, but quite a few other activities being permitted.

Ironically, the current crisis has been falsifying Merkel's previous claim that the German border cannot be closed. On 7 October 2015, she had argued in a television interview that 'borders cannot be closed' (Meiritz 2015). Since 16 March 2020, the German government has implemented policies previously considered either impossible or inappropriate. The challenge today is to re-open the borders both for travel within the European Union and for travel with the rest of the world. German policy makers, who have characterised COVID-19 as an existential threat, are increasingly attacked for their timidity and lack of courage.

For a while, the German authorities were desperately trying to regain control over the coronavirus. They implemented blunt measures, which were a reflection of previous complacency. If the German government would have acted earlier, say in mid-February, the restrictions could most probably have been less severe. On 7 May, one in 493 citizens in Germany has been infected with the coronavirus. Although Germany recorded fewer victims than Italy or Britain, compared to Asian countries like Hong Kong or Taiwan the situation looks not that favourable. About 7,500 COVID-19 deaths had occurred by 10 May 2020. The number has been higher than in some East Asian countries, but far lower than during the last severe flu season, when 25,000 people died. Of course, there had been no school and border closures then, and business continued as usual.

Consequently, one may ask whether COVID-19 has been a tempest in a teacup? Probably not, but the medicine has certainly had severe side-effects which will haunt the affected societies for years to come. A commentator in the *Wall Street Journal* has remarked that the lockdowns have been the black swan, not the virus itself (Jenkins 2020).

The ex-post approach in Germany

Germans were very reluctant to embrace precautionary measures. Even after the world had seen the outbreaks in China, other Asian countries and Italy, quite a few Germans thought that the coronavirus may not severely affect their own lives. The German government was equally reluctant to implement comprehensive measures to stop the spreading of the virus. Instead, the German Federal as well as the state governments employ what may be labelled as an *ex-post* approach. They waited until the crisis hit, only to apply harsh measures after the infections rates rose dramatically.

To be fair, that may have been the only avenue available in a democracy in general and in Germany in particular. Policies that severely curtail the freedom of individuals are always contested, but without evidence it is extremely complicated to convince citizens that they should alter their behaviour. In Germany, the use of emergency acts is currently accepted by a large majority of citizens, but perhaps would not have been tolerated at the end of February. As we know from other policy domains, democracies are not very good at implementing precautionary policies.

At the same time, policy makers in Germany continued to emphasize that the country is well-prepared for a health emergency. In comparison, this is true for two areas in particular: hospital beds and laboratory capacity. The number of hospital beds available is indeed remarkable. The country boats 500,000 regular hospital beds, about five times the British number of 100,000. Germany currently has 28.000 intensive care beds, out of which 25,000 are equipped with ventilators. On May 7, 38 percent of those intensive care beds were empty (Corona-Krise 2020). France, for example, has only 5,065 intensive care beds with ventilators and another 7,364 without those machines. Even when taking the larger German population into account, the contrast is remarkable.

In Berlin, a new clinic for COVID-19 patients was built in a month. Berlin's health senator Dilek Kalayci said in early May that the ad hoc hospital called ‘Corona Treatment Center Jafféstraße’ in exhibition hall 26 has over 500 beds. Approximately 100 of the beds are also equipped with ventilators. The clinic is unused, but shall provide an emergency facility in case the situation were to deteriorate. Berliners were utterly surprised that their local government was able to complete a construction project in such a short period of time.

In the rest of Germany, the situation continues to be unproblematic, primarily because there are more hospital beds than in most other European countries according to World Bank data. The figure for Germany is 8.3 beds per 1,000 inhabitants. In France, the number is 6.5 beds, in the euro area 6.2, in Italy 3.4, in the United Kingdom 2.8 and even in the United States, which has one of the most expensive health care sectors, there are only 2.9 beds available per 1,000 inhabitants. Affluent Switzerland, which is badly hit by the crisis, displays a relatively low level of hospital beds (4.7 per 1,000). A remarkable outlier is Japan, which provides 13.4 hospital beds per 1,000 inhabitants, i.e. almost five times the British level.

Therefore, the approach of the German government at both the Federal and the level of the Bundesländer can partly explained by the existing medical resources. Nevertheless, it is surprising that whilst Germany has many hospitals, those hospitals continue to be exposed to a lack of the simplest medical equipment. Face masks in hospitals have been scarce for a while. Germans were not wearing masks for a long time: even though masks may turn out to be the cheapest and the most effective remedy against the virus, they were shunned. From the end of April 2020, however, one has to wear a mask in Germany when using public transport and when shopping.

The measures of the Federal Government

Like most other European governments, Germany has implemented unprecedented measures to stimulate the economy and to keep businesses afloat. What sets the country apart is its fiscal muscle. After years of economic boom, high levels of taxation and restricted government expenditure, Germany can use its vast financial resources to avoid a collapse of its economy. In 2019, gross public debt was reduced to 59.2 percent of gross domestic product. Some commentators have suggested that 'saving has paid off' (Feld 2020).

Some very optimistic observers in Germany do not expect a severe effect on the German economy. The Council of Economic Advisors to the German government has suggested that Germany may suffer quite limited economic damage from the crisis. In a best-case scenario, it expects a drop of German GDP by five percent in 2020, which would be less severe than the contraction of the economy in 2009; and, even if Germany would be in lockdown for a seven-week period, the reduction of GDP would be six percent (Vetter 2020).

What will definitely change is Germany's fiscal position. But at the start of the current crisis, the country's coffers werwell filled: Federal, state and social security funds had liquid reserves of 200 billion euros (Gammelin 2020). In times of crisis, this comes in handy, helping to finance a far-reaching package of measures to mitigate the consequences of the spread of the coronavirus. The Federal Cabinet initiated emergency aid for micro-enterprises and solo self-employed persons. Clinics and practices will be strengthened, and access to short-time work benefits simplified. And the

Federal Government is helping large companies with an economic stabilization fund that fund has three elements:

- a framework guarantee of 400 billion euros to help companies refinance themselves on the capital market (bridging liquidity bottlenecks)
- a credit authorization for 100 billion euros to strengthen the capital of companies (recapitalisation)
- a further 100 billion euros credit authorization to refinance the special programmes of the state-owned 'Kreditanstalt fuer Wiederaufbau' (Wirtschaftsstabilisierungsfonds 2020).

Whilst Germany may be able to offset some of the initial economic damage, it will inevitably be confronted with a different business environment in the years to come. The revision of Germany's position in the global economy may be more difficult to design than the current bolstering of domestic demand.

A challenge for European and German solidarity

In 2020, Europe is experiencing a challenge of historic dimensions. There is some solidarity between member states but, by and large, each country fights the crisis with its own tools and its own approaches. It is unrealistic to envisage that Europe will emerge strengthened from the COVID-19 crisis. The nation state has been the primary source of protection and help, and European citizens will remember that supranationalism, let alone multilateralism, did not provide convincing answers in the crisis.

Of course, there have been nasty episodes during the crisis, and it would be easy to finger point to the mistakes. In an existential crisis, it may be at least temporarily unavoidable to permit policy makers to act in the national interest. Germany is no exception. The much-criticized ban of exports of medical equipment was implemented after the German government realized that the country did not have sufficient basic equipment (sanitizer, masks) for its own medical personnel.

There have been limits to internal German solidarity, too. To the surprise of many German citizens, they were subjected to rather harsh policies in some German states. Schleswig-Holstein, an agrarian economy in the North of Germany, swiftly expelled all non-residents. The measure also affected people who had second homes in the countryside: German citizens from Berlin and Hamburg were asked to leave their rather safe rural retreats and were sent back to their city apartments. The authorities legitimized their policies by reference to the limited hospital capacity, which they did not want to use for non-residents, some of whom very much resented the expulsion (Kuhn 2020).

Inevitably, the current crisis is resulting in demands from Italy, Spain and France to introduce bonds with joint liability, so-called eurobonds. That call continues to find limited support in many Northern European societies, including Austria, Germany and the Netherlands. Joint liability would require the development of a joint fiscal policy with centralized implementation and supervision. European societies are most probably too diverse for such an approach. In addition, joint liability may create moral hazard. The incentive for sustainable fiscal policy is reduced. Over time, this would weaken rather than strengthen the European Union.

Germany is nevertheless contributing significantly to the stabilization of the European economies. The solid fiscal position of the country, which is the result of policies that were heavily criticized in the past, today enables Europe's largest economy to act as a big provider of demand. Put differently: if Germany would not be able to stabilize the purchasing power of its citizens and the capacity of its companies to survive the crisis, Europe's prospects after the crisis would be much bleaker.

Surprisingly, the crisis may have some positive effects on the perception of existing economic and political structures by German citizens. In the current crisis, the German government is mobilizing resources for its own citizens, which for years have been funding the state and the social security system with both high taxes and high social security contributions. Today, German citizens see the benefit of previous frugality more positively than before the crisis. Whilst the COVID-19 crisis will take its toll, the long-term effects may not as bleak for Germany as many commentators currently expect.

The pressure to lift restrictions is mounting

Policy-makers in Germany and elsewhere must swiftly find a balance between protecting their societies as well protecting the economy. To place the safeguard of citizens' health above all other considerations is a risky strategy. Without a return to economic activity in the foreseeable future, Germany and other European countries may rapidly be exposed to an increase of severe socio-economic problems that are currently not yet on the horizon. Germany has fared well in the crisis and will have the fiscal capacity to iron out the biggest problems in 2020. It has not been a poster child, but the above average performance of the country hasn't been sheer luck either. If the reduction of production and consumption won't last long, the crisis will have been an event with limited structural effects. However, at the time of writing the long-term effects for European integration continue to be hard to estimate. The crisis may contribute to a further erosion of the support for supranational integration and might be another short-in-the-arm for the renaissance of the European nation state.

Heribert Dieter is a Visiting Professor and Director of Policy Research in the Asia Global Institute, University of Hong Kong.

heribert.dieter@swp-berlin.org

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COVID-19 PANDEMIC SLOWS GLOBAL TRADE AND EXPOSES FLAWS IN NEOLIBERAL TRADE POLICY

Patricia Ranald

Both the World Trade Organisation (WTO) and the United Nations Conference on Trade and Development (UNCTAD) are forecasting dramatic falls inboth global trade and investment, which parallel predicted falls in economic growth resulting from shutdowns and disruptions to global production chains that began in March 2020.

UNCTAD has published a new series of figures on merchandise trade for the 2020 first quarter that show a decrease of 3%compared with the first qurter of 2019, as trade slowed in March, but predict a much larger fall of 27% in the second quarter (UNCTAD 2020d: 22-3) WTO statistics published in April noted that trade was already slowing from January to December 2019, reflecting low growth before the pandemic began. The WTO best case forecast scenario for 2020 predicts that merchandise trade will decline by 13%, and the worst case scenario a decline of 32%. Services trade is more difficult to measure and predict, but the WTO notes that transport, tourism, education and other traded services could be severely affected. The falls in merchandise trade are worse than during the global financial crisis of 2008-09 and could be the worst since the 1930s Depression (WTO 2020: 1-2). The UNCTAD predicts falls of 30 - 40% in foreign direct investment in 2020-21 (UNCTAD 2020a:1).

The pandemic has prompted a more public debate about the flaws in the 'one-size-fits-all' neoliberal trade policy, pursued by successive Australian governments, which aims to achieve not only zero tariffs but also zero other barriers to all trade and investment. This policy demands that each country should specialise in its most cost-competitive exports, import everything else at the lowest possible prices, have no active industry

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policies and minimise government regulation and expenditure. The policy maximises low cost global production chains for corporations, but can result in a race to the bottom rather than improving labour rights and environmental standards. It has left many economies with a narrow manufacturing base, unable to produce essential medical products and with scarce public health resources to deal with the pandemic.

Critics of neoliberal policy point to the limitations of the basic assumptions of early nineteenth century neoclassical comparative advantage theory, most of which do not apply to real world 21st century economies (Dunkley 2004: 18-62; Stanford 2015: 304-11). Historical studies question whether the policy has actually delivered successful economic development, or whether the imposition of strict neoliberal policies on low income countries amounts to 'kicking away the ladder' to economic development (Chang 2002, Stiglitz and Charlton 2005). Studies of contemporary trade agreements criticise their expansion into non-tariff areas of law and policy normally decided through national democratic processes (Stiglitz 2015; Ranald 2015).

Regional trade agreements like the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and numerous bilateral agreements have used this model to maximise lowest-cost production chains for global corporations. They are negotiated in secret and texts are not released until after they are signed (Senate Standing Committee on Foreign Affairs Defence and Trade 2015). There is no independent evaluation of their costs and benefits (Hutchens 2016).

In addition to zero tariffs, these agreements open up most services including health and other essential services to global private investment. All services are included unless specifically excluded, and trade rules treat regulation of services like a tariff, which can only be decreased and not increased in future (Kelsey 2016).

These rules enable private corporate ownership of hospitals, aged care centres and energy companies, leaving the government with less ability to regulate in a crisis. Trade agreements also deregulate levels of foreign investment. When prices fall in economic crises like that caused by the pandemic, many sectors are vulnerable to increased concentrated ownership by global companies.

Despite the rhetoric of free trade, competition and lower prices, these agreements have increased the monopoly rights of global corporations at the expense of consumers. Pharmaceutical companies have successfully lobbied for trade rules that entrench and/or increase their 20-year monopoly on new medicines, delaying the availability of cheaper medicines (Gleeson and Labonté 2020: 39-65).

In recent months the realities of the pandemic have forced the Australian government to act against some aspects of this policy. The government has assisted firms to develop local manufacturing capacity for facemasks and ventilators (Tobin 2020; ABC 2020). The government has directed and funded private hospitals to treat pandemic patients (McCauley 2020). It has also reintroduced some screening of foreign investment by the Foreign Investment Review Board to prevent predatory takeovers by global companies (Crowe 2020).

Both academic and social movement critics of neoliberal policies are arguing for longer term change. Unions and some sections of manufacturing industry are calling for active local industry policies to enable local manufacturing of essential health products (Sas and Exposito 2020; Stanford 2020). Health researchers are calling for publicly funded vaccine development to ensure speedy and affordable access for all. This would bypass monopoly patents enshrined in trade agreements (Mannix 2020; Gleeson and Legge 2020). Over 390 community organisations from 150 countries have called on the WTO to ensure that intellectual property rules in WTO agreements do not prevent access to medicines and medical supplies, especially for low income countries (Civil Society Organisations 2020).

All trade agreements are enforced through government-to government dispute processes. However, global corporations have additional weapons. They have lobbied successfully for specific trade rules that give foreign investors special legal rights to bypass national courts and sue governments in international tribunals for millions of dollars if they can argue that new laws or regulations harm their investment, known as Investor-State Dispute Settlement (ISDS). The tribunals are staffed by practising advocates, not independent judges, and there are no precedents or appeals, leading to inconsistent decisions (French 2014; Kahale 2014).

ISDS has been rejected by the low-income majority of countries in the 164-member WTO, but has featured in bilateral and regional agreements. There are now over 1,000 ISDS cases, many against low income countries (UNCTAD 2020b), with costs awarded against governments amounting to hundreds of millions or even billions of dollars. (Transnational Institute 2017; Tienhaara 2019).

The Philip Morris tobacco company used ISDS to claim billions in compensation from the Australian government for Australia's plain packaging legislation. Defeating this case took a total of seven years, cost the Australian government $12 million in legal costs, and other countries delayed similar regulation pending the result (Ranald 2014; Ranald 2019). There are increasing numbers of ISDS cases against government regulation to reduce carbon emissions and combat climate change (Tienhaara 2018).

ISDS rules could result in cases from global companies claiming compensation for government actions during the pandemic that reduced their profits but were essential to save lives.

Legal firms specialising in ISDS are already advising corporations on possible cases. An international arbitration law firm has told its clients:

> While the future remains uncertain, the response to the COVID-19 pandemic is likely to violate various protections provided in bilateral investment treaties and may bring rise to claims in the future by foreign investors…While States may invoke *force majeure* and a state of necessity to justify their actions, as observed in previous crises that were economic in nature, these defences may not always succeed (Aceris Law 2020).

Legal scholars critical of ISDS have confirmed that after the pandemic governments could face claims for compensation from global corporations. They have called for all governments to withdraw consent from ISDS rules to avoid an avalanche of cases relating to the pandemic (International Institute for Sustainable Development 2020). UNCTAD, the UN body which monitors ISDS cases, has also acknowledged this danger (UNCTAD 2020c: 11-2). Prominent global economists and lawyers led by Jeffrey Sachs have called for a moratorium on ISDS claims relating to government actions during the pandemic (Columbia Centre on Sustainable Investment 2020).

These debates open up the possibility that post-pandemic trade policies could reject both the extremes of neoliberal trade policy and the Trump and Hanson policies of building walls and a return to high tariffs. Such policies could expand trade based on internationalist principles that reject the trap of the US-China trade wars.

Unions, community organisations and human rights advocates are promoting post-pandemic trade policies that could improve peoples' lives. They should enable a diverse manufacturing sector with the capacity to deal with health crises, as well as agriculture, services and other sectors, supported by high quality health, education and other essential services. Trade rules should be negotiated openly and democratically in a system which includes all governments and provides for the specific needs of developing countries.

Trade agreements should not prevent governments from regulating for public health or the environment. They should not strengthen medicine monopolies, nor give additional legal rights like ISDS to global corporations which already have enormous market power. And finally, trade agreements should be based on internationally-agreed and fully enforceable labour rights and environmental standards, to counter the race to the bottom on these standards.

Patricia Ranald is a Research Associate in the Department of Political Economy, University of Sydney, and is Convenor of the Australian Fair Trade and Investment Network (AFTINET).

patricia.ranald@sydney.edu.au

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THE IMPACT OF COVID-19 ON AUSTRALIAN FOREIGN AID TO SOUTHEAST ASIA AND THE PACIFIC

Terence Wood

Australia is not a generous international citizen: less than one cent of every dollar of federal spending is devoted to foreign aid (Development Policy Centre 2019). When Australia's comparative affluence is taken into account Australia is an outlier, miserly even by the standards of the OECD (Wood 2017).

Nevertheless, its size and proximity ensure Australia dominates the aid landscape in the Pacific. In 2017, Australia gave nearly four times as much to the region as New Zealand, the second largest donor, and nearly five times as much as China. Aid matters in the Pacific. The region is home to nine of the world's 15 most aid-dependent countries. In places, the value of aid is equivalent to nearly 50 per cent of all economic activity in some years. Even in less-dependent states like Papua New Guinea, aid often plays an important role in social spending (Lowy Institute 2019). Aid is less important in Southeast Asia, and Australia is less dominant. Even so, aid remains relevant in poorer parts of the region, particularly in times of crisis. In 2017, Australia was still the second largest OECD donor in the Philippines and third largest in Indonesia (Lowy Institute 2019; OECD 2019).

In both Southeast Asia and the Pacific, Australian aid will have an important role to play as the COVID-19 emergency is felt amongst its neighbours. Will Australia be ready to play this role and will it play it well?

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Two issues have plagued Australian aid since 2013: quantity and quality. The Abbott government slashed aid spending. Adjusted for inflation, the government's aid budget has fallen by over 30 per cent since 2013. There was no need for this: Australia's debt problem was never acute, and aid is a trivially small slice of government spending. Needless to say, Australia would be better able to help now if it devoted more effort to giving. But on this front, there is some good news in the sense that Australian aid, particularly to its nearest neighbours, is unlikely to fall further in the short to medium term. The reason for this is simple - China.

Chinese aid is an increasing presence in the Southeast Asia and the Pacific. Chinese aid is far from perfect. Geo-strategy and subsidies to Chinese firms motivate much of China's giving. However, Chinese aid is not the peril it is often made out to be (Dornan and Brant 2014; Rajah *et al.* 2019). This has not prevented alarm bells from ringing in Australian political circles though. There is much that could be said about this, but it does mean Australia will be reluctant to sacrifice the influence its own aid brings. As a result, we are unlikely to see further cuts to Australian aid for the time being, absent a complete domestic economic collapse.

That leaves the issue of aid quality. Aid is sometimes discussed as a single undifferentiated endeavour that can either do no harm or, conversely, do nothing but harm (*eg.* Hughes 2003; Moyo 2010; Sachs 2006). The reality is more complex. When aid is given well, it often helps people in developing countries, when given poorly it fails to help and sometimes even harms. Aid quality varies between donors, and individual donors' aid gets better and worse over time (Birdsall and Kharas 2014). Australian government aid has always been imperfect (for critique from different perspectives, see: Anderson 2008; Hameiri 2009; Hollway *et al.* 2011), yet at its best it has helped. Unfortunately, Australian aid arrives at the current moment confronted by two major impediments to high-quality giving: a lack of Australian expertise and geo-strategy. A further problem, albeit likely only in the medium term, is the issue of so-called structural adjustment programs imposed on developing countries. I address each issue in turn.

In 2013 the Australian Government Aid Agency (AusAID) was fully integrated into the Department of Foreign Affairs and Trade (DFAT). No coherent justification was ever provided for this major policy change but its consequences were quickly felt. Both quantitative and qualitative studies have found aid quality fell with integration (Moore 2019; Wood *et* *al.* 2017). One clear consequence of integration was a fall in aid expertise. Although some experienced aid workers remain, integration has meant more of Australia's aid is managed by career diplomats. Because giving aid well is not easy, it requires specialist skills. Yet, Australian aid is increasingly being managed by people with few of the requisite skills. As the author of one study put it:

> DFAT runs on smart generalists…That is a very valuable skillset…but it's not enough to shape and manage complex programs. It can also be an impediment to assembling and effectively managing the depth of specialist expertise needed to deliver the cutting-edge assistance critical to accelerating development and forging deep relationships (Moore 2019: 2)

This is a general issue, but one that will be felt acutely in the COVID-19 crisis and the complex challenges it brings: working out how to respond in countries like Papua New Guinea and Indonesia, where little accurate information exists about the spread of the epidemic; working with border lockdowns in place; helping countries cope with major economic shocks; trying to anticipate whether conflict may be inflamed by the crisis. Problems like these make for a very difficult aid response. Expertise is no panacea. Some expertise remains in the aid program, but more is needed.

Another consequence of the integration has been a change in the ethos of Australian aid giving. Australian aid has never been entirely altruistic: an element of national interest has always shaped aspects of the aid program's work. But surveys of expert aid stakeholders run before the integration, two years after and again in 2018, reveal a broad consensus that Australian government aid has become much more focused on advancing Australian interests since the aid program was integrated into DFAT (Wood *et al.* 2017; Wood *et al.* 2019). More focus on Australian interests does not mean entirely focused: almost all respondents to recent surveys still thought some aid is focused on helping developing countries. But people felt the focus has become blurred. The most concerning manifestation of the changing ethos of Australian giving has been increased use of aid to pursue geo-strategic goals, which, in recent years, has primarily meant countering China. As noted, concerns with China have halted falling aid volumes, but they have come at a cost to aid quality. Internationally, there is good evidence that geostrategic giving reduces aid's effectiveness in helping people in developing countries (Dijkstra 2018; Dreher *et al.* 2016). Geo-strategic giving may potentially reduce the help Australian aid provides in the difficult circumstances of the COVID-19 response.

The potential risk is, I should emphasise, only a potential risk at this point. To date, China seems to be using its aid to enhance soft power – its public reputation in developing countries. Possibly, Australia's response will follow in kind, and reputations are more readily boosted if aid is given well. Australian policymakers may also simply decide that genuinely helping neighbours in crisis is more important for the Australian interests than contests with China. These are real possibilities, but the entanglement of Australian aid and geo-politics remains a concern.

Finally, there is the question of structural adjustment – aid given on the provision that major policy changes are made by the recipient. Contrary to conventional wisdom, donors often have limited power to change policy in recipient countries. At present, aid is usually too small a share of developing country government revenues to afford donors enough leverage to force major change. The rules are different, however, in a crisis. The relevant crisis in this instance is not likely to be the epidemic itself but rather the economic challenges that will come in its wake. In the Pacific in particular, government debt is quite high in many countries, and likely to grow substantially in a global economic downturn. Most Pacific countries lack the means some larger countries have of enabling sustained borrowing in troubled times. Deficits will likely lead quickly to serious fiscal constraints. Under these circumstances, donor assistance is essential, and donors have considerable power to ask for policy change in return. Some policy change may be unavoidable. But, in the past, aid donors have been prone to policy over-reach, imposing policies that have been pro-cyclical, have led to fire sales of government assets, and have harmed human development (Forster *et al.* 2019; Stiglitz 2002).

Some donors have moved on from the worst excesses of structural adjustment (e.g. World Bank 2017). And even the most hard-line donors are unlikely to push for major structural adjustment during the height of an epidemic. But, in subsequent years of economic turmoil in countries in Southeast Asia and the Pacific, the possibility of unreasonable donor demands is not far-fetched. Structural adjustment has typically been the domain of multilateral lenders, not donors like Australia. However, as an important donor in both regions, Australia will have a voice in policy conditions associated with emergency loans and grants, even when these are made by other donors. Ideally, Australia will push for nuance, compassion, and for an appreciation of the fact that major change needs to come through domestic democratic processes. My experience with the aid program in recent years leads me to think that the aid professionals who still work in it would agree with this. The question will be whether their arguments will hold the day, both with their political masters and in multi-donor discussions.

Australia is not a generous international citizen, yet the foreign aid it gives could play a major role in helping address the impacts of COVID-19. Aid can help fund COVID-19 testing. Aid can provide equipment to keep medical workers safe. Aid can strengthen struggling government health systems. Aid can offer an economic safety-net as people struggle with the economic crisis. Aid can bolster government spending as governments struggle. While this is particularly true in the Pacific, Australian aid will also have a role to play in parts of Southeast Asia. There are reasons for concern that Australia's aid response will be inadequate: depleted expertise, a preoccupation with China, and membership of a community of donors that have not always responded to crises well. There are also reasons why these concerns may be overstated, as I have outlined. The quality of Australian aid will matter in coming years, but quality is not guaranteed. People who want Australian government aid to be both ethical and effective will have to monitor it very closely.

Terence Wood is a Research Fellow in the Development Policy Centre at the Australian National University.

terence.wood@anu.edu.au

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FROM HEALTH CRISIS TO FINANCIAL CRISIS: THE ROLE OF AUSTRALIA'S FINANCIAL SUPPORT IN PREVENTING DEEP CRISES IN ASIA

Adam Triggs

What started as a health crisis has quickly become a financial crisis. COVID-19 has unleashed a surge of financial crises across the developing world. Ecuador and Zambia have been the first to default and Argentina has postponed negotiations with creditors (Wallace 2020). Turkey, Lebanon and Rwanda look increasingly vulnerable and the International Institute of Finance warns South Africa is next (IIF 2020). More than 100 countries have approached the International Monetary Fund (IMF) for help since January 2020 (IMF 2020). If collapses in exchange rates are an indication of who might follow, Brazil, Russia and Mexico are at the top of the list.

Indonesia is on the front line in Asia. The rupiah lost almost 20 per cent of its value from January to April, with Thailand and Malaysia not far behind. South Pacific economies, such as Fiji, are similarly facing difficulties (Sayed-Khaiyum 2020). Emerging economies in Asia face a perfect financial storm, facing the largest capital outflows in history (International Institute of Finance 2020a). Collapsing exchange rates mean foreign debts are increasing in size while the foreign incomes used to finance those debts have collapsed as their exports stall, tourists flee, commodity prices fall and investors scramble. An inadequate global financial safety net means Asian economies are left to fend for themselves (Triggs 2020; IMF 2016; Denbee *et al.* 2016; G20 Eminent Persons Group 2018). Years of reform

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have substantially strengthened Asian financial systems and built significant buffers, but nothing could have prepared them for the scale of the COVID-19 financial shock.

Australia can help, and it has an incentive to do so. This paper explores the incentives Australia faces in helping ensure the financial stability of Asia's emerging economies and outlines practical ways Australia could help deliver it. Australia should extend and expand its network of central bank currency supports in the region, substantially boosting financial stability which, under any realistic scenario, will be costless to the Australian Government. The paper explores other actions Australia can take using its membership in regional and global institutions to support Asia and strengthen Australia's standing in the region.

The perfect financial storm hitting Asia

Emerging economies in Asia face a perfect financial storm of events. First, they have significantly weaker healthcare systems, weaker social safety nets and large informal sectors. This makes the virus spread faster and more difficult to contain. The substantial investments required to bring healthcare systems up to speed impose a significant burden on Government budgets. Weak social safety nets and high rates of poverty make social isolation and social distancing difficult. Large informal sectors mean getting government support to those who need it is a challenge.

Second, many Asian economies have large amounts of foreign debt. Indonesia alone has $410 billion of foreign debt (Bank Indonesia 2020). As COVID-19 sends investors fleeing, these economies have seen their exchange rates depreciate while the safe haven currencies in which their debts are denominated have gone up in value (*e.g.* the US dollar). This has caused the size of these foreign debts to increase substantially, making previously sustainable debts problematic.

Third, the cost of servicing these debts has risen quickly. Interest rates on government debt (10-year government bonds) have increased 25 per cent in Indonesia since the beginning of March 2020 as investors sell these assets (Bloomberg 2020). Governments already facing fiscal pressures from the health crisis must now devote more of their budgets to financing foreign debts.

Fourth, much of this debt needs to be refinanced given it was borrowed short-term. India needs to rollover $150 billion of government debt in 2020 alone (*The Economist* 2020). For Indonesia, it is $44 billion (Bank Indonesia 2020). Emerging economies are seeing the largest capital outflows in history. The International Institute of Finance has warned that a sudden-stop, where an economy is no longer able to borrow internationally, is preventing some countries from refinancing their foreign debts (International Institute of Finance 2020a).

Finally, while these debts and the cost of servicing them are rising, the foreign incomes used to repay these debts and the interest on them is falling. The global drop in trade, commodity prices, oil prices and international tourism has created an unsustainable position for these economies: falling incomes and rising debt (International Institute of Finance 2020b). A circuit breaker is needed.

Why Asia needs help

The financial impacts of COVID-19 are producing a difficult trade-off for Asia's emerging economies. Inflationary constraints and shallower financial systems mean these economies cannot undertake policies like quantitative easing and substantial fiscal expansions to the same extent that advanced economies can (*The Economist* 2020). Instead, they must borrow internationally to finance health systems and strengthen social safety nets to reduce the social and economic cost of the virus. But borrowing internationally raises the risk of financial crises through currency and maturity mismatches. The consequence of this trade-off is too much financial risk and too little fiscal support to fight the virus.

These economies are not to blame. Asian financial systems are managing risk much more effectively than in the 1990s, thanks to decades of reform. Banks are well-capitalised, supervisory frameworks are stronger, exchange rates are more market-determined and better able to absorb shocks (Sterland 2017). Large current account imbalances have narrowed considerably. The absence of high inflation and increased macroeconomic credibility has given Asian economies more monetary and fiscal policy freedom than in previous crises.

Many economies have built large domestic buffers of foreign exchange reserves. These give them the greater capability to finance foreign debts during times of stress. But such reserves are finite. They will only buy these countries time. If the economic dynamics of rising debts and falling incomes do not change, those buffers will be depleted quickly.

No amount of domestic reform or preparedness could have prepared for a financial shock on the scale of COVID-19. Asia's emerging economies will be forced to rely on what is called the global financial safety net — the collection of bilateral, regional and global institutions and mechanisms designed to help countries facing financial crisis and prevent those crises from spreading. But the global financial safety net is inadequate in several ways (Triggs 2020; IMF 2016; Denbee *et al.* 2016; G20 Eminent Persons Group 2018).

At the global level, the safety net consists predominantly of the IMF and the World Bank. But painful memories of the IMF's mishandling of the Asian financial crisis and the negative political and economic stigma of seeking IMF assistance make the IMF a politically impossible proposition for most Asian economies, particularly those involved in the Asian financial crisis, such as Indonesia (Basri 2019). Precautionary lending — where the IMF provides assistance well before a crisis occurs with limited conditions requiring reform — remains relatively small.

At the regional level, regional financing arrangements have been created to provide emergency liquidity assistance to countries within particular regions, such as the European Union's European Stability Mechanism. The Asian equivalent is the Chiang Mai Initiative Multilateralization (CMIM) which has a lending capacity of $240 billion. But the CMIM is untested. It is not yet operational and many question whether it is workable, given the complex, bureaucratic and politically-charged process required to access it (Sterland 2017). The financing available to individual countries is typically small and if countries wish to borrow more than 30 per cent of their available financing they must be on an IMF program — Indonesia, for example, could only access US$7 billion outside of an IMF program. Development banks, like the Asian Development Bank and World Bank, can also offer liquidity programs but many of the programs previously used have been closed (Basri 2019).

At the bilateral level, the United States has created a network of currency swap lines. These allow central banks to swap their currencies for US dollars with the US Federal Reserve. This gives them vital foreign exchange, reassuring markets that they can finance their foreign debts. But the only Asian economies to receive one are those not facing financial difficulties: Australia, New Zealand, South Korea and Singapore.

Countries such as Indonesia have swap lines with other central banks — including Australia, China and Japan — but many central banks, including Australia, do not allow these swap lines to be accessed during a crisis (Triggs 2018). Loans between finance ministries are another option, but historically these are only provided once a crisis has materialised.

It follows that most emerging economies in Asia have few options available to them. They face deteriorating health situations domestically with limited fiscal space, rising debt stocks, increasing interest payments and falling foreign incomes. Their domestic foreign exchange buffers will buy them time, but only a change in these economic dynamics will remove the threat. In the meantime, they are forced to rely on a flawed global financial safety net which offers piecemeal, fragmented support.

Why Australia should help, and what it can do

There are practical things Australia could do to help, and Australia has a strong incentive to provide that help. Prime Minister Morrison remarked in 2018, for example, that 'Indonesia's success is our success' (Morrison 2018). The data supports this view. Two-way trade between Australia and Indonesia is almost $12 billion a year. Indonesians pour almost $7 billion each year into Australia's universities, mining companies and agricultural sector, and maintain another $1 billion worth of investment in Australia (DFAT 2020). It cuts both ways. Australian households and businesses have more than $10 billion invested in Indonesia (DFAT 2020). Australia's prosperity and Indonesia's have grown together.

Australia's interests are not limited to Indonesia. Asia represents two-thirds of Australia's two-way trade, with 12 of Australia's 15 largest trading partners in Asia. The stock of foreign investment in Australia from Japan, China, Singapore and Hong Kong is growing more than a third faster than that from Australia's major traditional investor, the United States (Austrade 2020). This is forecast to continue to increase. ASEAN countries quadrupled their nominal output value over the last two decades. The Asian region will soon account for half of global GDP (Austrade 2020). Indonesia is on-track to be the fourth largest economy in the world by 2050 (PwC 2017). Since trade and investment are more about geography than anything else, the benefits to Australia from Asia's continued rise will be significant. If Asia does badly, the financial and economic costs will reverberate back onto Australia and around the world.

The economic importance of Asia to Australia is matched by its strategic importance. Australia cooperates with Asia on combatting terrorism, regional security, refugee resettlement, cyber security, the digital economy and regional connectivity. Australia's cooperation with East Asia has become increasingly important to managing US-China tensions and reforming global governance and global institutions.

Australia has much at stake in the region and there are practical and relatively costless things Australia can do to help emerging economies in Asia manage the financial impacts of COVID-19. First, Australia should extend and expand its bilateral currency swap lines. With the backing of Treasury and parliament as necessary, the Reserve Bank should change its policy and make it clear that its swap lines with Asian economies are available during a crisis. These swap lines should then be increased in size to reflect the challenges facing the region from this unprecedented crisis.

In any realistic scenario, the risk to Australia from these swap lines is non-existent. The absolute worst-case scenario is the materialisation of credit risk, where one of these Asian economies completely collapses and its currency loses all value. If this happened, the Reserve Bank would be temporarily stuck with a worthless currency and would have temporarily lost the money it provided through the swap. This scenario is both highly improbable and manageable. If the Indonesian economy were to collapse, Australia would have much bigger problems than a write-down on the Reserve Bank's balance sheet. Even if it did occur, it would mean that Australia would be repaid later than expected once the Indonesian economy eventually recovered.

The much more likely scenario is that these swap lines reassure markets that debts will continue to be financed and, consequently, are never used. This has been the historical experience. Investors can create a self-fulfilling prophecy where they fear a default on foreign debt in an emerging economy and withdraw their capital, but by withdrawing their capital they raise borrowing costs and increase the size of the stock of foreign debt through the depreciated exchange rate, potentially triggering the very crisis they were seeking to avoid. Currency swap lines avoid this. They act as a circuit breaker by reassuring investors that the government can continue to service foreign debts.

There is more Australia can do, regionally and globally. Forgiving emerging economies' debt or suspending interest repayments bolsters their financial stability. Australia can use its position in the G20 and APEC to push for more ambitious debt or interest repayment forgiveness than has been delivered thus far. It can use its voting power in institutions like the IMF and regional development banks to push for greater access to precautionary financing facilities and, in the IMF specifically, push for a new issuance of Special Drawing Rights — an international reserve asset composed of the currencies of IMF members which the IMF can issue to countries in need of foreign exchange, provided it has the agreement of its members.

Conclusion

The Asian Century White Paper and the Foreign Policy White Paper are two of many policy processes instigated by the Australian Government which sought to find practical ways to strengthen Australia's engagement in Asia at the lowest possible cost. COVID-19 has provided an opportunity to do exactly that.

Asia faces its most challenging financial circumstances in modern history. Weak healthcare systems are placing unprecedented demands on government budgets, while global macroeconomic forces cause their foreign debts to rise, their foreign sources of income to fall and their interest repayments to increase. An inadequate global financial safety net means most are left to fend for themselves. Years of reforms to strengthen their financial systems and build domestic buffers will buy them time but little else.

Australia can help and it has the incentive to do so. Australia's prosperity will rise and fall with Asia's. Its geographic proximity means Australia will substantially benefit from the growing trade and investment opportunities in the most dynamic region in the world, while its strategic interests continue to deepen. Conversely, the materialisation of financial risks in Asia will reverberate throughout Australian markets, weakening demand for its exports and assets, disrupting the supply of vital imports and financial flows and causing serious threats to its national security.

Extending and expanding Australia's network of bilateral currency swap lines will help stabilise financial systems which, in all plausible scenarios, will impose no cost on Australia. They will provide vital access to foreign exchange, reassuring global markets that these countries can continue to finance their foreign debts. Using its position in the G20, APEC and on the boards of the IMF and development banks, Australia can push for further supports for emerging economies in the region, affirming Australia as a constructive and reliable partner.

It is rare for a country to be able to bolster its foreign policy credentials with little to no cost to its taxpayers. The Australian Government should not let this opportunity pass it by.

Adam Triggs is an economist and the Director of Research at the Asian Bureau of Economic Research at the Crawford School of Public Policy, ANU. He is also a non-resident fellow at the Brookings Institution in the Global Economy and Development program.

adam.triggs@anu.edu.au

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AUSTRALIAN INDUSTRIAL RELATIONS AND COVID-19

Sarah Kaine

To understand the current state of industrial relations in Australia and intuit what the post-COVID-19 industrial landscape might look like it is necessary to briefly revisit the political, labour market and industrial context immediately preceding the crisis. 2019 saw another federal election in which industrial relations loomed large. The union movement bet heavily on defeating the Liberal-National Party Coalition through its campaign to 'Change the rules' that attempted to foment voter concern about the industrial relations regulatory framework. The campaign presented that framework as skewed in favour of employers and targeted insecure work, penalty rates and wage theft as particular issues to be addressed.

However, with Labor's election loss the politics turned, requiring a more defensive posture from the labour movement. Specifically, in late 2019 the conservative government attempted to pass the 'Ensuring Integrity' bill, which, according to the Liberal Party, was aimed at reducing 'unnecessary costs and delays that law-breaking unions can cause' (Liberal Party of Australia n.d). Unions saw it differently, the Australian Council of Trade Unions (ACTU) accusing the Prime Minister Scott Morrison of wanting to 'introduce the most anti-union laws we have seen in a generation' that would give 'big business and their lobbyists power to interfere with how unions run' (ACTU n.d.). The government suffered a surprise loss in the Senate in late November when cross-benchers voted against the Bill and, despite it being reintroduced into the House of Representatives in December 2019, it has not had its second reading in the Senate. The stand-off regarding the Ensuring Integrity Bill is indicative of the antagonism that characterised union/federal government relations heading into 2020.

Kaine, S. (2020)
'Australian Industrial Relations and COVID-19'
Journal of Australian Political Economy
No. 85, pp. 130-7.

The pre-COVID labour market in Australia was, *prima facie*, in good health. Employment was low and had been for a considerable period of time due to the record run of economic growth (Cranston 2019). While the headline unemployment figures were low, the reality of labour market participation was much more complex. Underemployment was a major issue and the perception of insecurity of work (Carney and Stanford 2018) belied the oft-quoted statistic that non-permanent forms of work have remained at the same levels of the last two decades. Such perceptions of insecurity were compounded by record low levels of wages growth in many areas of the economy (Wright and Kaine, forthcoming).

Industrially, a number of issues had come to the fore which provide a rationale for the 2019 'Change the Rules' union campaign. Over the past few years, wage theft[1] had reached seemingly epidemic proportions with almost weekly media exposés that large, successful organisations had been party to underpayments (Kaine and Josserand 2019). The Australian system of collective bargaining (notionally encouraged under the *Fair Work Act 2009*) was widely regarded as having collapsed, with only 12% of private sector workers being covered by an enterprise agreement by 2017 (Pennington 2018) contributing to the wage stagnation noted above. Additionally, new forms of work were emerging through the rise of digital platforms challenging not just the capacity of unions to organise and represent those workers but also the ability of existing businesses to compete. Digital platform service providers have, with few exceptions, insisted that those working for them are not employees and, as such, have skirted the legal obligations faced by other employers.

The impact of COVID-19

The shutdown necessitated by the need to halt the spread of COVID-19 has resulted in a severe contraction of the Australian economy and labour market. By the end of April, the number of people registered for unemployment benefits (called JobSeeker payments) reached 1.3 million, a doubling since December 2019 (Hendriques-Gomes and Karp 2020). Predictions are that there is worse to come, with high unemployment

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[1] Wage theft is taken to include: being underpaid for regular hours, not receiving penalty rates, unpaid working hours or overtime, unpaid trials, internships or training, unpaid superannuation, illegal deductions (CBSI 2020).

expected to continue. Estimates have varied from 9 to 26 per cent (Coates *et.al.* 2020: 12), depending on calculation methods. Whatever the real number, the labour market shock is greater than any felt for decades if not generations. This employment shock and the policy response pursued by the federal government has significant implications for industrial relations.

At an economy-wide level, the government created a scheme for employers called 'JobKeeper'. JobKeeper provided businesses that had been impacted by the coronavirus pandemic with a $750 payment per employee per week (close to the minimum wage but only about 70% of the median wage) (Wright and Kaine *forthcoming*). Employers were required to pass the payment on to employees who fulfilled eligibility requirements that included: at 1 March 2020 the employee was 18 years or older; employed by the business on a full-time or fixed term basis or was a long-term casual; and was an Australian resident (ATO 2020).

Critics have pointed out that the scheme leaves some of the most vulnerable workers unsupported. Specifically, temporary migrant workers (of which there are 1.2 million) do not qualify for financial support (except New Zealanders) through either the JobKeeper or JobSeeker schemes. While the Job Keeper payment is available to the self-employed, there is questionable capacity for many who are classified as 'self-employed' (such as gig workers) to demonstrate the 30% decline in turnover required to access the scheme as many of these workers are engaged by digital platforms rather than having their own administrative systems (Hamilton *et.al.* 2020).

The JobSeeker and JobKeeper schemes represent a massive injection of public funds into the economy and signal the almost unprecedented levels of government intervention in the labour market and economy that have suddenly become politically palatable (even to the conservative side of politics). Surprisingly given the animus described above, the government consulted with the ACTU in the scheme's developmente. The Industrial Relations Minister has suggested the co-operative relationship with the ACTU could be the basis for further negotiations that may take on some characteristics of the Accord between the union movement and the Hawke/Keating governments. This move toward greater consultation was further developed in the Prime Minister's address to the National Press Club on 26 May in which he called for an end to 'tribalism' in industrial relations and shelved the controversial Ensuring Integrity Bill (Macmillan 2020). However, it is difficult to see this developing rapidly or deeply, as business representatives have pushed for major reforms including the further simplification or abolition of industrial Awards (Lewis *et al.* 2020). There has also been deep concern among unions about the government's other temporary reforms to the *Fair Work Act*, particularly the provisions which allow employers to give employees only one day's notice to vote on variations to enterprise agreements. Taking to social media, ACTU secretary, Sally McManus, urged workers to vote no to changes to agreements if they do not have enough time to properly consider the ramifications (McManus 2020a). This does not augur well for ongoing cordial relations between the government and the ACTU.

Given the impact of the COVID-19 pandemic across industries in the economy, there have been calls for the federal government to subsidise industries that have been specifically affected and have national significance. The aviation sector was one of the first to receive a relief package (Karp 2020) but despite this, major airline Virgin Australia, was forced into administration, throwing into doubt the future of 10,000 employees and thousands of other businesses that contract to it (BBC 2020). The spectre of business collapse in vulnerable sectors such as tourism and hospitality creates a climate in which industrial relations becomes a focus for business looking to cut costs. Business lobbyists have been calling for greater labour market flexibilities and industrial relations reform as the way to drive the economic recovery (Lewis *et al.* 2020).

However, the conclusion that industrial relations reform holds the key to the post-COVID economy is questionable. In his assessment of the five current and impending labour market challenges facing Australia (structural change and labour reallocation, employment for young workers, industrial relations reform, long-term unemployment and the refinement of the JobKeeper program) economist Jeff Borland cautions against 'spending time contemplating major changes to the industrial relations (IR) system'. He argues that the 'time spent thinking about IR policy would be much better spent on other policy issues' and that it is unlikely that much has changed since the 2015 finding of the Productivity Commission that labour market flexibility in Australia compares favourably internationally. He concludes by citing the capacity of the IR system to adjust to the mining boom without a major wages outbreak as evidence that the system already allows for sufficient flexibility and that claims to the contrary 'hold little water' (Borland 2020: 5)

While the macro-debates are set to continue, there are signs that individual workers are facing increasing challenges. The Fair Work Commission has seen a surge in unfair dismissal claims, reaching 60% more than the same time last year with a 10% reduction in voluntary settlements (Workplace Express 2020). Not all workers are facing the same challenges. White collar and professional workers are navigating a virtual workplace in which they participate from their own homes often whilst simultaneously supervising children (Sanders 2020). How lower-skilled workers have fared has been dependent on their industry. The hospitality, cultural and tourism industries have been decimated (Borland 2020b) but some retail (think big supermarkets) and food delivery have seen an increase in demand and the health sector has, unsurprisingly, provided consistent work (RBA 2020).

But even those who have kept work have had to deal with COVID-19 related challenges. In the disability support sector unions have made a claim for a $4.94 hourly allowance for disability employees who work with clients in quarantine or self-isolation. The application to vary the Social, Community, Home Care and Disability Services Award 2010 has been supported by some employers (represented by the National Disability Service – NDS) on the condition that the allowance be financed through an increase in government funding to disability services (FWC 2020). In the education sector, social distancing requirements have meant almost overnight transition to online learning across primary, secondary and tertiary education institutions, with attendant industrial concerns such as work intensification and the management of WHS when face-to-face teaching recommences (Duffy 2020).

The widespread shutdown of the economy gave rise to the deeming of some jobs as 'essential' but the definition of essential has been amorphous. The Prime Minister noted that 'it can be essential in a service, whether it's a nurse or a doctor or a schoolteacher, or a public servant […] these are all essential jobs […] People stacking shelves – that is essential.' But he also suggested that the concept of essential expanded beyond occupation or industry, saying that 'People earning money in their family when another member of their family may have lost their job and can no longer earn – that's an essential job' (Dunn 2020).

It has been observed that many of those jobs deemed 'essential' during the COVID 19 have (aside from doctors) traditionally held a less prestigious position in the labour market and that this has become a source of pride to those workers (McManus 2020b). Many of those ‘essential’ industries and occupations are feminised: teaching, nursing, child-care, aged-care and supermarket workers, many of which have arguably been historically undervalued (Kaine 2012; Muller 2019).

Undoubtedly, there are difficulties ahead for economic recovery and all that implies for the workforce and the industrial relations system that frames it. It is likely that many businesses will go under despite high levels of unemployment exerting downward pressure on wages and conditions. Early evidence suggests that many employers are already pursuing pay freezes or cuts and the Fair Work Commission has postponed its annual wage determination, prompting the Reserve Bank to reflect that in the 2009 GFC, the ‘Australian Fair Pay Commission (the predecessor to the FWC) decided to freeze the federal award wage rates, citing a reduction in the ability of employers to offer sufficient work during that period’ (RBA 2020: 83). The wartime atmosphere created by the COVID-19 crisis has provided a space for major policy change and offers both opportunity and peril for Australian industrial relations. One opportunity would be to recognise the importance of those feminised and blue-collar ‘essential’ industries and reflecting that through industrial instruments.

The main danger is that change could be ideologically driven. Influential employer bodies have already begun calling for industrial relations reforms, sensing an opportunity to leverage dire economic circumstances. Thus far, the federal government has largely avoided this trap but, as the immediate crisis passes, it remains to be seen whether the cooperation that has characterised it gives way to more ‘normal’ Australian politics in which industrial relations is highly contested and partisan.

Sarah Kaine is an Associate Professor in the Business School at the University of Technology Sydney.

Sarah.kaine@uts.edu.au

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THE SHOCK DOCTRINE AND INDUSTRIAL RELATIONS

David Peetz, Linda Colley and Rachel Nolan

Crises require swift policy responses, but can provide an opportunity for political leaders to introduce reforms that might otherwise prove unpopular (Colley and Head 2014). They provide an opportunity to advance neoliberal economic policies that could not be progressed through democratic means but where a sweeping crisis provides a pretext to override the expressed wishes of voters (Friedman 1962, cited in Klein 2007). Policy shifts are also possible in democratic contexts, where there is widespread acceptance of a policy problem and a government can provide a compelling alternative (Kingdon 2003; Sabatier 2007). In her book *Shock Doctrine*, Naomi Klein (2007) provides numerous examples, such as Hurricane Katrina in New Orleans, where states' crisis response and recovery plans advanced capitalism and corporate goals at a time when victims were unable to regroup and resist.

Not all crises need lead to outcomes like this. The response of the Malaysian government to the 1997 Asian financial crisis, for example, was to incorporate the peak council representatives of labour into the national decision-making process, through a new national economic planning body — representatives it had previously threatened to jail, from a movement it had previously legislated against (Campbell 2001).

So crises can be critical junctures in reshaping a country's political economy. While the state will frequently serve the interests of capital, it is still an actor in its own right. The interests of political leaders might not always coincide with those of capital. And there may be times when capital, and even the state, sees benefits from accommodation with labour in response to a crisis. So it was that the post-war settlement through most of Western Europe was a mostly Keynesian accommodation.

Peetz, D., L. Colley and R. Nolan (2020)
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This current crisis, then, could have gone either way. The fact that the Australian Council of Trade Unions (ACTU) played a critical role in the introduction of the JobKeeper wage subsidy scheme, and the reported daily interactions between the ACTU secretary and the relevant federal minister (Maley 2020) could have indicated a major realignment between the state and unions, and that the government had come to accept a legitimate role for unions. Similarly, some may have thought that the introduction of JobKeeper, doubling of unemployment benefits and provision of free child care may have signalled a recognition of the legitimacy of Keynesian approaches that repudiated austerity.

From normality to crisis

Certainly, before the COVID-19 crisis, the agenda of the government was supportive of capital and of high-income earners. In 2019, it flattened income tax brackets despite the Productivity Commission finding that 'Australia's progressive tax and highly targeted transfer systems substantially reduce inequality' (Productivity Commission 2018). The year before it had legislated a tax cut for small business but failed to defeat Senate resistance to a parallel change for companies with turnover over $50 million.

Yet, in just 16 days of March 2020, the government escalated its economic stimulus, from a conventional first package focused on cash payments to welfare recipients and tax rebates for business, to a second doubling unemployment benefits, then to a third package of full blown wage subsidies designed in negotiations with (albeit without the full agreement of) the ACTU.

By 1 April, the government had implemented free childcare, a measure the responsible Minister had described as 'communist' eleven months earlier (Price 2019). One could be forgiven for thinking we had entered the back-to-front paradigm Jerry Seinfeld described as 'Bizarro World'. It was also a world in which opinion polls suggested voters endorsed the Prime Minister's approach, though without much change in vote intention (Beaumont 2020).

The doubling of unemployment benefits may seem to be a sign of Keynesian tendencies, but was it? Earlier, the Morrison government had strenuously resisted almost universal calls to increase benefits in the face of manifest inadequacy. It appeared to consider, or at least want others to consider, that recipients were undeserving. So, when pressed by the prospect of many potential Coalition voters directly experiencing their inadequacy, it introduced a ‘temporary’ top-up that was unsustainable (doubling benefits) rather than a more moderate increase that might embed expectations and be more difficult to remove.

The JobKeeper wage subsidy program also had the appearance of a Keynesian stimulus, but its ‘one in, all in’ depiction disguising the fact that over two million people were ineligible. The list of exclusions mirrored long established omissions from policy concerns, such as ‘short term’ casuals and temporary migrants.

Part of the financial support for people came not from the state but from people’s own savings. Australia’s universal superannuation system, established under union pressure, involves employers contributing to individual superannuation accounts that are preserved until retirement. Conservative governments have an antipathy towards this system, particularly towards the non-profit ‘industry’ funds (with unions on boards) that outperform corporate ‘retail funds’ (Hayne 2019). Most attempts to undermine superannuation accounts, other than a housing savings plan (ATO 2020a), met with little success. The pandemic provided opportunity for an early access policy that allowed people experiencing ‘hardship’ to access $20,000 from their superannuation (ATO 2020b). In the first 18 days, more than 1.2 million withdrawals had been made, totalling more than $10 billion. The majority were from younger members with lower balances (Taylor 2020). This early access policy has potentially severe effects on balances and retirement incomes, and on returns for all fund members due to this unexpected run of withdrawals (Pawluk and Nolan 2020).

In mid-April 2020, the Government reduced the notice period to advise employees of a change to a bargained enterprise agreement (Fair Work Commission 2020). Employees now only had a minimum of 24 hours’ notice, before being required to vote on a change, instead of a week. It greatly reduced opportunity for employees to consult their representatives, and stretched union resources. While only intended to be a temporary measure available for 6 months, some of the changes would initially last for the life of the agreement or longer, though this was later scaled back to 12 months in a deal with the One Nation party.

Beyond the crisis peak

In May 2020, between coughs, the Treasurer made clear that amongst the ‘practical solutions to the most significant challenges’ to ‘growing the economy through productivity enhancing reforms’ would be ‘industrial relations reform as a means of increasing our competitiveness’ (Frydenberg 2020). What does this mean as the pandemic enters later phases?

The agenda of capital is to cut awards and protections. The rhetoric used by it in the lead up to, and during, the COVID-19 crisis was about ‘simplification’. Hence the Business Council of Australia, the lobby group for the largest 100 national and multinational firms operating in Australia, urged amidst the pandemic that ‘our workplace relations system must be simpler and our enterprise bargaining system must work better for employers and employees’ (Business Council of Australia 2020). The Australian Mines and Metals Association (AMMA) called for awards and agreements to be temporarily suspended, to remove the ‘complex web of red tape’ (Knott 2020) — a stripped back system being something it has long sought (Australian Mines and Metals Association 2015). ‘Simplifying’ had become code for a ‘one size fits all’ approach to reducing or removing minimum entitlements for workers.

Ironically, the real complexity in the industrial relations system is the convoluted requirements for bargaining and taking industrial action, including the detail of provisions for secret ballots. These contain many tripwires that make it extremely difficult for workers to legally take industrial action and make it easy for employers to intervene to prevent it (Peetz 2020).

Whether the government proceeds with the corporate agenda of cutting minimum wages and conditions, though, is unclear. There are major political dangers, evident in the role that the union campaign against the WorkChoices legislation played in the defeat of the Howard government at the 2007 election (Spies-Butcher and Wilson 2008; Crowe 2007). After its return to government in 2013, the conservative parties avoided legislative reforms that could have reinstated that policy’s ability to cut pay (and was often frustrated by the Senate in other efforts to reduce union influence). Even a Productivity Commission review, widely expected to recommend thorough changes, eschewed radical change (Peetz 2016). The post-2019 composition of the Senate, and the rhetorical opportunities provided by recovery from pandemic, changed the political dynamics, but maybe not by enough.

If directly undermining pay and conditions is politically problematic, attention turns to doing so indirectly — by attacking the institutions that raise pay and conditions: unions and collective bargaining (Forth and Millward 2002; Freeman 2005). Indeed, the Liberal Party appears to be one of the most antagonistic conservative parties in the Western world to trade unionism outside the heartland of capitalism, the USA. For the conservative parties, attacking trade unions means attacking the resource, personnel and historical base of their major political opponent. Moreover, placement of the arbitration system at the centre of public life for so long, and extensive communist involvement in trade unions during the post-war era (Rawson 1978), made attacks on unions more politically legitimate.

The government had tried, and failed, in the lead up to the pandemic to have its 'Ensuring Integrity' (EI) Bill passed by the Senate. Some provisions allowed for union office-holders to be removed. A union's registration could be cancelled for various reasons. It could be reconstituted with an administrator appointed in certain circumstances. It would be much easier for the government of the day to block union amalgamations. There would be opportunities for the government and, in some instances, a single employee, a government-appointed agency or even an employer or industry lobbyist to initiate proceedings. In April 2020, the government confirmed its intention to pursue this bill (Marin-Guzman 2020),.

Soon after, however, the Bill was put on hold while the Prime Minister announced five 'working groups', onto which unions were invited, to 'chart a practical reform agenda – a job-making agenda – for Australia's industrial relations system' (quoted in Remeikis 2020). There was little indication that the unions' agenda — such things as reducing job insecurity or changing the rules regarding the processes for approving and cancelling enterprise agreements, and the types of enterprise agreements that can be passed— would be genuinely on the table. Nor was it easy to see what concessions unions could credibly make, given their ultimate accountability to members, that would overcome government members' urge to ultimately legislate against them.

'Industrial relations reform' primarily affects the distribution of power and income between labour and capital — it increases profits, without increasing productivity or living standards (Borland 2012). It thus serves as a classic example of the application of Klein's shock doctrine, an attempt to revive a previously failed agenda, using the rationale of COVID-19 as justification — in this case, 'the opportunity to work together […] to make the jobs that Australians need' (Remeikis 2020).

Another instance of this approach being applied in a related area concerns superannuation. Built into the schedule for Australia's universal superannuation scheme are gradual increases in employer contributions, from the current 9.5% of salary to 12% in 2025 (the original design of the scheme embodied increases to 15%). There has been ongoing resistance from conservative governments and the corporate sector. In 2014 the Abbott government suspended the legislated increases for 7 years until July 2021, under guise of a budget crisis (ABC 2016), and conservative government parliamentarians and business groups began lobbying for a further suspension as 2021 loomed (Karp 2019). The pandemic crisis saw lobbying begin for abandoning the legislated increases, involving an influential businessman and friend of the conservative government (Shepherd 2020; Pawluk and Taylor 2020), although this faced opposition from former Prime Minister Paul Keating, an architect of the superannuation scheme (Keating 2020).

Assessment

Political realignment or Klein's shock doctrine? This Australian experience seemed increasingly consistent with the latter. A crisis had, in the minds of some at least, turned the politically unachievable into the politically possible, and given the Morrison government cover to progress elements of a neoliberal agenda, for example in superannuation and industrial relations. Australia has been at a critical juncture as it decided which elements are to be retained in the longer term, and whether those against changes can find a voice. The approach to employment during the pandemic may have temporarily suggested a realignment to consensus politics of reasonableness, but a familiar ideology appeared to underpin policy actions and search for innovative means of implementation.

David Peetz is Professor of Employment Relations at Griffith University.

d.peetz@griffith.edu.au

Linda Colley is Associate Professor of HRM/Industrial Relations at Central Queensland University..

l.colley@cqu.edu.au

Rachel Nolan is Executive Chair and Director of the McKell Institute, and Honourary Senior Lecturer in the Department of Philosophy, University of Queensland..

rachel.nolan@mckellinstitute.org.au

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THE IMPACT OF THE COVID-19 VIRUS ON INDUSTRIAL RELATIONS

Ray Markey

The social and economic impact of COVID-19 has extended to industrial relations as a result of major changes to work and the labour market. Immediately after the lockdown began, 15% of the Australian workforce was laid off. Job losses have been unevenly spread, with hospitality experiencing a 33.4% reduction, and arts and recreation services 27% (ABS 2020a). Those aged under 30 lost jobs at a particularly high rate. However, the official unemployment rate understates loss of work, because of the JobKeeper wage subsidy, reduced labour force participation and the restrictive ABS definition of unemployment: actively looking for work and less than one hour's work per week. The Reserve Bank estimates that total hours worked fell by 20%, while Treasury estimated unemployment at close to 15% by late May, 2020 (Black 2020a).

Regulatory change and the parties

Reflecting the severity of the crisis, the federal government has consulted with the ACTU over policies such as JobKeeper, and made approaches to the FWC regarding award variations. Such cooperation is a rare positive development, but is limited. The ACTU sought wider JobKeeper coverage, to include casuals without 12 months of engagement by an employer and non-permanent residents, but was unsuccessful in getting these demands accepted. Other issues have also remained matters of disagreement.

In mid-April 2020, the government reduced by regulation the period of notice required for an employee vote on proposed enterprise agreement variations, from seven days to one. This was to assist employers seeking

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flexibility to manage the crisis, and is limited to 12 months as a result of One Nation's intervention in the Senate. However, the change has attracted union and Labor opposition, with the CFMMEU challenging the regulations in the Federal Court (*Workplace Express* 7 and 14 May 2020). In fact, few employers seem to be using the shorter notice periods to vary enterprise agreements (*Workplace Express* 21 May 2020).

The Fair Work Commission (FWC) has varied over 100 awards to include special unpaid 'pandemic leave' for two weeks and access to annual leave at half pay, initially up until 30 June 2020. Almost 20 awards were excluded in construction, maritime and resource sectors because they have been less affected by the pandemic and are less award-reliant (*Workplace Express* 8 April 2020).

Other award variations concerning reductions to hours, directions to take leave, and flexibility in duties in relation to the lock-down have occurred on an industry basis, often by agreement between the parties. For example, in the automobile industry. the AMWU, SDA and ACTU consented to such award variations sought by employers (*Workplace Express* 15 May 2020).

A similar application to the FWC by the Australian Industry Group (Ai Group) for variations to the Fast Food Industry Award covering 200,000 workers was endorsed by the SDA and ACTU (Brinsden 2020). The SDA's rival, the Retail and Fast Food Workers' Union (RAFFWU) unsuccessfully challenged the application, although the FWC reduced the three months operational period to 10 weeks and increased safeguards requiring genuine employee agreement (*Workplace Express* 14 and 20 May 2020).

The NTEU reached a sectoral agreement to protect jobs and conditions, including for casuals, but which included the possibility of temporary wage cuts and other amended conditions. These would have been scrutinised by a national expert union panel and university joint management-union committees (Markey 2020). However, the NTEU later abandoned a plebiscite of ratification after many employers declined participation and some members opposed the agreement (NTEU 2020).

There are substantial limits to the degree of cooperation. Previously conflictual relations have persisted between Qantas/Jetstar and unions. One of 20,000 Qantas employees stood down successfully challenged the deduction of previous pay from his first JobKeeper instalment in the FWC (*Workplace Express* 25 May 2020). Unions failed in an attempt to protect paid sick leave in stand-downs (*Workplace Express* 18 May 2020). The

Australian Licensed Aircraft Engineers' Association (ALAEA) has also contested stand-downs of its members, claiming that it was a business decision rather than a direct result of the impact of the virus on operations. The ALAEA claims that maintenance work continues with grounded aircraft and that workloads have become unreasonable. Qantas has gained an injunction in the Federal Court to test the jurisdictional grounds for FWC arbitration (*Workplace Express* 15 and 21 May 2020). Plans by Qantas to recommence domestic flights without vacant seating has also been criticised on health safety grounds by the TWU (Lane 2020).

From mid-May 2020, the FWC has heard numerous individual disputes regarding application of award variations for stand-downs, hours reductions and requests to take leave, and unfair dismissal cases have 'surged' (*Workplace Express* 8 and 13 May 2020).

Minimum wage review

Disagreement has also arisen over the annual minimum wage hearing. The FWC has extended its decision from July 1 to July 15, to allow submissions to take account of June 3 national accounts data. However, it has also noted that it may delay an increase under exceptional circumstances, or exempt some sectors.

The ACTU has argued for what it considers to be a modest increase of 4%, noting the importance of a higher minimum wage in bolstering demand, thereby helping economic recovery (*Workplace Express* 18 May 2020).

Government and employers have argued that, given the state of the economy and business weakness, an increase should be minimal or zero. The government has urged the FWC be cautious and 'prioritise' viability of businesses so as not to jeopardise employment, as has the Ai Group. The Australian Chamber of Commerce and Industry (ACCI) has argued that the minimum wage should remain frozen until at least mid 2021 to assist business recovery. It has even suggested a reduction in the minimum wage, citing the 10% reduction awarded on the basis of capacity to pay during the 1930s depression as a precedent (*Workplace Express* 6 May 2020; Brinsden 2020).

The outcome of the minimum wage decision will have a substantial knock-on effect beyond award employees who comprise about a quarter of the workforce (ABS 2018). Wages in many enterprise agreements are tied to minimum wage changes, particularly in the retail sector, where award coverage is high, at 45% (*Workplace Express* 19 May 2020). A reduction or no increase in the minimum wage, therefore, would seriously weaken demand and contribute to a downward spiral in economic activity.

Wages growth has been at record lows in recent years, and the economy has been sluggish. Immediately prior to the COVID-19 crisis, wages growth had fallen behind the inflation rate – to 2.1% in trend terms for the March quarter (ABS 2020b). The Reserve Bank has predicted that wages will grow more slowly as it expects many businesses and employees will negotiate wage freezes and reductions in enterprise agreements during the next 12 months (Reserve Bank 2020).

Post-COVID-19 policy

All parties have expressed a desire to continue a more cooperative relationship during recovery from crisis. ACTU secretary, Sally McManus, emphasised the benefit of engagement with unions and listening to the 'voice of working people' in strengthening government's response to COVID-19. In similar vein, ACCI has suggested expanding FWC powers to mediate disputes over return to work, rather than dealing with them through adverse action claims (*Workplace Express* 21 May 2020).

However, employer groups continue to promote their previous agendas. The Business Council of Australia (BCA) and Ai Group have advocated greater 'flexibility' and simplification of the award system for the economy to successfully rebuild (*Workplace Express* 15 May 2020). David Peetz warns that this is code for shrinking the award safety net, but argues that there is scope for simplification of the enterprise bargaining system to benefit workers (Peetz 2020). Ai Group has also called for tighter legislative definition of 'casual' worker status, after recent court decisions granted leave for long term 'causals' (*Workplace Express* 21 May 2020).

The government's thinking seems close to that of employer groups, including the pursuit of company tax cuts, deregulation, as well as industrial relations reform. However, Michael Keating, former head of the departments of Prime Minister and Cabinet, Finance, and Employment Relations, argues that this represents 'a failed agenda from the past' that will not deliver the increased demand or productivity that are needed – and were needed even before the crisis. He suggests that extra revenue from tax cuts would predominantly be paid to shareholders in share buybacks and increased dividends. Likewise, he contends that industrial relations regulation in Australia is even more flexible than in America, and reforms of the past 25 years have had little substantial impact on productivity, labour market adjustment wages growth or industrial disputation. Overall, industrial relations reform is mainly ‘camouflage for lower wages, which is the last thing this economy needs right now’ (Pascoe 2020).

Jeff Borland has argued similarly, citing the Productivity Commission’s 2015 conclusion that the system performed relatively well in labour market and flexibility terms. He suggests that any reform should focus more on negative distributional effects of the current system likely to be worsened by the crisis, such as the position of casual employees, minimum conditions for gig workers, and wages theft (Borland 2020).

New work practices

The nature of work has changed substantially for many still actively employed. Nowhere is this more evident than in health services, where specialist doctors have re-purposed and nurses and trainees have undertaken intensive training to deal with the virus, particularly for intensive care facilities. The greatest change has been in working from home, with some estimates showing that 30% of the workforce is currently doing so, in Australia and globally (ILO 2020).

This working from home is predominant amongst clerical and professional workers and in some services. Some commentators have suggested that home working will become the ‘new normal’ for many. Teleworking in homes – and in cafes and other public sites – has slowly grown, but it has taken an unanticipated crisis to instigate a major uptake. Recent surveys suggest that up to 40% of employees are likely to work remotely at least some of the time (Black 2020b). The FWC has indicated that it expects home working for many of its own members and staff to become a permanent change (*Workplace Express* 8 May 2020). From an economic history perspective, this constitutes a ‘back to the future’ shift, since working from home was the norm prior to the development of factories and large offices (ILO 2020).

Employers and workers benefit from home-work. Improved productivity is a potential gain derived from the other advantages. Home-work allows regaining of time and costs in commuting to and from work, and reduced congestion of transport systems. This in turn reduces greenhouse gas emissions, from which all benefit. Working from home can allow workers to exercise discretionary control over hours of work. Meetings are likely to be less frequent and shorter. Working from home can also assist child care, which is important if schools and child care centres are closed or there is fear of sending children to them (Doran 2020). Front-line workers in health and community services and retail during the crisis are disproportionately women, likely to have caring responsibilities.

However, working from home may also have negative impacts. It has a long association with exploitation in the clothing industry (ILO 2020). Demarcation between work and leisure is potentially blurred, leading to more extensive hours. Because of our devices, it has already encroached upon down time. Home-work sites may be inadequately structured for effective or healthy working, denying potential productivity gains. Issues of inequality result from varied access to efficient internet or computer hardware, and there is potential for transfer of costs to workers if they are required to provide these work tools themselves. Health and safety issues may arise, and home offices are not subject to workplace regulations or even compensation for injuries. Working from home may also create isolation and mental health problems.

Such issues require adequate management and employer investment in providing adequate equipment for workers at home. The ILO favours government intervention to ensure workers are not disadvantaged by working from home (ILO 2020). Pennington and Stanford (2020) have advocated specific protections for home workers, including the right to reject home working if it does not suit their needs, and an award allowance to cover extra expenses.

A number of other changes to work practices have occurred as a result of COVID-19, with both benefits and drawbacks for workers. International work-related travel has virtually ceased. We are likely to see remote meetings and even conferences continue. Social distancing of other kinds is also likely to remain where possible. The open plan office, which has had many downsides for workers, will be less prevalent.

As re-opening of the economy has begun from mid-May 2020, new demands are emerging. Safety issues will be paramount in the new context. The United Workers' Union has called for mandatory training for all hospitality workers to operate safely in a COVID-19 environment (*Workplace Express* 14 May 2020). Some workers are exposed to greater risk, even beyond the health and care sectors. For example, as schools reopen, surveys of cleaners found that many lacked sufficient equipment such as gloves and disinfectant to perform adequate ‘deep cleaning’ safely (Kelly 2020). Sally McManus, ACTU secretary, has called for strong health and safety laws to maintain safe workplaces (McManus 2020).

The ACTU is seeking paid pandemic leave for 1.6 million health and community services workers reliant on awards to determine their conditions. This would ensure that workers do not turn up to workplaces when sick and potentially spread disease. The ACTU has also lobbied for workers compensation schemes to declare COVID-19 an occupational disease for health workers (*Workplace Express* 16 April 2020).

In New Zealand, Prime Minister Jacinda Adhern has floated the idea of a four-day working week on an enterprise-by-enterprise basis. In Australia, IT and finance seem to be the sectors most likely to go down this path. Digital marketing firm Versa took this step in July 2018, and reports no positive or negative impact on productivity, increased staff morale and a very significant increase in staff retention, saving substantially in training and recruitment costs. Jim Stanford, from the Centre for Future Work, has acknowledged the potential of a four-day week, contributing to COVID-19 safety, with staggered shifts and attendance reducing crowding on public transport and in lifts. However, he also warned that it should not be based on wage reductions (Purcell 2020).

High unemployment and underemployment are likely to persist for some time, particularly in tourism. Unions consequently have been weakened, as the industrial relations parties have been forced to accommodate regulatory change. Some work practice changes have positive implications, but overall workers, employers and governments face major challenges in the medium to long term.

Ray Markey is Emeritus Professor in the Centre for Workforce Futures, Macquarie Business School.

Ray.markey@mq.edu.au

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THE TEMPORARY WELFARE STATE: THE POLITICAL ECONOMY OF JOB KEEPER, JOB SEEKER AND 'SNAP BACK'

Ben Spies-Butcher

The Coalition Government's response to the COVID crisis appears, at least temporarily, to have upended political economic certainties. Having only recently won an election fighting for lowers taxes and less spending, the Government announced the unemployment benefit would (temporarily) be doubled through a new JobSeeker payment. In amidst a renewed attempt to pass anti-union legislation, Coalition Ministers now lined up to praise ACTU Secretary Sally MacManus, who in turn praised the Government for implementing JobKeeper, a version of the union's call for a wage subsidy.

Combined, the two measures form the fiscal centrepiece of the state's COVID-19 response. Together, Australian Governments have implemented a planned shut-down of large sections of the economy, and now plan a gradual reopening.

Surprise at the willingness of a fiscally hawkish Coalition Government to roll out an unprecedented expansion of the welfare state can perhaps be explained by the temporary nature of the crisis and the response. Both measures are specifically designed to end later this year, with legislation imposing an explicit sunset clause, as the economy 'snaps back' to life after the shut-down.

Yet 'snap back' is far from certain. Many of the pressures that forced the Coalition to act will remain beyond the programs' September expiry date. If the pressures that gave rise to the payments remain, might the payments themselves? How long can the state of emergency be maintained before

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temporary policy settings become normalised? Alternatively, how long until the drum beat of debt and deficit install austerity?

Here I discuss three elements of the current situation that potentially open new possibilities for equality. First, the COVID response reveals that alternatives are possible. Second, the need for a health response to COVID centres social need as a political concern. And third, the crisis reveals the macroeconomic risks caused by decades of 'risk shifting' from states and business onto households.

None of this means a more secure welfare net will be made permanent, nor that the same rationale will be extended to preventing future crises, either financial or ecological. Structuring and framing interventions as exceptional signals a strategy for retreat. Reimposing fiscal norms favouring budget surpluses threaten to make deep austerity appear inevitable. Ultimately, the future will be determined by politics. Crises create opportunities, but movements must seize them.

Return of the visible state

Necessity has been central to neoliberal politics. The famous mantra of TINA – There Is No Alternative – framed market restructuring as both inevitable and technical, a 'golden straight jacket', which states wore because the alternatives meant economic demise (Friedman 2000). That has changed. Governments have acted swiftly and decisively to directly intervene in economies. Not only has the state prohibited some forms of economic activity, it has also facilitated the rapid expansion of others. International travel was effectively shut down, mobile health clinics were opened.

There is an important parallel here to wartime. An external threat suddenly changes politics to legitimate overt government direction of the economy. We now see the economy can be reorganised towards a goal determined by politics, rather than by competition within markets. Of course, the goal in responding to COVID has been to prevent the spread of disease rather than defeating a military enemy. In both cases, however, an external, politically determined objective is used to regulate production and consumption. Government action reveals that markets are ill-equipped to produce certain kinds of social outcome, and that economic activity can be reorganised to meet socially determined goals. In other words, there are alternatives.

Some reject the war analogy because wartime economies are designed to push the economy to run hot, not to induce an economic coma. Yet, a key part of both strategies is the same – to supress domestic consumption. In industrial wartime economies domestic consumption competes with war production: in today's service economy domestic consumption aids contagion. Promoting consumption is hard-wired into market competition and is a key source of state legitimacy, while reducing consumption requires choices about what is essential.

Deliberately supressing consumption is thus challenging. It is beyond the scope of 'self-regulating' markets and requires a new source of state legitimacy. The total war effort required at mid-20th century drew on strong forms of solidarity, which were then mobilised by strong socialist parties and unions to build the post-War welfare state. Today, state action is less about solidarity (despite invocations that 'we are all in this together') and more about practical health needs. Even so, the assertion of imperatives other than profit opens opportunities.

Politicising need

Critical theorists and political economists have long argued that politicising needs as rights is central to winning social demands (Johnson 2019). The socialist dictum 'from each according to their ability, to each according to their need' highlights a tension in the organisation of market economies that are both remarkably productive and yet unable to guarantee that basic needs are met. The centrality of need is also demonstrated in the organisation of welfare states. As Esping-Andersen (Adereth 2020) notes, welfare states might reduce inequality in the abstract, but individual social policies are largely designed to protect people from concrete social risks, securing needs from the vagaries of the market.

Needs may be contextual, rather than absolute, but they are directly connected to lived experience. In a health crisis, needs become central to policy making. If governments want people to stay home, then people need to be assured they will be housed and fed. If emergency workers are to continue, they need assurance their children will be cared for. The policies that follow reflected the politics of need.

The most dramatic initial act was to double Newstart by creating a new payment, the 'COVID supplement', equal to Newstart, set to run until September. Welfare to work requirements were suspended and the new payment was extended both to the unemployed and to students (but not to those with disability or the retired).

The supplement reveals that unemployment and students payments are below what most people consider a minimum standard of living. This is tolerated for the unemployed through a form of wedge politics that constructs the unemployed as 'undeserving', and for students through norms that presume students will combine study with paid work (thus the payment tops up that paid income). Both assumptions were unravelled by the crisis, which tossed thousands instantly into unemployment and shut down the industries on which most students (and young people) depend for jobs.

Other assumptions of Australian welfare remained in place. Migrants were systematically excluded. Those on other payments were left largely as they were (reflecting an assumption that recipients were not impacted by the economy's freeze).

The government might have gone further and used the crisis to more thoroughly challenge unjust norms. Instead, much of the stimulus is aimed at propping up Australia's privatised welfare state. Private schools received assistance, public schools and universities did not. Funding for free childcare aided private providers, and private hospitals were saved from collapse not through nationalisation but by bailouts.

Housing demanded a particularly complex response. Almost instantly, State governments started to announce emergency funding for those experiencing homelessness (or at risk of homelessness). Thousands of rough sleepers were suddenly housed, an outcome that seemed impossible only weeks earlier. Dealing with the health crisis required dealing with people's needs, revealing that apparently intractable problems could be addressed through political will.

Private rental housing proved less tractable. Despite a series of meetings and commitments to ensure renters would not be evicted, little concrete action was taken. Tasmania stood out, effectively banning landlords from evicting tenants. But housing has been so thoroughly financialised this proved difficult elsewhere, as the tangle of rents, mortgage repayments, banking liquidity and asset prices left governments feebly requesting landlords and tenants 'negotiate'.

Job seeker and housing policy show governments attempting to prioritise needs. By demonstrating that governments can choose to reduce poverty and homelessness, these actions provide an opportunity to re-politicise need. It is one thing to tolerate poverty, another to consciously engineer it. The history of the welfare state shows, that once established, it is hard to withdraw support (Pierson 1994), to consciously and visibly allow needs to go unmet. When will governments decide to return people to homelessness? Yet the challenges of housing policy also revealed that need alone was not driving the crisis response – so too was macroeconomics, and particularly the market's need for liquidity.

Risking together

A visit to the Australian Treasury's website during the crisis is revealing. Alongside large buttons entitled 'Support for Individuals and Households' and 'Support for Businesses and Employers' is a third, 'Supporting the Flow of Credit'. It is itself curious that the first button is not 'workers' nor 'families', instead reflecting the more clinical categories used in economic and statistical analysis. But the emphasis on maintaining the flow of credit is remarkable.

A defining feature of neoliberal capitalism is a 'great risk shift' from states and corporations onto individuals and households (Hacker 2019; Bryan and Rafferty 2018). The financialisation of the welfare state has been central to shifting risk – through market-based pension funds (superannuation), private health insurance and childcare, and through a capital-gains focused private housing market. Each was designed to replace (or at least minimise) public provision; and each involved large, inequitable tax concessions that erode the tax base.

Individualising risk underpins rising inequality and insecurity. The reorganisation of capitalism around finance has also made risk the engine of profit. Risk is not simply shifted onto the poorest citizens. A quick analysis of household debt reveals richer households owe much more (in absolute terms and proportionate to income) than the poorest. Australia's housing market is premised on very high levels of gearing (debt exposure) to access capital gains.

We tend to associate debt with discipline of those at the margins, but Dick Bryan and Mike Rafferty (2018) argue debt and credit now form the centre of financial capitalism and profit making. The crisis appears to confirm this. Keeping credit flowing as people stay home is one of the biggest challenges of managing COVID. Finance simply can't tolerate stasis.

Households increasingly underpin global systems of credit. Repayments of mortgages, super contributions, insurance premiums and regular payments for phones, energy and water are ideal targets for new models of collateralisation. These household payments are useful precisely because households can be relied upon to keep them going, even in tough times, because their reproduction depends on them.

By managing unstable incomes into stable outgoings, households have become the ‘shock absorbers’ of the monetary system. But there are limits. And if households become unreliable they threaten an important pillar of financial confidence and liquidity. The macroeconomic response to COVID suggests the bureaucracies of global economic institutions recognise this, leading to new forms of monetary and fiscal policy. Central banks have found creative ways to pour liquidity into the system. But governments too have resorted to new social spending to keep the wheels of credit turning.

While the increase to JobSeeker payments partly has reflected the politics of social need, changes to eligibility and work requirements - and the extension of Job Keeper - also reflected the importance of just keeping the money flowing. This follows a global shift from policy-makers to embrace regular cash payments as a form of social policy alongside demands from movements to secure a basic income (Lavinas 2018).

Moves to guarantee payments to households during the COVID crisis reflect the learnings from the GFC. Then, Australia was a world leader providing stimulus payments directly to households. Those payments were based on maintaining aggregate demand, but they also maintained household liquidity, reducing defaults on mortgages and rent arrears, which helped stabilise finance. The repeat of similar kinds of policies signals a new form of macroeconomic crisis management that is now accepted by policy elites globally.

We often focus on the vulnerability of workers, individuals and households that comes with the individualisation of risk. However, the GFC and COVID suggest that the ability of global finance capital to systematically shift risk onto households has constructed those individualised risks as a collective macroeconomic risk to liquidity. Bryan and Rafferty (2018) have noted the same process, arguing for rent and mortgage strikes as the basis of collective action.

The crisis suggests an increasing alignment between the demands of liquidity and equality, with important implications for future politics. The rise of casualisation and private rental, in particular, have been revealed as macroeconomic risks in times of crisis. However, the failures to adequately protect private renters, and to exclude many casual workers from payments, indicate we are yet to move from crisis responses to systemic change.

Planning for retrenchment

One of the biggest challenges the Federal Government faced in responding to the COVID onset was how to successfully manage the short term health crisis without provoking a structural political realignment. The very strategies that have been used to promote profitability – labour market flexibility, financial deregulation, workfare and investor rights – became barriers to effective health responses. How do you put a towel around the Emperor during the crisis without keeping it there when the crisis ends?

The temporary nature of the policy responses is the key to unwinding social protection. Both JobKeeper and JobSeeker require new decisions to keep them going. Even if there is some extension, it is likely to again be temporary. The ballooning public debt will loom large: even if the sums are smaller than elsewhere, at record low interest rates and could disappear entirely through innovative monetary policy.

Australians have been taught over decades to fear public debt - from Hawke's trilogy commitment to Howard's 'budget black hole' and the recent election. Reasserting political limits to state finances is critical to resuming business as normal, and potentially the most important political fight of our lifetimes.

Even so, it will be difficult to simply turn the tap off. Businesses do not operate like finance, where changes in expectations take hold near instantaneously as future implications are quickly factored into present prices. Demand and production in the 'real economy' will return slowly. It will be months, maybe years, before it returns to its past capacity. Until it does there will be little incentive for private investment.

In the meantime, JobKeeper and JobSeeker already prop up the reduced flow of income. Taking them away would act as a significant contractionary intervention, pushing the economy further into recession. Instead of cuts, the economy needs additional stimulus as it awakens, as banks again begin to demand mortgage payments and landlords reimpose rents. The only alternative is deflation, lowering prices to meet what households can afford.

The Government will confront the same dilemma as business - risk a short-term economic slump by withdrawing spending or risk a long-term shift in the balance of power by extending payments, potentially entrenching an expansion of the social safety net. We will likely hear calls to stimulate private business and cut back welfare as these contradictory demands are managed.

Where to now?

Predicting the future is a mugs game, particularly when outcomes are subject to complex economic and political forces. Whatever happens, we have only begun to see the conditions under which the outcomes will be decided – the outcomes themselves are subject to politics.

Rather than predicting, my aim has been to identify opportunities. We have seen that the state does have choices – we should remind people of that. We have seen that as production fell – as we had fewer resources to play with – somehow we could lift thousands out of poverty and homelessness. Yet, as the economy grows and prosperity is restored, so too is poverty.

Contesting austerity will likely rely on some old principles, refashioned to a new context. Focusing of social needs and demanding those needs be met. The current policies create an opportunity to resist a conscious return to poverty benefits and indifference to homelessness.

Longer term, we should name the risks created by casualisation, insecure housing and underfunded essential services, not only to individuals, but collectively and macroeconomically. Given technocrats now acknowledge the state needs to do more, we should build on that foundation and claim the state, not only as provider, but also as collective insurer and risk manager.

Most of all, we should focus on what is tangible. It is tempting to argue on more abstract grounds and debate monetary theory. It appears the economic establishment has already accepted that argument: the next steps are entirely political, and saying governments can print money has yet to prove effective there. Indeed, many of the policies that have damned a generation to insecure work and homes were justified precisely by advocates of ‘generational equity’, who are already calling for more cuts to protect 'future generations' from repaying debt. Reversing the large and inequitable tax cuts already legislated for coming years offer a tangible response.

Instead, our claims should be simple. We have enough homes. We have enough food. We have dedicated care workers, transport workers and retail workers. And we now know we can organise our economy based on these values. Of course, doing so not only requires rhetoric, but organisation. As social isolation brings into relief, that is perhaps the biggest challenge of all.

Ben Spies-Butcher is Head of the Department of Sociology at Macquarie University.
ben.spies-butcher@mq.edu.au

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REBUILDING AFTER COVID-19 WILL NEED A SUSTAINED NATIONAL RECONSTRUCTION PLAN

Alison Pennington and Jim Stanford

The deliberate shutdown of large sections of the economy to stop infection and protect public health has caused an unprecedented economic crisis. This is not a normal cyclical downturn: the kind that starts in one sector, and then spreads via standard economic chain reactions (like reduced incomes, reduced spending, weakened confidence) throughout the economy. This contraction happened much faster – led by synchronised closures in the most vulnerable industries: customer-facing service sectors like retail, hospitality and personal services. It is also much deeper: GDP will likely contract at least 20% compared to pre-pandemic levels, worse even than in the Depression of the 1930s (which took years). And it was deliberate. We *wanted* production and work to stop, to save lives – so the usual antidotes to a downturn (aimed at encouraging consumers and businesses to get out and spend) are hardly applicable.

The unique nature, speed, and depth of this crisis demands an equally unique and powerful policy response. The conventional language and tools of counter-cyclical policy do not reflect the reality of this situation. And traditional notions of 'stimulus' – typically understood as short-term pump-priming to lubricate an economic machine that is otherwise assumed to be in good working order – will have little traction in the post-pandemic economy. Normal private sector channels of growth are too shocked and damaged to lead recovery. With collapsing private incomes and profits, shattered confidence, and profound uncertainty about what comes next, private sector activity will never just 'snap back' (as some pundits fearlessly predict). Consumers will have neither the income nor the confidence to foster a consumer-led rebound. And companies will not

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commit capital to long-term investments when no-one knows whether future waves of infection will put us all back into lockdown. Disruptions in global supply chains, travel and trade patterns will cause sustained damage to many Australian industries (including resources, manufacturing, higher education and tourism).

Remember, private profit-seeking investment is the engine of capitalist growth. After this catastrophe, if left to its own devices, the private sector economy is poised for years of depression.

In short, therefore, we will need much more than a cyclical ‘recovery’: we will need a complete *reconstruction*. And we will need much more than ‘stimulus’ to mobilise economic resources, meet human needs, and get Australia working again. Instead, we need a full-fledged national reconstruction plan. We need a whole new vision for achieving job-creation, incomes, and growth in the aftermath of the pandemic. And, naturally, we will want that reconstruction to address the critical failures of the business-led economy that were painfully evident before the pandemic: underutilisation, precarity, inequality and climate change.

We think there is both an economic and a political opening to fight for and win an ambitious, comprehensive, and sustained plan to reconstruct Australia’s economy and society after the pandemic. After all, in essence we are fighting a war: a war against disease and its effects on our society and economy. Under government’s powerful leadership, we are rightly throwing every possible resource into that war — including invoking direct tools of command and control that fell out of favour during a generation of market-worshipping policy. And like a war, we now need a deliberate plan for post-war reconstruction.

The historical precedent

Indeed, there’s a strong historical precedent for the sort of sustained, economy-wide leadership and planning that Australia will need in the wake of the pandemic. Barely halfway through World War II, the Commonwealth government already began planning for an ambitious, holistic, and progressive post-war reconstruction. Remember, the national economy had been mired in depression for a decade, until Australians were put back to work *en masse* by the war effort. Concern over slipping back into depression was front of mind for the wartime economic planners. They knew that simply waiting for private sector ‘recovery’ would not be acceptable: a national reconstruction plan was needed. That meshed nicely with the Labor government's emphasis on active industrial policy and 'nation-building' infrastructure projects. Meanwhile, grass-roots political and union organising, and a changed global geopolitical context, meant Australian elites worried about potentially radical demands coming forth from a newly-confident working class movement. All of that reinforced the government's willingness to undertake ambitious post-war reconstruction planning.

An interdepartmental committee of Cabinet was formed as early as 1942 to start considering options for a reconstruction plan. A new Department of Post-war Reconstruction was formed at the end of that year, with Ben Chifley (then the Treasurer) appointed as Minister. Nugget Coombs, one of Australia's most legendary public servants, was appointed its Director-General (in addition to his duties at the time overseeing the wartime rationing system). The post-war plan contained several complementary features: building domestic manufacturing (through ambitious development policies like a national car strategy); building national transportation and communications infrastructure; extending the conciliation and arbitration system; expanding public education and welfare programs; coordinated vocational training (including to assist returning soldiers to transition to peacetime employment); and intensive labour market planning (including through a new Commonwealth Employment Service, formed in 1945). Expansionary macroeconomic policies (featuring rising government spending, continued deficits, and accommodative interest rates) underpinned the drive to full employment after the war. The landmark White Paper on Full Employment (also published in 1945) committed the post-war government to creating productive work for everyone.

Australian post-war planning took place alongside similar developments internationally. The U.S.-led Marshall Plan, of course, was motivated by an anti-Soviet geo-political imperative. But its economic vision of massive, sustained, government-funded investments to rebuild industry and capacity in Western Europe was compatible with the general vision of Australia's post-war reconstruction plan. Other countries undertook similar initiatives once the fighting stopped. And Australia played an active role in international efforts (represented ably by Doc Evatt) to promote a full-employment post-war global economic and monetary regime. While the outcome of the Bretton Woods conference and other fora at the time fell short of that goal, the Australian government nevertheless believed that its domestic policies were ratified by parallel international reconstruction efforts.

Of course, Australia's post-war reconstruction was shaped by the class, gender, and racial structures of the time. That experience cannot be held up uncritically as a template for a modern vision of post-COVID-19 reconstruction. But the recognition in 1942, years before the war actually ended, that Australia would need a deliberate, ambitious, and well-resourced plan to transition to a peacetime economy, and that we could not afford to just go back to how things were before the war, provides a striking analogy to the present historical moment. Like then, we need a plan for full-employment economic transition. But this one must acknowledge and address modern priorities and concerns, including:

- An overarching focus on sustainability and decarbonisation to guide industrial policy and infrastructure decisions;
- A commitment to eliminating the pervasive precarity that has so exploited and endangered Australian workers, while preserving worker-centred flexibility in working hours and work patterns;
- Developing new ways of engaging with the global economy, in the wake of shattered supply chains and ad-hoc protectionism, that is fair (including to migrant workers), balanced, and sustainable.

Rebuilding after the pandemic

The war against COVID-19 is far from over. So government must continue organising – and paying for – the urgent immediate responses we need to fight the pandemic and its economic consequences. Priorities should include:

- *Continuing mobilisation of resources to protect health*: including more staff at health facilities, expansion of testing and tracing capacities, home support for people quarantined or recovering, and expanded facilities and equipment where needed (such as in aged care facilities, which proved to be a weak link in Australia's health response).
- *Protecting workers as the economy re-opens.* Bosses will not pay adequate attention to workers' health and safety unless they are forced to. In theory, Australia's robust WHS laws provide

protections for any person undertaking paid productive labour (adopting the much broader classification of 'worker', rather than 'employee'), but real enforcement by state-level regulators is inconsistent, passive, and under-resourced. Bosses will only observe worker health and safety in the pandemic through scrutiny from governments and regulators, and empowered worker advocates and union stewards. The horrific examples of mass contagion among workers in meat processing plants, residential care homes, and Amazon warehouses must spur a revitalised regime of occupational health and safety.

- *Inclusive income protection for all workers*: including for casuals, self-employed, gig-workers, part-timers, and international migrant workers – all of whom have had limited or non-existent access to the government's emergency measures (like the JobKeeper wage subsidy). Permanent paid pandemic leave provisions must be enshrined in the National Employment Standards (as the ACTU is demanding) to support appropriate and safe responses to future outbreaks of this, or other, viruses.
- *Debt relief and business assistance*: emergency financing and public equity injections will be needed to keep firms viable in many industries (including airlines, other transportation, tourism, and hospitality). In strategic industries, emergency aid to companies should be tied to public ownership. Other parts of society also need protection from creditors; foreclosures and evictions should be prohibited, and other personal, student and credit card debts deferred or forgiven.

These immediate measures are crucial, and they will have positive economic effects (just like ramping up production of military production generated jobs and rising incomes through the Second World War). But they cannot prevent a lasting post-COVID-19 depression: at best, they are protecting Australians against some of its worst economic consequences right now. So the government must start preparing and planning now to lead the longer-run reconstruction and reorientation of the economy. Conventional tools of counter-cyclical monetary and fiscal policy cannot possibly address the scale of this crisis.

Instead, direct economic leadership will be required from government. For many years to come, Australia's economy will rely on public service, public investment, public employment and public entrepreneurship as the main drivers of growth. They must lead us in recovering from the immediate downturn, preparing for future health and environmental crises, and addressing the desperate conditions in our communities. The dramatic weakness of private business capital spending in recent years (declining by one-third since the mining boom ended in 2013) was already indicating a growing need for public investment to lead the way. After COVID-19, it is impossible to imagine that private capital spending could somehow lead the reconstruction of a shattered national economy.

What should be the major components of a public-led post-COVID-19 reconstruction plan? There are many priorities for public investments and economic leadership. Any and all of them would create needed jobs, provide essential services, and rebuild our capacity to work, produce and spend:

- *Healthcare services and facilities*: Australia's public health infrastructure has responded courageously to the demands of COVID-19, but the crisis highlights long-standing weaknesses in our health system. We will need to invest tens of billions in repairing and improving health facilities (including services like aged care and community health), training and employing more healthcare workers — and being better prepared for the next pandemic.
- *Transportation:* Airlines and other public transportation providers have been among the hardest hit by the pandemic. They will need injections of public capital and other direct support to recover and rebuild – but tied to maintenance of employment levels, fair treatment for workers and suppliers, and in some cases public ownership.
- *Public infrastructure:* Under-investment in public infrastructure since the 1980s has badly undermined national productivity and quality of life. This is the time to commit to a sustained public investment program, for transportation, energy, utilities, and public facilities. In the 1960s, public investment averaged over 9% of GDP; today it is just 5%. Politicians have announced many projects in recent years with great fanfare, but those photo-ops have not translated into sustained capital injections.
- *Housing:* Property agents are hoping that near-zero interest rates stave off a collapse in over-inflated housing prices, and even rekindle another housing bubble. But the crisis and contradictions

of the private property market are more obvious and dis-equalising than ever. Now is the time to commit to a sustained program of non-market housing construction and provision: creating tens of thousands of jobs, and enhancing housing security for millions.

- *Training:* Millions of Australians will need to find new careers after the pandemic. And young people entering this depressed labour market will be desperate for concrete pathways to work. Australia's vocational education system is in terrible shape after decades of neglect and market experimentation. And universities are now in deep crisis because of the collapse of higher education exports. It's time to reinvent and recapitalise a sensible, integrated post-secondary education system (including a revitalised public TAFE system) that can more effectively meet the needs of new industries for skilled workers and professionals. Again, there is an obvious parallel to the important role played by public training policies in the Post-War Reconstruction plan after the Second World War.
- *Other public services:* All attention is on healthcare services at present, for good reason. But other public services are also in need of investment and expansion: including aged care, early childhood education, disability services and vocational training. As the post-pandemic economy works off an enormous overhang of underutilized labour, expanded public services will be an engine of growth - not just a 'cost' on the government's budget.
- *Energy and climate transitions:* Coalition appointees to the National COVID-19 Coordination Commission (NCCC) are trying to side-track the whole process into a plan to rapidly expand gas energy projects: including fracking, new pipelines, and subsidies to gas-dependent industries. This is illegitimate and short-sighted. It is clear that fossil fuel developments cannot lead national economic growth: global demand is declining, private investors are disinvesting from fossil fuel risks, renewable energy is cheaper, and emissions reduction commitments are pressing. Certain politicians and vested fossil fuel interests will rage at this state of affairs, but they can't change it. The flip-side of this coin is the enormous investment and employment opportunity associated with building our renewable energy systems and

networks. This effort must be led by forceful, consistent government policy, including direct regulation and public investment (not just carbon pricing).

- *Modern sector development strategies:* Active industry policy played a vital role in the post-war reconstruction of the 1950s and 1960s. That policy centred on developing domestic manufacturing capacities. The rationale for active sector-focused strategies is just as strong today. It will take guidance and resources from government to foster a new generation of innovation-intensive, high productivity industries to diversify Australia’s export profile and create good jobs. Applicable targets of these measures are no longer just heavy industry, but include a wide range of strategically important sectors in value-added manufacturing, renewable energy, technology, and tradable services. Without this strategy, the knee-jerk response of business and government to the current crisis will be to redouble efforts to accelerate resource extraction and export, only deepening Australia’s precarious over-reliance on non-renewable resources. We are already seeing this default strategy playing out with the intense but utterly misplaced focus on gas developments as a key engine of post-COVID-19 recovery.
- *A labour regime for inclusive reconstruction and worker representation:* The whole framework of minimum standards and collective bargaining in Australia requires urgent reform to ensure workers share in the benefits of a sustained, ambitious public investment reconstruction strategy. This requires a systematic revitalisation of the industrial relations regime to improve opportunities for collective representation. Some important priorities in modernising and strengthening the labour regime include extension of existing standards (including minimum wages, national employment standards, and collective bargaining systems) to all workers (including those in casual and gig jobs); expanding collective bargaining scope to the sectoral or industry level to lift bargaining power and worker representation in industry-level reconstruction; and a reoriented Awards system providing higher-wage benchmarks to boost wages and entitlements across all industries and occupations.

In short, there's no shortage of urgent rebuilding tasks that our economy and our communities need. The case for mobilizing resources to meet those needs, under the leadership of governments and other public institutions, is compelling. We can put people to work, repair the damage of this crisis (and better prepare for the next one) and deliver essential and valuable services. All we need is a different model of organizing and leading economic activity — and some modern-day equivalents to Nugget Coombs to implement the plan.

Rejecting austerity and debt-phobia

Reactionary politicians are already dusting off standard arguments about the dangers of big government. During the darkest days of the pandemic, no-one called for 'small government' or 'low taxes'. It was brutally evident that society is directly dependent on government's capacity to act for our very survival. However, as the immediate emergency passes, traditional fear-mongering about deficits and debt, red tape and market distortions will get louder. Those arguments should be forcefully rejected.

Yes, deficits will be huge in the coming years. Expect Commonwealth deficits of $150 billion or more this year and next, with more red ink at the State level. Public debt could rise toward 100 percent of GDP within a few years. Indeed, anything less than that would be a sign that government is not doing its job to protect Australians from the pandemic and its aftermath.

Far from worrying about that debt, we should in fact celebrate it. And we should be ready to issue more of it to finance post-pandemic reconstruction — just as occurred after the Second World War. Australia's federal debt equalled 120% of GDP in 1945. Thankfully, the government didn't respond with belt-tightening and austerity when the war was over: if it had, Australia would have been thrown right back into depression. The same will happen now if the advocates of austerity win the coming debates over deficits and debt.

In the context of a shattered economy, public debt is just the flip side of public investment. And the post-COVID-19 reconstruction plan will need lots of it.

With appropriate monetary and financial policies, public debt can be managed without hardship or restraint. Interest rates, already at rock bottom before the crisis, are now close to zero (even for long-term borrowing). Real interest rates are in fact negative — and hence, quite literally, government *saves* money by borrowing, since it pays back less in real terms than it borrowed. The RBA is invoking quantitative easing techniques, to keep interest rates near zero and facilitate massive government borrowing. The line between fiscal and monetary policy has been blurred, and the legitimacy of sacrosanct monetary policy tenets (like inflation-targeting and central bank 'independence') are suddenly in doubt. And, once the dust settles on the immediate crisis, we can develop alternative strategies to manage public debt in the long run, and keep paying for the public investments and services we need: including extending and capitalising other public credit institutions, and reorienting the RBA's focus to full employment (so that it continues to undertake expansionary efforts like its current bond-buying program).

Conclusion: Crisis and opportunity

Our economic, social, and democratic institutions are damaged and fraying after ten long years trying to recover from the last global economic meltdown. Dangerous populist and authoritarian impulses have sprouted from that hardship. Progressives are not yet sufficiently united, confident and focused to turn the tide in our favour.

Great crises are frightening and dangerous. But a crisis can also be an opportunity. The failure of financialized, neoliberal capitalism will be laid bare more clearly than ever in coming months. The private sector will be unable to get the economy back on its feet after this crisis. Australians will be looking elsewhere for economic leadership.

Just as the Second World War 'solved' the depression by mobilising enormous resources to meet a huge threat (global fascism), we now need another, peaceful war: a war on poverty, on disease and on pollution. By organizing ourselves as society to fight that war, we will actually make ourselves better off in the near-term: creating jobs and incomes, providing needed care and services, generating taxes. And, of course, we will all benefit in the long-run by winning those 'wars' against pollution and pandemic.

The capacity of Australians to work, produce and care for each other will survive this pandemic. And our capacity to work, produce and care is the *only* constraint on what we can do after the lockdowns end: not 'money.'

All we need is leadership and purchasing power to put those capacities to full use. Investing in public service, infrastructure and reconstruction will make our economy stronger and more resilient: creating jobs and incomes, providing needed care and services, generating taxes. And building a healthier, safer, sustainable world.

Alison Pennington and Jim Stanford work at The Centre for Future Work, part of The Australia Institute. *They thank, without implication, Andrew Dettmer for very helpful input to this article.*

alison@tai.org

jim@tai.org

HOW LABOUR CAN LEAD THE WAY AND LAND ON ITS FEET

Ronald E. Johnson

As our nation begins to emerge from the restrictions imposed due to the COVID-19 pandemic, Australians are facing the disastrous prospect of unemployment moving towards levels not witnessed since the Great Depression (Bennett 2020; Wright 2020). History shows that during periods of high unemployment, labour unions fare very poorly in their pursuit of wage justice. To avoid the crushing defeats of the 1890's (Hagan 1989) and the 1930's (Louis 1968) and the associated social misery, the Australian labour movement needs to quickly adapt. There is an opportunity for unions to facilitate the creation of decent jobs for their members and lead the way for a fundamental rebalance of the labour market by working to make land more accessible to labour for production.

One way this could be achieved is for unions to encourage Industry Superannuation funds to buy up Australian land, particularly in regional and rural areas, for use, at heavily discounted rates, by union and/or fund members to establish worker-owned co-operative enterprises (Matthews 2017). Industry Superannuation funds directly administer over $750 billion in assets. Around one-quarter of their assets are held in shares in overseas corporations. If a sizeable portion of these overseas investments were re-directed to purchasing Australian land (of various zonings), mutually beneficial arrangements could be entered into to support and grow a network of new worker-owned co-operative enterprises.

These worker-owned co-operatives could focus initially on small-scale primary production (especially food), renewable energy generation, and manufacturing in strategic areas to meet the needs of the domestic population (Green 2014). Importantly, they would be best designed to complement, rather than compete with, existing Australian enterprises.

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In the final analysis, all production is the application of labour to land (George 1883). The successful establishment of such a network of worker-owned co-operatives could aid Australia's economic recovery, provide well-paid jobs for many workers, and help to build strong rural and regional communities. However, even more importantly, it could serve as an educational model to generate support for public policy reform aimed at improving and equalizing opportunities to access land for production and housing.

Since 1996 there has been a seven-fold increase in the total value of Australian (non-mining) land (ABS 2019). This is partly due to an expansion of the overall land in use, but it is primarily underpinned by a massive increase in land prices. As the rate of growth in land prices (in most parts of Australia) has surged far ahead of wages growth (ABS 2020), it has become much more difficult for most people to access land for production or housing. Bank profits have soared (RBA 2020) as increasingly large mortgages have been issued against valuable locations.

In the decade prior to the pandemic, the Australian labour force was already falling into an increasingly precarious position. This is evidenced by factors such as low wages growth, the declining labour share of GDP (Stanford 2018: 18), persistent unemployment and underemployment (Richardson 2019), casualization and a decline in trade union power. There had also been a steady increase in labour productivity, economic growth, and company profits- especially for financial capital (Peetz 2018). The impact of the pandemic has greatly intensified the vulnerability of labour. More than one-third of the Australian workforce now relies on state support through the JobKeeper (3.5 million people) or JobSeeker (1.6 million people) payments. Unfortunately, many businesses and jobs now being buttressed by JobKeeper payments will collapse and disappear when the scheme ends (Hewitt 2020).

Some of the exploitative employer practices that are emerging from the flaws in the JobKeeper scheme (Karp 2020) provide an insight into the type of ill-treatment and suffering that could lay ahead for Australian working people. As our economy re-opens and the JobKeeper and JobSeeker arrangements are wound back, growing pressure will be placed on workers and their unions to accept cuts to pay and conditions in the name of aiding economic recovery (Jericho 2020). The clear challenge for the labour movement is to find ways to bring some fair balance into the labour market.

The ACTU has recently published a report that outlines an 8-point plan for interventions aimed at achieving a target of 2 million additional secure jobs and ensuring Australia successfully recovers from the COVID-19 crisis. The report calls for labour-friendly policies, such as a ‘new Living Wage’ and stronger labour protections (e.g. for ‘gig economy’ workers). It also calls for increased Commonwealth expenditure, including on public services (e.g. health and education) and infrastructure projects. The report points out that:

> As during the Great Depression and immediate post war era the public sector is an opportunity to lead by example in providing direct secure employment, wage increases and shaping the national workforce (ACTU 2020).

The report implies that higher rates of Company Tax could fund these projects as well as an expanded public sector. However, the laudable goals and plans in the report arguably need to be underpinned by a more precise and comprehensive fiscal plan.

Through looking at history, important missed opportunities for fundamental politico-economic reform may be discerned and re-visited. For example, a review of Australian Labour history in the 1880’s and 1890’s reveals a powerful (yet ultimately largely failed) push from organized labour for building a fairer and more prosperous society through adopting a single tax on land values (Picard 1953). There is also merit in analysing the more recent (also unsuccessful) attempts by the Rudd-Gillard Labor Governments to reform the collection of mineral resources rents for public revenue (Collins 2018; Dwyer 2013). Amidst the trouble caused by the pandemic, we can draw inspiration from the vision and courage shown by great labour leaders of the past like Andrew Fisher (Dilley 2013), Jack Mundey (Burgmann 2011) and Clyde Cameron.

Starting out as a roustabout and a shearer, the Hon. Clyde R. Cameron (1913-2008) rose to become arguably Australia’s greatest ever Minister for Labour. After entering parliament in 1949, he served in this role and in other portfolios in the Whitlam Labor Government from 1972-1975. Mr. Cameron had a long and active retirement after he left the federal parliament in 1980, principally working as a labour historian (Guy 1999). It is reasonably well known that hewas a strong critic of the Hawke Labor Government’s privatization of public entities such as the Commonwealth Bank and Qantas (Cameron 1991). Perhaps less known is his love for the philosophy and economic thought of the American political economist, Henry George (Stilwell 2011).

On 27 June 1974, Mr. Cameron wrote to then Treasurer Frank Crean urging him to reintroduce the Commonwealth Land Tax that had been abolished by the Menzies Government in 1953. In that letter he stated:

> Rising land prices have made a much greater inroad into the incomes of the ordinary wage and salary earner than any other single factor.

But he was a lone voice crying out in the political wilderness. His land tax proposal was sent off to be 'studied' by Treasury. For decades, it appeared that nothing more would come of it. Then in 2010 (two years after Mr. Cameron's passing), Treasury, under the leadership of Dr. Ken Henry, produced a comprehensive report outlining the case for an overhaul of the Australian taxation system (Henry 2010). Some of the more substantial recommendations in the Henry Report focused on broadening the base for the collection of land tax, particularly at the State and Territory level as a far more efficient substitute for Stamp Duty. The report explained:

> Land value tax therefore differs from taxes on other productive resources: taxes on labour reduce people's work effort; and taxes on capital can cause the capital to be employed elsewhere (particularly overseas). In contrast, a broad land value tax is borne by landowners and the supply of land is unchanged. Land value tax falls on the owner's 'economic rent'.

In recent years, the Governor of the Reserve Bank, Philip Lowe, has also drawn attention to the damaging impact that rising land prices are having upon the health of the Australian economy, including through exacerbating unequal wealth distribution (Lowe 2015). The idea that taxing land could somehow serve to bring down its price might seem counter-intuitive to some. Taxing capital certainly leads to increased prices. Yet, land is uniquely different to capital, including because it is fixed in supply and exists independent of any application of labour (George, 1879). If intra-marginal unimproved land values were collected for public revenue in lieu of taxes on labour and its products, those owners holding land out of use would be induced to either put the land to productive use or put it on the market for sale (Stilwell 2019: 126, 183-5, 208; Cameron 1984). This would not only free up land supply and bring down or eliminate land prices, it would also boost national productivity.

However, in the cut and thrust of a debate about fiscal reform, it is easy to overlook what Clyde Cameron and Henry George were really striving for. They were pursuing something much deeper than a 'land tax' or a 'single tax' on land values (Giles 2019: 43-5). They were striving to enliven a powerful principle that is a common creed across nearly all religions and that (consciously or unconsciously) underpins many movements for social justice. That principle is that all people are born as equals with an inalienable right to life and liberty. This is the same principle that underpinned the relentless work of William Wilberforce (1759-1833) and his supporters in the great movement for the abolition of chattel slavery in the British colonies (Metaxas 2008: 233). This principle is also a driving force motivating Sally McManus in her dedicated service and resolute leadership as ACTU Secretary (Law 2020).

Land monopoly serves as the lower millstone against which the employers' upper millstone gains the purchase necessary to grind down the wages of labour (George 1883). The type of initiatives outlined in the ACTU report can only be of limited benefit until that lower millstone is cleared away. Indeed, any 'Keynesian' type measures aimed at 'pump priming' the economy will have their effectiveness drained away through the continued private appropriation and capitalisation of land values.

The essence of slavery is the robbery of labour. When people are denied the right to use land on fair terms, they become highly vulnerable to being treated as economic commodities and being robbed of the proper reward for their labour. Despite the widespread abolition of chattel slavery, the International Labour Organization (ILO) estimates that 24.9 million people are in forced labour situations worldwide (Longstreath 2019). These people (and the 3 billion more living in poverty, but not classified as slaves) are either landless or effectively rendered landless through debt. There is a real danger that unless the need for labour to have fair access to land is properly addressed, the COVID-19 pandemic could be a trigger for a further drift toward slavery for many people, including Australians.

The problem of land price eroding wages that was identified by Clyde Cameron half a century ago has become much worse over the past 25 years. Mr. Cameron understood that industrial relations is about power, and that real power is held by those who hold monopoly control over employment opportunities (Cameron 1984). His mother, Adelaide Cameron, had read the works of Henry George to her sons at the family dinner table during his formative years and it stayed with him for life. As Henry George pointed out nearly 140 years ago:

> …in any dispute between capital and labor, capital enjoys the enormous advantage of being better able to wait. Capital wastes when not employed; but labor starves. Where, however, labor could always employ itself, the disadvantage in any conflict would be on the side of

> capital, while that surplus of unemployed labor which enables capital to make such advantageous bargains with labor would not exist (George 1883).

In this context, it is also pertinent to consider the analysis of John Kenneth Galbraith (1972), who wrote:

> It will now be clear what accords power to a factor of production or to those who own or control it. Power goes to the factor which is hardest to obtain or hardest to replace.

The price of land and the returns to owners of valuable land in recent decades have generally significantly outstripped the growth in earnings from utilising industrial capital or expending labour. Of the three factors of production, useful land has arguably become the hardest to obtain. More than any other economic or regulatory problem, it is the price of land that is causing the earnings of labour to be funnelled into the pockets of non-producers or 'rent-collectors'. Not only is this unjust, it causes inefficiencies in production and imbalances in the labour market that drag down our national prosperity.

Our politico-economic structures and arrangements have delivered historically low levels of wages growth and historically high levels of unearned income. This article has proposed a radical shift in the role of the union movement as we emerge from the Coronavirus pandemic. The essential challenge put forward is to open natural opportunities to assist labour to employ itself (through worker-owned co-operatives) and to do so successfully. If pursued effectively, this could lead the way for an incoming Labor Government to free Australian workers from the artificial restrictions and inefficiencies imposed by land monopoly. A political party of labour fit for the 21st Century could eliminate unemployment, drive up wages and turbo-charge the Australian economy through the abolition of all taxes on labour and its products and the collection of land values for public revenue.

Ronald E. Johnson is a casual academic employed in the School of Business, University of Newcastle,. He is also co-editor of 'Good Government'. *He thanks Emeritus Professor George Kent for useful comments on an earlier draft.*

goodgov@bigpond.net.au

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RISING PRESSURES, NEW SCAFFOLDING, UNCERTAIN FUTURES: AUSTRALIA'S SOCIAL POLICY RESPONSE TO THE COVID-19 PANDEMIC

Shaun Wilson

This article speculates about the future of Australia's welfare model given the severe disruption of the COVID-19 pandemic. First, it offers a brief description of the major features of Australia's *political* handling of the welfare state over the past decade or so, with a focus on the Newstart benefit and the tight policing of the benefit system.

Second, it makes the point that the scale of the crisis forced the Coalition to follow other countries in expanding welfare generosity (the new JobSeeker payment) and in providing government support for private employment through wage subsidies (the JobKeeper program). Liberal welfare states have had to do more emergency welfare-state building because their models a badly designed to handle this crisis.

Third, it speculates on whether this disruption and the sudden broader expansion of government and political cooperation provides opportunities for a lasting shift to welfare state policy directions.

I conclude by suggesting that institution-building is unlikely to be long-lasting or not deep enough to provide clear signs of a shift in policy direction. However, the Coalition is likely to face rising and broader resistance to its model of deregulated work and mean welfare even where there a few signs yet of new policy paradigms supported by a progressive majority electoral coalition.

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The policy context of the crisis response

Australia's conservative Government won a third term in May 2019, defying opinion poll predictions of a Labor victory. Had the conservative parties lost the 2019 election, it would have been the first time since the beginning of the two-party system that the political right had lost after just two consecutive terms in office. Prime Minister Morrison gained strong support in a range of marginal electorates with broadly working-class electorates responsive to the Prime Minister's campaign over taxes and the economy, and lost votes in better-off electorates of cities where educational advantage had assisted Malcolm Turnbull in 2016 and where the climate crisis has continued to alarm and mobilise voters (see Long 2019). An electorate like North Queensland's Capricornia, once a Labor stronghold based on the city of Rockhampton, was emblematic of the success of this politics; moving dramatically towards the Morrison Government with its undiminished commitment to coal industry and associated employment. Capricornia now has a 12% LNP margin, added to by a resurgent populist vote to the right of the Coalition. Resistance to the Labor opposition had been bolstered beyond normal media hostilities: a massive advertising campaign was launched by the United Australia Party and its founder, miner Clive Palmer, who claimed after Morrison's victory that his efforts were central to Labor's loss (ABC News 2019).

Post-election, Morrison's social and economic policies continued to lack coherence and central definition but have mostly stayed close to Howard's synthesis of Coalition conservatism and US Republican-style agenda setting and institutional re-organisation. Central is the pursuit of budget surpluses, combined with a near-constant campaign for lower taxes on business and better-off income earners, as well as resistance to even the most cautious and broadly recognised demands for welfare state investment. At the same time, the Coalition is building, often symbolically, its own alternative to welfare state politics—'a tradies' welfare state' involving piecemeal and ever-moving support and investment in jobs-generating infrastructure projects often in controversial mining and energy projects. Morrison's majority was secured with a stronger vote from working class identifying men—similar voters to those who added a crucial Electoral College advantage to President Trump's political coalition in November 2016. Around 34% of self-identifying working-class men identify as Coalition voters, but 42% of this voter cohort voted for the Coalition in May 2019 (author calculations on weighted data; McAllister *et al.* 2019).

The Coalition's social policies made important concessions in the area of subsidised childcare, but have remained committed to reducing welfare dependency, maintaining the status quo for welfare for older Australians, and relying on pro-business settings in low-wage labour markets to absorb social and economic pressures on working class and poor households. Welfare support in the working-age population had been gradually falling as a result of the twin impact of rising employment rates, particularly among women, and the little-explored deterrent of an ever-tougher benefits system that had been paradigmatically re-modelled along US lines. Before the pandemic, this welfare experiment had been moving along three fronts. The old Newstart had been refashioned as a lower cost benefit for supporting people with disabilities and single parents with young children; welfare quarantining initially introduced in the 2007 Northern Territory Intervention with its 'cashless welfare' card was to be further universalised for working-age welfare recipients; and greater policing and surveillance of welfare payments continued to rely on aggressive use of algorithms to extract repayments from vulnerable claimants.

The public, to the extent that welfare reform resonates as an important political issue, has been broadly supportive of the workfare trajectory of policy. But there have been growing signs of wariness and resistance to key reforms. Most spectacularly, the Government has agreed to repay robodebt collections ahead of a July 2020 class action, and over the longer term, it has been confronted with widening concern about the suffering of long-term unemployed workers dependent on Newstart, now called the JobSeeker payment. The low replacement rate of Newstart is a classic case of policy 'drift'—the benefit rate is indexed to the slower-moving Consumer Prices Index and, over two decades, it had deteriorated to the point where it could be singled out as the meanest payment (in terms of net replacement rates) in the OECD. Designed to reduce the relative value of Newstart as an incentive for job seekers to find and keep low-paid work, the policy now contributes to severe scarring and impoverishment of many long-term unemployed Australians (Morris and Wilson 2014).

Public calls for significant improvements in Newstart payments have come from the original architect of the harsher policy, former PM Howard, a business-aligned consulting firm, and the Business Council of Australia as well as traditional allies of social protection—the Welfare Rights Lobby, the Australian Council of Social Service, and the ACTU. As a result, voters have also moved away from decades-long antipathy towards the unemployed. In 2016, voters responding to the Australian Election Study still supported *reduced* expenditure on unemployment benefits by a net margin of 18% (36% for less versus 18% for more). By 2019, that situation had reversed with a net margin of 7% favouring expansion (33% for more versus 26% for less) (McAllister *et al.* 2017; McAllister *et al.* 2019).

For the most part, however, there have been depressingly few signs that Australia will move far from its present approach of tough, low replacement rate welfare with an emphasis on keeping jobs buoyant enough in electorally critical regions of the country to prevent a major increase in poverty or unemployment. But the longer term consequences of this type of *political* management of employment and welfare deficiencies have been continuing to accrue—highly indebted households; a high degree of job insecurity and diffuse awareness of eroding living standards and mobility; and severe under-employment as a permanent feature of regional labour markets as well as for disadvantaged workers and jobseekers Australia-wide (see Marin-Guzman 2019).

COVID-19 welfare scaffolding: JobSeeker and JobKeeper

Unlike parts of Europe, the sudden and dramatic emergence of the COVID-19 pandemic meant that shock absorbers of the welfare state had to be built rapidly to deal with the welfare and employment crisis brought on by engineered lock-downs. Social insurance systems in Europe have been put under immense pressure, but they had mechanisms for high-replacement rate insurance benefits that could act as automatic stabilisers. Still, the imposition of lockdowns, where it happened with concerted force, required completely new mechanisms to keep economies from depression-like consequences of massive labour shedding.

An early, much discussed policy response emerged from the Social-Democrat-led Government in Denmark which agreed with unions and employers to cover 80-90% of the wages of workers facing unemployment to prevent irretrievable and widespread labour shedding (Thompson 2020). This highly inventive but expensive short-term measure has been emulated with important variations throughout Europe and is responsible for limiting large increases in unemployment—for now. The typical remedies for severe recessions, or depressions, were unavailable to welfare states because policymakers had to maintain demand and jobs *without* promoting what is equally typical of stimulus—greater interaction of workers and consumers that also assists viral reproduction. These schemes appear to have achieved what they were designed to do. Unemployment in Europe has risen much more slowly than in the US (Garver 2020), but the real benefit of wage subsidies is likely to be seen long-term with fewer dislocated workers and smaller macro problems adjusting to the realities of the new environment—post COVID-19 or otherwise.

Anglo welfare states designed variously around low-replacement, flat-rate unemployment benefits or time-limited insurance are poorly equipped to handle a sudden crisis such as this one. Not surprisingly, rapid and vast policy work has been necessary. The 'leap' of the wages subsidy idea from Europe to the Anglo world materialised first with New Zealand, the only Anglo country with a social-democratic government at a national level. Soon after, the UK's Conservative Government adopted a similar policy in scope to Denmark's, and Canada's Liberal Government followed with its version shortly thereafter. These successive innovations are dramatic illustrations of policy diffusion; the need for immediate action necessitated much greater risk taking on the part of policymakers.

Both under neoconservative rule, the United States and Australia held back, with PM Morrison suggesting that policy experimentation in a crisis—such as rapid implementation of widespread wages subsidies—was 'dangerous' (Remeikis 2020). Australia's Government had decided to act on the Newstart front, re-naming the payment the 'JobSeeker' benefit and doubling the fortnightly payment to at least AUD 1,115.70 a fortnight (excluding additional benefits)—the first time in a generation that single person unemployment benefit exceeded the poverty threshold (Whiteford 2020). But Centrelink, the administrative 'shopfront' for social security, could barely cope with the queues of unemployed workers or the demand on its technology as the scale of unemployment become obvious.

Expanding the generosity of unemployment benefits (to support demand and a much larger number of unemployed workers) may have had unintended consequences. It sent a signal to employers in affected industries with low-wage or casual and part-time workers that unhesitant labour shedding would be cushioned by a more generous welfare system. Under pressure from an emerging coalition of unions, led by the ACTU, and business associations, particularly the retailers, the federal Government began to consider its own version of wage subsidies, clearly realising that some such approach would be needed to prevent massive labour shedding. As we have seen in the US, the failure to implement a system of wage subsidies to staunch labour shedding has contributed to successive waves of unemployment as the scale of the economic crisis became obvious to employers (Garver 2020).

Because massive unemployment suited none of the established actors in the Australian economy, conditions were good for greater cooperation to design a system of wage subsidies and short-term employment changes. Key features were negotiated between the Industrial Relations Minister and Attorney General, Christian Porter, and ACTU Secretary, Sally McManus. The final version of the scheme had clearly borrowed from the NZ model, which had set a flat rate weekly benefit at NZD 585 for full-time workers, with a concessional rate for part-time employees. Australia's was simpler and more generous set at AUD 750 per week with no concessional payments for eligible casuals or part-time workers, and extended for six months to September 2020—longer than initial arrangements in countries like Denmark and NZ. In practical terms, this approach has boosted, for example, the incomes of women who have maintained part-time employment as ABS data for April/early May 2020 shows (ABS 2020a). But JobKeeper generosity falls below that the pro-rata subsidies in Europe that gave more generous support to higher income workers.

On other hand, the government has claimed its program would cover *all* workers in affected businesses that met the revenue loss thresholds rather than strictly furloughed workers. Initial estimates of the cost of the Australian approach exceeded 10% of GDP (AUD 130 billion) but those estimates have been sharply revised, in part because of errors in projections and in part because the economy has not experienced forecast declines. Still, AUD 70 billion from Australia's Government to support wages is unprecedented and, combined with the improved adequacy of JobSeeker, represents a national stimulus in the areas of job and social protection of at least 10% of GDP. Australia's welfare state, in effect, is probably now the size of a middle-ranking European democracy in pre-crisis times, and the Government is currently subsidising the employment of at least 3 million employees.

The Government's effectiveness has been compromised by the limits of its ideological commitments as well as excessive casualisation in the labour force before COVID-19. Most severely affected have been temporary migrant workers (whose JobKeeper eligibility is limited depending on their employment situations), international students in casual employment (with virtually zero access to social security and who are suffering extreme hardship), and short-term casual workers (for instance, in tourism and arts) who have had to rely on their eligibility for JobSeeker. Access to the latter is limited by the family employment and income status of unemployed workers where JobKeeper is not. Still, the initial increase in official unemployment to 6.2% in April 2020 is better than expected, noting that this moderate increase is a product of falling participation (down over half a million workers) and does not account for severe underemployment (now at 13.7%) or the deliberate, buttressing role of JobKeeper (ABS 2020b).

No doubt, the Coalition's approach has been stretched well past its initial ideological boundaries and instincts—the Government appears to have been motivated by corporate and electoral concern to prevent a wider collapse in the economy. Still, its model both highlighted—and regrettably preserved—already unacceptable stratification present in the labour force. Its resistance to inclusions of marginalised workers that proved ultimately unproblematic in countries as diverse as Germany and New Zealand has mobilised frustrations and left the Government open to accusations of vindictiveness. The situation of universities underlines the Government's resistance to further generosity, leaving a disorganised sector with weak representation in Canberra and heavy reliance on international student income, to make localised cutbacks with long-term impacts on the volume and quality of employment in higher education. Severe problems with casualisation in the sector pass on insecure work to the next generation of higher education workers, with universities joining TAFEs as casualties of a pro-industry and highly patchwork approach to policymaking.

Characterising the Morrison Government's approach

Pandemics, as historian Walter Scheidel (2018) has written, represent one of the 'four horsemen' of the apocalypse, capable of generating, through their violent levelling processes, temporary redistributions of income and the mitigation of inequality. This pandemic's impact on inequality is far from clear, with commentators divided about progressive and regressive potentials. Certainly, the capacity of modern-day welfare institutions to shape the consequences complicates any assessments, short or long term. At their best, medical and social interventions are now able contain the impact of pandemics, reducing their violent impact. Welfare state institutions have been adapted to reduce the social and economic dislocation of the pandemic, with massive fiscal support for the economy via wage subsidies and social security measures. Equally, the force of disease control has swept away some degree of ideological resistance to major intervention, at least outside countries under neopopulist rule (notably Brazil and the US). Australia's neoconservative, pro-business Government has been unable to avoid a major public response, forcing the Coalition to preside over the largest fiscal expansion since World War Two and to seek new forms of cooperation with organised labour and state Governments. A Labor Government would certainly have followed a similar path, with wider support for wage-earners, but one could have anticipated greater right-wing mobilisation against the 'lockdown' and the scale and nature of fiscal support.

Are novel forms of fiscal and policy experimentation likely to alter Australia's welfare state trajectory? Competing forces can be highlighted, with the Coalition no doubt aware of the electorate's mood for cooperation and social protection as well as the need for some retreat from policies that have effectively produced social collapse in America. The need for supportive measures by Government to provide welfare and employment for the Australian community is likely to be long-lasting and extensive, even if the pandemic is resolved according to more optimistic forecasts of successful vaccines and therapies. Still, given the Coalition's rhetorical commitment to budget surpluses, the revenue shortfall would suggest renewed efforts to sell a higher Goods and Services Tax to Australian voters, especially if the Government continues to pursue tax cuts for corporations as central to its jobs-through-business investment narrative.

But significant concessions on policy institutions are also likely. The future of the two central measures deserve further comment. First, the Government may well need to extend some form of the JobKeeper subsidy beyond September, although it may be tempted to revert to large-scale infrastructure announcements that please business and distract electorates from severe weaknesses of a post-JobKeeper labour market. Second, the long-term campaign for an improved unemployment benefit, combined with the government's need to tread warily on unemployment, suggests that some improvement in the JobSeeker benefit rate is more likely than not. Whether it meets the anti-poverty thresholds proposed by Whiteford (2020) is another matter, given that they are estimated to cost AUD 17 billion in increased expenditure. In any case, it is less likely that the Coalition will abandon its right-wing activism in welfare policies; its welfare paternalism, as expressed through tough benefit conditionality and experiments in cashless welfare, is likely to be only temporarily softened. A much stronger advocacy coalition, combined with a clearer paradigmatic challenge to paternalistic policies, will be necessary for any significant shift in policy direction.

Crises, as many say, also bring opportunities for more radical reform that are normally resisted or destructive of political capital. Morrison's instincts will be to use the pandemic as a framework for pursuing a firmly right-wing agenda framed as dealing with the immediate jobs and budget crisis. His Government's limited engagement with unions may yield some degree of productive compromise on industrial relations, but the longer-term path will be a continued emphasis on jobs through aggressive deregulation, a tough and increasingly unresponsive welfare system, and an economy ultimately shaped by the political coordination of business power and profit across Australia's most influential industries.

These predictions are not to suggest the Coalition's political and electoral position is invulnerable. The resurgence of NZ Labour, admittedly the result of a popular leader as well as consensual electoral institutions and a less toxic media environment, will be an encouragement to Australian Labor and also provide important guidance to the possibilities and limits of social-democratic reform to the liberal welfare model. Major welfare state building in Australia will eventually require an electorate willing to vote for a Government that creates industry bargaining with the capacity to reduce insecure employment, public-led job creation, and a welfare system structured around the goals and policy instruments of social investment. These goals remain distant, dependent on navigating Coalition electoral dominance, media and corporate hostility to a reformist Labor Party, and institutions capable of generating imaginative, pragmatic and broadly popular policies that can cradle major reform.

Shaun Wilson is Associate Professor in the Department of Sociology, Macquarie University.

shaun.wilson@mq.edu.au

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LABOUR, NATURE, CAPITALISM AND COVID-19

Natasha Heenan and Anna Sturman

COVID-19 has brought the question of work into sharp focus, at least for a time. In doing so, the problem of climate change seems to have been relegated to the sidelines of political debate. In Australia, the horror of the Summer bushfires, while not forgotten, must be pushed aside to deal with the public health crisis at hand, another all-encompassing rupture in our lives. Like the climate crisis, the implications of COVID-19 stretch far into our future, and the impacts are highly uneven. There are estimates of unemployment reaching double digits by June 2020, the same month our protracted and devastating bushfire season began last year (Westpac, 2020).

In this article, we sketch out the ecological politics of the COVID-19 crisis. Moving from a brief analysis of the present conjuncture, we examine the implications of the crisis for our understanding of socially necessary labour in a post-COVID, climate-changing world. Against nationalist and productivist visions of economic recovery, we argue for a post-COVID-19 politics based on the ecosocialist legacy of the NSW Builders Labourers Federation. Our key contention is that, as we transform the rest of nature through our labour, work and the environment cannot be considered separately. In capitalism, we do this under historical conditions not of our own choosing. A new labour ecology, grounded in an ecosocialist politics, requires collective and democratic control over this production of nature. In order to explore the potential of an ecosocialist future, this paper addresses a question central to the project: what is the purpose of our labour?

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A brief analysis of the present conjuncture

Sweeping changes to the way we live and work wrought by COVID-19 in Australia have magnified the impacts of existing political economic crises and revealed others. What dangers, opportunities and strategic possibilities does this time of stark unveiling present for ecosocialist politics? The dangers are clear. Moves to 're-open' the economy and reinstate regimes of accumulation, perhaps with the addition of government payments to help jump-start flailing demand and secure the liquidity of financial markets, seem inevitable. However, opportunities may lie in the space between this return to business-as-usual and the most obvious cracks in social provisioning revealed by COVID-19. From empty supermarket shelves to eviction notices, the strategic possibilities for an ecosocialist politics now lie in tying the failures of capitalist provision to demands that take us beyond redistribution.

Labour confronts twin crises of socio-ecological reproduction: wage stagnation and the steady decimation of organised labour as overall demand for labour declines; and increasing costs from rentier capitalism, with investment properties and rent being a primary example in the COVID-19 crisis (Benanav 2019). A focus on the contestation of distribution in capitalism, as characterised by class struggle within the neoliberal period, risks ignoring the need to more directly challenge capital on the terrain of production and property relations. COVID-19 has shown that worker-household incomes – the traditional site of redistributive struggle – are increasingly used as income streams to support asset accumulation by the propertied class. This indicates the need to refocus our analyses and demands accordingly.

Moving beyond criticisms of the capitalist labour market that seek only to roll back the worst excesses of neoliberalism, we should instead use this moment to completely reimagine the purpose of our collective labour (Long 2020). This begins with an analysis of the ways in which COVID-19 has exposed the maldistribution of labour in our societies. The response to COVID-19 has been defined by the division of our labour into categories marked 'essential' and 'non-essential'. There is some truth to the designation of 'essential' workers right now; food provision, health care and logistics are just some examples, but we cannot take at face value what is deemed 'essential' within a global pandemic under capitalist social relations of production. The point is not to valorise 'essential' work, it is to contest the determination of what is essential labour, by recognising that what we consider to be 'essential' is always historically contingent.

At present the purpose of all of this labour, essential or otherwise, is to create surplus value, and resulting profit for the capitalist class. Any account of a post-COVID-19 economic recovery must deal with the centrality of the surplus extraction for the capitalist class, and the ways they are compelled to restructure the economy in light of the crisis. This private investment, which seeks as its ultimate aim not the satisfaction of needs or social good, but profit, directs what kind of labour we engage in, the conditions we do it under, and the resulting products.

Ecosocialism and the Builders Labourers Federation

The ecosocialist critique of capitalism links the exploitation of labour and degradation of nature, revealing that they are two sides of the same coin (O'Connor 1998). First, human beings are themselves one part of nature, and therefore our struggles to improve our lives and the conditions of our labour are already ecological in one sense. Second, the labour process involves a transformation of nature, which in capitalism is determined by the imperative to create profit (Smith 1984). This is why Diane Elson (2015) argues that the question of how labour is *determined* in any given society is fundamental for our understanding of value relations. Building on this, Huber (2017) contends that a 'value theory of nature' allows us to see how the particular determination of labour in capitalism results in the degradation of the rest of nature.

At a time when individual responsibility for 'solving' the climate crisis is being internalised by those with the material security to think about such things, COVID-19 has shown this kind of environmentalism to be a farce: it turns out that, rather than the problem being one of uniform overconsumption, many people do not have access to the basic requirements for a secure life. Instead we can look to an 'ecological politics for the working class' based on mass participation in the contestation of the degradation of the conditions of life under capitalism (Huber 2019). Precisely because our labour is determined by production for exchange and private profit, it is often alienating and ecologically destructive. How we build a truly just, ecological society begins with the struggle for democratic control over our labour, so that we can collectively decide the conditions under which we produce and reproduce the world.

In the early 1970s in Sydney, members of the NSW Builders Labourers Federation (BLF), led by the late Jack Mundey, concerned themselves with these questions (Burgmann and Burgmann 1998). Their ‘Green Bans’ remain a world-historic example of the social responsibility of labour, achieved by connecting industrial issues to the experience of everyday life in the city. Construction bans were placed on sites by the builders labourers union, and members refused to work on projects that were deemed socially or ecologically harmful by the community. By demanding a say over the purpose of their labour, the BLF called into question a core part of capitalism itself, rejecting the premise that all investment should be directed by the profit motive. Instead they wanted to build things according to communities' needs (Mundey 1981). Their understanding of labour conditions included the specific alienation that results from performing work that is destructive, rather than socially useful.

Policy makers will draw on historical inspiration to contextualise and justify their visions for a post-COVID-19 recovery. Already there are calls for a Keynesian-style recovery, with a commitment to full employment and government measures aimed at stabilising the economy, harking back to post-war reconstruction (Dawson 2020). Similar proposals for the expansion of ‘green steel’ are aimed at restoring economic growth, creating jobs and increasing Australia’s export revenue (Wood *et al.* 2020). We caution against plans for recovery that rely on nationalism and productivism to rebuild our society, but our primary concern with these plans is the lack of attention paid to the historical specificity and politics of economic and social change. There is a tendency in these accounts, overwhelmingly from policy makers, to favour top down, technocratic changes to the economy with the aim of eliminating sub-optimal outcomes like inequality. In attempting to flip a few switches and run the simulation again, there is a failure to grapple with the internal crisis tendencies of capitalism. By contrast, the example of the Green Bans not only provides an ecosocialist ethic to draw upon but, crucially, a blueprint for social transformation beginning with workplace democracy and community struggles over reproduction that seek to transform our social relations.

It was the concrete actions of the BLF and allied community members that put a stop to the overdevelopment of places like Centennial Park in Sydney. The social purpose of labour defies a narrow economism and gestures toward an expansive vision of human-nature relations that inevitably takes us beyond the workplace to the city, and ultimately to the planet as a whole. In the words of Mundey, ‘what is the use of higher wages alone, if we have to live in cities devoid of parks, denuded of trees, in an atmosphere poisoned by pollution and vibrating with the noise of hundreds of thousands of units of private transport?' (1981: 143). To invoke the spirit of the BLF today calls for a commitment to internationalism, climate justice and militant struggle against the state and capital to democratise our economy. This will not be easy, and we should be aware of the historical circumstances that made the Green Bans possible, as well as what led to their demise (see Burgmann and Burgmann 1998; Ross 2004).

A new labour ecology

We would like to begin charting a course between workerist and anti-work or post-work debates in light of the sheer amount of labour involved in responding both to climate change and now COVID-19. Instead of work that is meaningless and destructive, the future of labour in a warming world can attend to the care and regeneration of people and the planet, repairing our frayed social fabric and the scarred ecologies we are embedded in. Before we can determine what is 'essential' or socially necessary for purposes other than capitalist competition and accumulation, we need social control over our collective labour rather than a new distribution of labour within an existing, predetermined structure (Elson 2015). Competing proposals for a Job Guarantee on the one hand, and a Universal Basic Income on the other, tend to sidestep the question of ownership and control of the means of re/production (Weeks 2011). Both proposals have merits and problems, but the first risks valorising the work ethic and reifying the wage-relation, while the second risks entrenching the primacy of the market. An additional problem with these debates is the privileging of the technocratic policy realm above the material politics of social transformations. Instead we see merit in a 'new labour ecology' that is based on decommodification and democratisation (Bhattacharya 2019).

A new labour ecology is not only about the conditions determining labour but how we direct our collective labour to provide what is necessary for a good life. COVID-19 has reemphasised the fatal weaknesses in delivering access to food, shelter and other basic goods and services via the invisible hand of the market. In volume three of *Capital*, Marx distinguished between the 'realm of necessity' and the 'realm of freedom' to argue that only by satisfying our basic needs through democratic and collective production, could we have access to more time for 'what we will', and therefore true human flourishing (Marx 1991). How do we replace the cold logic of the market with collective provisioning, the commoning of spaces and activities for core social reproduction, and coordinated planning of production, as determined by what is socially necessary?

We have argued elsewhere that the emergent politics of the Green New Deal (GND) offers a chance to articulate and build a world capable of weathering the coming storms (Heenan and Sturman 2020). The GND is predicated on a redirection of labour for a just transition but is open to contestation from competing agendas about what this transition looks like. Because the GND rejects the jobs versus environment trade-off we have been mired in for almost half a century, at its most radical it offers the potential for the ecosocialist vision of the purpose of labour that we have outlined in this paper. The GND also usefully shifts the focus of climate politics away from individual consumption and toward democratic and collective responses to climate change. Finally, it offers an alternative to the environmental movement's ambivalence to a transition to a low carbon economy led by private investment. The potential to democratically determine the purpose of our labour, or to 'rationally regul[ate our] interchange with Nature', connects the BLF and the Green Bans to the politics of the GND today (Marx 1991). An ecosocialist orientation to the crises we face emphasises the class antagonisms baked into the politics of COVID-19 and climate, and therefore the need for a strategy based in class struggle to win a just transition and recovery.

Conclusion

This article has argued for a response to the COVID-19 crisis that centers on relations between struggles over nature and labour in capitalism. We have argued for an ecosocialist perspective that unites these concerns, and for a renewed conversation about the purpose of our collective labour. In doing so, we can view the COVID-19 and climate crises as different terrains in ongoing class struggle for the social control over our own labour and the production of nature. Instead of drawing inspiration from postwar reconstruction, and plans grounded in nationalism and productivism, we have argued that the spirit and action of the Builders Labourers Federation in the 1970s can provide a North Star for social transformation today; beginning at the worksite, in our homes and on the streets, to not only imagine but to build an ecosocialist world.

Natasha Heenan and Anna Sturman are PhD candidates in the department of Political Economy at the University of Sydney. *The authors thank Gareth Bryant for his comments on an earlier version of this paper.*

natasha.heenan@sydney.edu.au

anna.sturman@sydney.edu.au

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'CLOSE THE TAP!': COVID-19 AND THE NEED FOR CONVIVIAL CONSERVATION

Robert Fletcher, Bram Büscher, Kate Massarella and Stasja Koot

When 2020 was declared a 'super year' for biodiversity conservation, no one suspected that a particular form of this biodiversity would proliferate to such an extent as to bring all of the anticipated activity to a screeching halt.[1] With species and ecosystems in dangerous decline the world over (IPBES 2019), there is growing recognition that previous conservation strategies have been largely inadequate to tackle the challenges they face, and hence that something radically different is needed (Kareiva *et al.* 2012; Wuerthner *et al.* 2015).

A series of global meetings to address this deficiency were scheduled to take place throughout 2020. Most centrally, the IUCN's quadrennial World Conservation Congress, slated for June in France,[2] was intended to feed into the 15th Conference of the Parties to the Convention of Biological Diversity to be held in October in China,[3] during which the global biodiversity targets for the next decade would be established (OECD 2019). Concurrently, the 26th COP of the United Nations Framework Convention on Climate Change would meet in November in Scotland to plan for the future of climate change intervention,[4] upon which biodiversity conservation crucially depends (Harvey 2020).

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1 *https://www.unenvironment.org/news-and-stories/news/2020-super-year-nature-and-biodiversity*

2 *https://www.iucncongress2020.org/*

3 *https://www.greengrowthknowledge.org/event/2020-un-biodiversity-conference*

4 *https://unfccc.int/process-and-meetings/conferences/glasgow-climate-change-conference-to-be-postponed*

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Enter COVID-19. These global meetings have all now been postponed, cancelled or pared back due to the pandemic. This means that the future of global biodiversity conservation has been left even more uncertain than before. Yet the crisis has also been framed by some conservationists as an opportunity to emphasize the vital importance of their work in the face of zoonotic diseases such as this. Hence, the question that Adams (2020) posed in a previous commentary – 'how should conservation use the growing crisis that is COVID-19?' – has become increasingly important.

In this article, we outline some of the ways that biodiversity conservation is being affected by COVID-19 and how conservationists are responding to these issues. We focus in particular on the challenge the pandemic has posed to a model of conservation finance heavily reliant on revenue from (eco)tourism. We conclude by suggesting that transforming policy and practice in the direction of convivial conservation (Büscher and Fletcher 2020) might offer a hopeful way through and out of the current crisis.

COVID-19 and conservation

Discussions of the relationship between biodiversity conservation and the COVID-19 pandemic have been multi-faceted and multi-directional. Soon after the infection first spread from China to Europe and beyond, some conservationists began to emphasize the virus's origins in humans' increasing encroachment on natural spaces (Carrington 2020).

Given that the virus was initially believed to have moved from animals to humans in a 'wet market' in Wuhan, conservationists argued that this demonstrated the dangers of trade in wildlife more generally (Wittemyer 2020). After China consequently instituted a temporary ban on this trade, conservationists called for this to become both permanent and global (Bwambale 2020).

Yet others have insisted that such a blanket ban would be devastating for the hundreds of millions of people worldwide who depend on wildlife for survival, and that driving the wildlife trade underground could have additional negative consequences (Challender *et al.* 2020).

Still others have highlighted the links between COVID-19 and the spread of industrial agriculture, deforestation, mining, bioprospecting and other extractive enterprises more generally, pointing out similarities between the current crisis and previous viral outbreaks (*e.g.* Safina 2020).

All of this, various conservationists have warned, signal that 'nature is sending us a message' to reign in our reckless destruction of nonhuman species and spaces (Carrington 2020). This echoes longstanding assertions by deep ecologists that nature is a coherent entity possessing will and intention – as illustrated by the popular 'Gaia hypothesis' championed by James Lovelock (*e.g.* 2000). In some variants of this stance, extreme environmentalists have even labelled humans a 'virus' infecting the rest of the planet (see Brown 2020). Some have indeed warned – even hoped – that nature would eventually 'fight back' against the 'human infection' (*e.g.* Foreman 2014). Such scenarios include predictions that the spread of a zoonotic virus would wipe out humans completely or reduce their numbers to a level capable of re-establishing balance with the rest of the planet's inhabitants (see Bailey 2006).

In terms of material practice, one of COVID-19's main impacts has been to alter humans' physical interaction with wildlife and natural spaces on a massive scale. The enforced or voluntary lockdowns introduced in many societies have led to mass withdrawal from many spaces, including both biodiverse and non-biodiverse areas that have now largely been left to nonhuman species.[5] The result has been a widely documented proliferation of wildlife in rural as well as urban areas.[6]

Considering this, one might argue that COVID-19 has forced the world into something akin to the 'half earth' scenario championed by celebrity biologist E.O. Wilson (2016) and others (see *e.g.* Wuerthner *et al.* 2015). These conservationists assert that at least half the planet must be reserved for protected areas occupied primarily by 'self-willed nature'. Most humans should then be consolidated within the other half, from which they can witness wildlife through web cams[7] and other remote technologies. This has indeed now been actively promoted by the tourism industry under COVID-19, along with other creative innovations including online safaris[8] and virtual bushwalks.[9] In a certain sense, then, this half earth imaginary

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5 *https://dailyhive.com/mapped/yosemite-national-park-animals-video*

6 *http://www.rfi.fr/en/international/20200330-wild-animals-wander-through-deserted-cities-under-COVID-19-lockdown-ducks-paris-puma-santiago-civet-kerala*

7 *https://explore.org/livecams/african-wildlife/tembe-elephant-park*

8 *https://vimeo.com/404591533/457d79b64f*

9 *https://vimeo.com/410654608/c90b7283aa*

comes close to how large portions of the world have been *de facto* reorganized under the global lockdown.

On the other hand, in some places with less stringent restrictions, people have been flocking to conservation areas, as well as to nearby rural communities, as a potential refuge from the virus and to escape the drudgery of home-bound lockdowns (McGivney 2020; Petersen 2020). In a variant of this trend, some indigenous groups, in Brazil, Canada and elsewhere, are also retreating to remote areas to protect themselves from infection and access alternate food supplies (Fellet 2020; Morin 2020). And for the very wealthy, there are now even 'corona-virus free private safaris' in East Africa[10] – demonstrating the fact that far from being an 'equalizer' signalling that 'we are all in this together', COVID-19 has had highly uneven impacts that build on long-standing patterns of injustice within the global economic order (Timothy 2020; Carr 2020).

Ecotourism under global lockdown

Among the pandemic's most significant effects has been its impact on the global tourism industry – an important source of conservation financing in many places. In some situations, this is affecting wildlife directly. For instance, animals inhabiting conservation areas who have come to depend on tourists for food have been threatened by the sudden withdrawal of this sustenance (Roth 2020). Fears that endangered mountain gorillas might contract the virus from human visitors, meanwhile, has resulted in a suspension of highly lucrative tourism activities in Sub-Saharan Africa.[11]

Yet, the main consequence of COVID-19's tourism impacts concerns the conservation activities to which tourism is connected. The United Nations World Tourism Organization (UNWTO) estimates that global visitations in 2020 may drop 60-80% due to the crisis, resulting in losses of hundreds of billions of euros to tourism operators and workers worldwide.[12] This has provoked widespread concern that loss of revenue from tourist visitation may endanger conservation programming in many places, as

10 *https://greatmigrationcamps.com/coronavirus-free-safari/*

11 *https://www.unenvironment.org/news-and-stories/story/virus-which-causes-COVID-19-threatens-great-ape-conservation*

12 *https://www.unwto.org/news/COVID-19-international-tourist-numbers-could-fall-60-80-in-2020*

over the past decade ecotourism has become one of the main sources of revenue for conservation as well as one of the main strategies to enrol local people within it.

This latter dynamic is based on what Martha Honey (2008: 14) calls the 'stakeholder theory', asserting that 'people will protect what they receive value from'. This is one manifestation of an increasingly popular strategy for championing conservation more generally, consistent with paradigmatically neoliberal understandings of human reasoning and motivation, which aims to offer economic incentives sufficient to make conservation more lucrative than other more destructive land use options (Fletcher 2010).

This stakeholder strategy has always been a dangerous gamble, since basing conservation support on such 'extrinsic' motivation (rather than an 'intrinsic' sense of care for biodiversity) could obviate this support were the revenue fuelling this motivation to disappear (Serhadli 2020). And, considering the instability of the tourism industry due to its dependence on an inherently volatile global economy, it was never really a question *if* this would happen, but *when*. As Dickson Kaelo, CEO of the Kenya Wildlife Conservancies Association, thus worries:

> Members of these communities may lose faith in wildlife conservation if there is no money forthcoming. In addition, people who live around these wildlife havens and looked forward to selling artefacts to tourists may resort to other income-generating activities such as farming, fuelling the never-ending human-wildlife conflicts as animals invade and destroy their new farms (cited in Greenfield 2020).

This is precisely what seems to be occurring right now, with instances of poaching and encroachment on the rise within many conservation spaces worldwide (Greenfield 2020).

Yet is this ostensive connection really so clear-cut? Some question the assertion that conservation depends so heavily on tourism revenue, pointing out that implicit in this stance is the assumption that (usually foreign) tourists and conservationists are the main actors valuing and nurturing biodiversity. Kenyan conservationist Mordecai Ogada thus asserts, 'Let's not pretend at any point that tourists are the ones that look after our wildlife. Our wildlife is looked after by our people, our wildlife rangers, and those mandated by government to care for them.'[13]

What next?

Given all of this, what is likely to happen now? There is much uncertainty at the moment and different possibilities exist. In the short term, it is probable that forms of coercive conservation enforcement will intensify – as they already have in certain places – as 'softer' options dry up. Yet others assert that the precarity of ecotourism finance exposed by the COVID-19 crisis signals the need for a deeper rethinking of how conservation is funded more generally (Greenfield 2020; Robinson 2020). This is compounded by acknowledgment that even before the current crisis global conservation efforts already experienced a substantial financial shortfall estimated at 200-300 billion euros per annum (Credit Suisse and McKinsey 2016).

Thus Johan Robinson, Chief of the Global Environment Facility (GEF) Biodiversity and Land Degradation Unit at the UN Environment Programme (UNEP), contends, 'If the international community is serious about conserving biodiversity as part of a just and sustainable world, we must get serious about funding conservation' (Robinson 2020). To achieve this, Robinson calls for development of 'a new class of financial asset, ripe for sustainable investment. Success would depend on investments that simultaneously reinforce the impact of conservation; providing capital preservation and/or returns on investments and generating cashflows through sustainable use of nature by local communities.'

Creation of a financial asset class for conservation been a widespread aspiration of many for some time now. Several years ago, for instance, Credit Suisse and McKinsey (2016) advanced a similar call in a widely circulated report entitled *Conservation Finance From Niche to Mainstream: The Building of an Institutional Asset Class*. This report asserted that:

> few conservation projects today are big enough to be structured as marketable standalone investment products. Thus, aggregating distinct but complementary projects with potentially different structures is

13 *https://www.theelephant.info/videos/2020/04/20/dr-mordecai-ogada-conservation-in-the-age-of-coronavirus/#.Xp29Aznzfw0.facebook*

> required. These aggregators need to be able to bundle a diverse set of cash flows…and mold them into a single investment product (Credit Suisse and McKinsey 2016: 13).

Subsequently, this report helped to inspire creation of a Coalition for Private Investment in Conservation, organized by IUCN and including Credit Suisse as well as bankers JP Morgan Chase along with UNEP, GEF, Conservation International and the World Bank, among many others, to put this plan into action.[14]

Yet realization of this ambitious vision has remained elusive. Dempsey and Suarez (2016: 654) demonstrate that efforts to tap economic markets for conservation finance globally to date have fallen far short of intended aims, producing only 'slivers of slivers of slivers' of envisioned funding. Meanwhile, global programmes like payment for ecosystem services (PES) and the reduced emissions from avoided deforestation and forest degradation (REDD+) mechanism have largely morphed from their original design as 'market-based instruments' (MBIs) for conservation finance into dependence on state-based taxation and other forms of redistributive funding (Fletcher *et al.* 2016; Fletcher and Büscher 2017).

There is little to suggest that this situation will reverse in the future. On the contrary, there are serious questions whether it is possible for MBIs to ever achieve their aim to reconcile conservation and sustainable local livelihoods with profitable return on investment at significant scale (Fletcher *et al.* 2016). Indeed, it is apparent that most MBIs paradoxically depend on expansion of destructive extractive industries and financial institutions as the basis of their economic model (Fletcher *et al.* 2016).

Rather than presenting opportunities for increased conservation finance through market expansion, the current crisis will likely intensify pressures on already vulnerable conservation areas as governments and capitalists look to previously restricted natural resources as new sources of accumulation. The global economy is already in deep recession and will likely sink further in the months to come (Elliot 2020). After the 2008 recession, capitalists turned to intensified resource extraction to recapture lost growth (Arsel *et al.* 2016), at great expense to ongoing conservation efforts. It is likely that this same pattern will be repeated now too. At the same time, the growing recession will certainly further impoverish countless residents of rural communities close to biodiversity hotspots

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14 *http://cpicfinance.com/*

(Elliot 2020) who may be forced to turn to exploitation of conserved resources if other survival options dry up.

Closing the tap: Towards convivial conservation

All of this suggests the need for a more profound rethinking of conservation finance than Robinson and others propose. As Serhadli (2020) asserts:

> If we promote conditions where local people are completely dependent on external market forces, and the motivation behind conservation is money-based, then conservation will always be dependent on a stable global economy, which is highly uncertain as we are witnessing right now.[15]

Rather than doubling down on efforts to fund conservation through financial markets that have proven quite miserly thus far, we may instead need to double-step in the opposite direction. That is, we may need to 'begin taking the market out of conservation altogether' and 'instead experiment with providing subsidies (state supported or otherwise) to resource-dependent communities based on direct taxation of extractive activities of the type that are already in some cases covertly supplied through MBIs' (Fletcher *et al.* 2016: 675).

But even this is merely a first step towards the much more radical change that is ultimately needed. Conservation will always be a rear-guard battle if done within a fundamentally unsustainable global economy. Bluntly stated, it is like frantically mopping the floor with the taps wide open. The real solution is simple: to close the tap.

A different economic system is needed to facilitate another form of conservation. One that allows humans and nonhumans to live side-by-side in meaningful coexistence rather than shallow commodified encounter. One that does not aim to control nature, but that lets natures (human as well as nonhuman) thrive, while recognising and celebrating the biophysical limits that necessarily both constrain and enable this (Kallis 2019). And one that supports and subsidizes the livelihoods of people living intimately with wildlife beyond providing precarious tourism

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15 *https://news.mongabay.com/2020/05/market-based-solutions-cannot-solely-fund-community-level-conservation-commentary/*

employment – for instance, through redistributive mechanisms like a conservation basic income (Fletcher and Büscher 2020).

Such calls for radical or 'transformational' change have been gaining momentum over the last decade (*e.g.* IPBES 2019; Adams 2017; Lorimer 2015) and the COVID-19 crisis has added urgency to these calls. If transformational change is indeed most likely to happen at 'times of crisis, when enough stakeholders agree that the current system is dysfunctional' (Olsson *et al.* 2010: 280), then the current conjuncture may present an opportunity to find a new way forward that may not have seemed possible before.

Closing the tap on aggregate economic growth opens positive new possibilities. It renders possible a more equitable world and a form of convivial conservation that celebrates and enables living together (Büscher and Fletcher 2020). This post-capitalist proposal is currently being debated and tested in a number of places by various actors. Aspects of it are already being practiced in many indigenous and community conservation projects worldwide.[16] Moving further towards convivial conservation, we suggest, may help turn an aborted 'super year' for biodiversity into a 'super future' for human and nonhuman natures alike.

Robert Fletcher is Associate Professor in the Sociology of Development and Change group at Wageningen University.

robert.fletcher@wur.nl

Bram Büscher is Professor and Chair in the Sociology of Development and Change group at Wageningen University.

Bram.buscher@wur.nl

Kate Massarella is a postdoctoral researcher in the Sociology of Development and Change group at Wageningen University.

kate.massarella@wurl.nl

Stasja Kootis is Assistant Professor in the Sociology of Development and Change group at Wageningen University.

stasja.koot@wur.nl

16 *https://www.iccaconsortium.org/*

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REORIENTING THE POST-CORONAVIRUS ECONOMY FOR ECOLOGICAL SUSTAINABILITY

Juliet Bennett

The increase in zoonotic viruses (transferring from animals to humans) from SARS to Ebola, HIV, Zika (Bell *et al.* 2004) and now COVID-19 is inextricably linked to humanity's continuing expansion and impact on the planet. Climate chaos resulting from greenhouse gas (GHG) emissions accumulating in the atmosphere is predicted to amplify the future pandemics, socio-economic and ecological crises (Watts *et al.* 2018). Tackling the roots of the COVID-19 pandemic calls into question the industrialised socio-political-economic systems that assume limitless growth in consumption and production. The urge to 'return to normal' remains stuck in growth economics. Meanwhile innovative cities like Amsterdam and countries such as New Zealand embrace contextual alternatives. This article identifies a few ways that Australia may re-orientate their economy for post-coronavirus (and post-bushfires) recovery so to help prevent future pandemics and ecological catastrophes associated with a return to business-as-usual.

Problems with business-as-usual

2020 was destined to be a big year, kicking off a decade that would define the habitat of humanity and many other species. With a cumulative emissions budget of 400Gt CO_2 for 1.5°C warming above pre-industrial levels, and annual global GHG emissions of just over 40Gt CO_2, a ten-year countdown has begun (Rogelj *et al.* 2019, adjusted to 2020). The business-as-usual scenario was predicted to exceed this budget by the end of the decade. Humanity would remain on track for 3-5°C warming,

Bennett, J. (2020)
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Journal of Australian Political Economy
No. 85, pp. 212-8.

bringing about socio-economic and ecological catastrophes against which the COVID-19 crisis would pale in comparison.

Yet with the spread of COVID-19, the global economy couldn't be further from business-as-usual. Across the sea of sadness and uncertainty, images of pollution dissipating offer a glimmer of hope. Countries have closed their borders, financial markets have plunged, airlines have gone into administration and the number of job losses and anticipated medical needs is 'unprecedented' to say the least. The production and consumption of non-essential items has slowed if not stopped. As a result, this year's annual emissions are declining. This year's shutdowns may even put the annual GHG emissions reduction goal of 7.3% per year within reach (UNEP 2019). This goal is cumulative, so an important question for economists and interdisciplinary scholars is how this level of emissions reductions may continue without job losses, lock-downs and social unrest?

Toward contextual economics

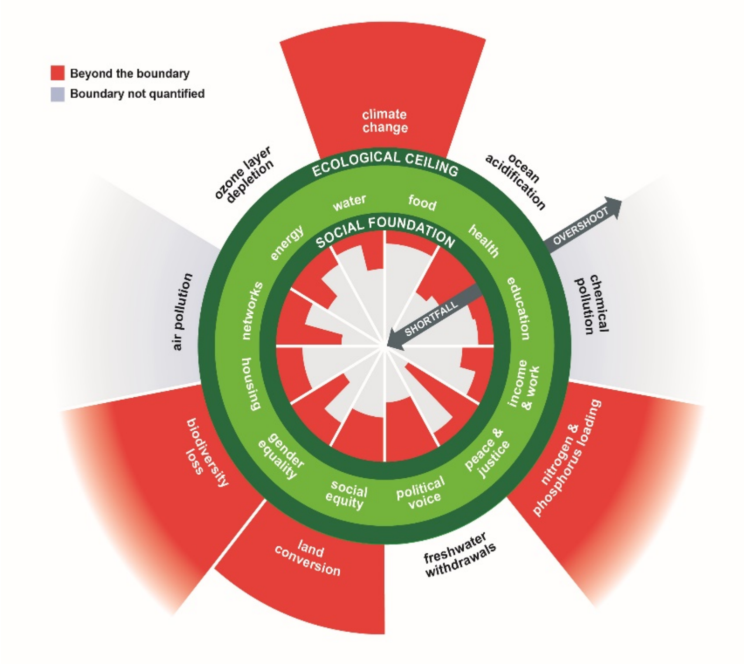
Both sides of politics are beginning to recognise that the 'neoliberal' approach to policymaking is unable to deal with the crisis. Monetary policy (adjusting interest rates) to encourage investment in businesses thus employment (and real estate) is at its limits. In the rollout of economic stimulus packages the return of fiscal policy (government spending) is investing money where it is needed (in this case in medical services) and providing a *de facto* Universal Basic Income (revised NewStart, or JobSeeker payments) to people unable to work. This is a welcome return to Keynesian economics of the 1950s and 60s, reminiscent of the New Deal that helped end the Great Depression of the 1930s.

Unlike Keynesian approaches of the past, the Australian Government appears to be balancing its support for the 'demand-side' and 'supply-side' of the economy, providing a lifeline to both the Australian people and Australian businesses. Although not without its failings (*e.g.* for casual staff and international students), the bi-partisan backing for these packages has enabled much-needed support in these times of uncertainty. However, as attention shifts from containing the virus to economic recovery, the relentless obsession with Gross Domestic Product (GDP) growth remains alongside an economic paradigm ill-equipped to deal with the challenges ahead. The reasons for endless growth—the need for jobs and enough money creation for the repayment of debts—are not intrinsic to economics but are design flaws that a re-orientation of the economy can help to address (Korten 2010). The twentieth century witnessed two significant shifts in economic paradigms: first to Keynesianism, then to neoliberalism. The post-coronavirus economic recovery is an opportunity for another paradigm shift, one that applies economics in its social and ecological context. This shift is already taking place at a community level, across NGOs and social movements. This article proposes three strategic modifications to economic practices that may be a pivotal starting point to enable this shift.

First, the goal of GDP growth—whose inadequacy has long been recognised—cannot measure the success of these stimulus packages nor direct the post-coronavirus economy toward long-term Australian prosperity (which relies on ecological stability). Following Bhutan and New Zealand, Australia might institutionalise more holistic measures such as the Genuine Progress Indicator, happiness, or wellbeing indices. Australia could turn to a contextual model of economics such as the 'Doughnut' (Raworth 2017; see Figure 1 below). The Doughnut depicts the global overshoot of 'planetary boundaries' identified by scientists (Rockström et al 2009) in addition to the shortfall in meeting the basic social needs of people as per the United Nations Sustainable Development Goals (UN 2015). The redefined aim of economics, according to this model, is the 'safe and just space' for human activities, which meets the social foundations for all without exceeding the ecological ceiling. Keeping economic activities within the Doughnut provides the preconditions for the development of wellbeing and happiness. Innovative cities like Amsterdam have announced they will use the Doughnut as a tool for directing their post-coronavirus economy (Boffey 2020).

Setting in place goals and evaluative tools such as the Doughnut provides a compass for economic and ecological rejuvenation, directing the use of Earth's limited resources toward the long-term wellbeing of all people and the ecosystems upon which life depends. This contextual approach could, for example, spur policy discussions about moving a 6-hour workday or 4-day workweek that would not only create jobs for more people, but would also enable more time for community initiatives and non-paid work such as tending vegetable gardens and caring for others.

Figure 1: The Doughnut



Source: Raworth (2017).

Second, in place of the law of 'competitive advantage', a multi-level law of 'optimal scale' would direct activities to meet these wellbeing goals (Daly 2017). For example, food might be grown as locally as possible, and to this end governments could provide educative tools and financial support for citizens to cultivate rooftop, balcony and community gardens (while keeping to physical distancing for the time being), increasing food security and self-sufficiency at local and national levels. The national manufacturing of toilet paper was a relief to many, and policymakers might consider the other national necessities for which production best be returned onshore. Ensuring national capacity to provide essential medicines, water treatment, long-term renewable energy sources and waste processing would be a start, as even the Australian military stressed a year ago (Rubinsztein-Dunlop and Taylor 2020). High quality manufacturing of long-lasting products and clothing, designed for repair rather than replacement, and building a repair and reuse industry would also be crucial complements to a self-sufficient Australian economy. Innovative instruments such as 'complementary currencies' may be utilised for these aims, building community wealth and enabling people to trade time, care, food, and services at different community, state and national levels (*e.g.* see Spano and Martin 2018). Complementary currencies would also build resilience into Australian economies that may prove crucial in the uncertain global context (*e.g.* with the possibility of hyper-inflated national currencies, collapse of some banking and financial systems, and the necessary contraction of world trade to more appropriate scales).

To this end, a third suggestion: that stimulus packages are directed toward the development of ecologically sustainable socio-economic systems and lifestyles. This includes investment in research, education and businesses poised to implement zero-waste and zero-emitting production and consumption processes. It means directing stimulus and job transitions, not only for those temporarily deemed 'non-essential', but also those no longer environmentally viable in the long-term. This suggestion aligns with calls for a Green New Deal in the United States (Ocasio-Cortez 2019)—directing policy-making toward both social and ecological development at the same time. A promising roadmap of diverse climate solutions is modelled by Project Drawdown (Hawken 2017). These solutions range from reducing food waste and shifting to plant-rich diets, to family planning, refrigerant management, renewable energies, alternative cement, forest restoration and silvopastures (where cattle graze under trees).

One outcome of COVID-19 has been an expanded imagination as to what is possible if humans work together. We have seen politicians listen to scientists, put collective human needs before economic goals, and work with citizens to enact bipartisan strategies commensurate to the science that are simultaneously local, state, national and global. We have shown ourselves that we can make massive sacrifices for the sake of others. After the United States invokes the Defense Production Act for medical equipment, might it be utilised to extract the greenhouse gases that are warming our atmosphere? What similar tools might be engaged in Australia? Can decisions be made across all levels of society that prioritise long-term human and planetary wellbeing over short-term monetary profits? Now that the world is at a standstill, the time is riper than ever.

Conclusion

These suggestions imply a shift not only in economics and politics, but a shift in the thinking that guides everyday decision-making in governments, businesses and households. This involves seeing the interconnections including those between COVID-19, climate change and the world economy, between politics and lifestyles, between individuals and the communities of which they are a part. The orientation of decisions to what is cheap and convenient must be re-oriented to the long-term ecological impact of whole product lifecycles, from the extraction of raw materials through production, transport, repair, reuse and disposal. This involves designing for sustainability and long-term common good, instead of built-in-obsolescence for increased profit. This needs the support of institutions reflective of the goals, incentives and values discussed above. It also involves developing lifestyles that incur zero waste and involve vast reductions in consumption.

The COVID-19 pandemic that has brought industrial capitalism to its knees may be a catalyst for rethinking our values, our lifestyles and the way we conduce our consumption and trade. The gift of time for many at home may be an opportunity to imagine and implement new ways of co-create an 'ecological civilization' (Gare 2017).[1] The future is not in the air, nor back to business-as-usual, but something at once new and old, local, national and global in the right balance. It involves all of us, together, planting the seeds for a better future for all.

Juliet Bennett is a PhD Candidate and Teaching Fellow with the Department of Peace and Conflict Studies at the University of Sydney.

juliet.bennett@sydney.edu.au

1 There is a growing international community of scholars, activists, policymakers, government, business and religious leaders seeking the kind of systemic approaches to ecological sustainability discussed in this article. See the Institute for Ecological Civilization: *https://ecociv.org/*.

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'SNAP BACK' OR 'PRESS ON': FROM THE CURRENT CRISIS TO A GREEN NEW DEAL?

Frank Stilwell

'Never let a crisis go to waste' is a familiar theme. Capitalists can be expected to grasp any opportunities to drive political economic changes conducive to capital accumulation and increased wealth concentration. Just as predictably, their ideological supporters justify this as necessary for re-invigorating the job-generating and want-satisfying 'free-enterprise' economy. Crises have always provided these opportunities for structural and policy changes that serve the dominant political economic interests.

The current crisis in Australia is no exception. Conservatives have been laying the groundwork for prolonged social austerity, pointing to the many years of economic restraint in government spending that will be necessary to pay off the massive debts that the Federal government has incurred. Unreconstructed neoliberals – undeterred by evidence that their policies made us more vulnerable to the crisis in the first place – are talking about reviving proposals like business deregulation, industrial relations 'reform' (code for further attacks on trade unions) and tax cuts for big businesses, even raising the GST, as necessary policies for a recovery phase.

Is there is a progressive alternative? Could the crisis be an opportunity for policies to create a more equitable and sustainable economy and society? This article explores the possibilities, looking at strategies to create a more harmonious economy-society-environment relationship and to safeguard against future crises. It argues that the current crisis has created a context in which proposals for a Green New Deal (GND) can have increased traction.

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The Australian government has sought to hose down any such expectations of progressive political economic change by recurrent use of phases like 'snap back' and 'return to normal'. However, as many commentators have said, a return to normal is unlikely. The problems of debt, trade, unemployment and inequality - not to mention climate change - cannot readily be set aside. Moreover, some political economic expectations have changed. Alternative options can get a hearing. While there can be no expectation of a GND being embraced by the incumbent government, we need to carefully consider the changed political economic context and how it creates opportunity for radical reform.

A circuit breaker

The Australian government responded to the onset of the Coronavirus crisis with a policy snap. Its commitment to 'return the budget to surplus' was abandoned, along with familiar boasts about its record in generating 'jobs and growth'. Instead, going against its usual neoliberal political inclinations, it switched to an array of policies, including:

- restrictions on travel, business and social activities, dramatically reducing economic activity across many industry sectors
- direct payments to households, as a form of Keynesian stimulus spending to offset the downward economic spiral
- doubling the level of payments to unemployed people, in conjunction with rebadging 'Newstart' as 'JobSeeker'
- new 'JobKeeper' payments made via employers to workers previously employed for a year or more
- some new protections for private housing rental tenants and provisions for negotiating rent reductions
- free child care for parents employed in essential jobs.

PM Morrison and his cabinet ministers presumably hated to adopt such a 'left agenda', perhaps even wondering whether it might have been better to have lost the last General Election! Their stated intention to 'snap back' may be seen, at least in part, as an internal reassurance to the Party faithful that these temporary, 'socialist' measures cannot be ongoing.

Yet, there are many reasons why a 'snap back' will not readily occur. Even conservative economic analysts expect the official rate of unemployment to climb to over 10% and stay at elevated levels throughout the next year, if not longer. Many businesses that have been forced to close temporarily will never re-open; and even those that do will undertake little investment while deep uncertainty about health and economic conditions persists. As Keynesian economists always emphasise, investment depends upon buoyant business expectations, without which macroeconomic conditions remain in the doldrums. Exhortations from governments cannot suffice. Nor are expansionary fiscal and monetary policies likely to do the trick. The former has already gone further than anyone could have imagined, resulting in the government running the largest budget deficit in Australian history. And the latter has no further room for manoeuvre: with official interest rates at approximately zero, further economic stimulus through conventional monetary policy is effectively impossible. The prospect of a ‘V-shaped’ recession is therefore negligible, even after relaxations of constraints on travel, business and social activities.

There are other reasons for thinking that ‘snap back’ is neither achievable nor desirable. Expectations of the nature of work have changed for many in the workforce. Having had a taste of flexibility on employees’ terms during the lockdown – about where and when work is performed – we may expect the nature and hours of work to become more negotiable. The current crisis has also created a breathing space for the environment: emissions are down, atmospheric pollution and traffic congestion in cities has been markedly reduced, all tending to reduce the appeal of the promised ‘return to normal’. Finally, a changed status of science may also be inferred: if health science drives public policy, shouldn’t climate science be accorded a similar status from now on?

None of this is to say that the temporary supports provided for people out of work won’t be withdrawn: that aspect of ‘snap-back’ is surely a priority for the government, albeit at the risk of some political backlash. Nor is it to say that capitalists won’t push the ‘return to normal’ agenda; nor that, having ‘seen the promised land’, people won’t accept return to the normal humdrum. But these are tensions likely to constrain the potential for ‘snap back’ and to fuel the expectations and hopes for something different.

Comparison with the global financial crisis twelve years ago is pertinent. That previous crisis was widely hailed as the end of neoliberalism, turning out instead to produce a yet more diabolical mix of big business bailouts, austerity policies, growing inequality, and support for increasingly authoritarian regimes (Shifner and Blad 2020). What is different this time?

Unlike the GFC, the current crisis is a result of a pandemic leading to an economic downturn because of government-enforced restrictions that are not on the normal neoliberal and austerity playlists. A financial 'fix' cannot suffice because this crisis has not arisen directly from the failure of financial institutions and the inherent instability of the financial architecture – although those problems remain largely unresolved. Arguably, these features give the current crisis greater potential to be a political economic turning point. But turning to what?

Pressing on

Is there an alternative that could emerge from the current crisis to create a more sustainable, equitable and liveable future?

Some fairly obvious possibilities beckon. One is further development of the role for government in planning the allocation of society's resources. The current crisis has raised the question of how people who have been suddenly unemployed – through no fault of their own – can be redeployed to activities where existing resources are under severe strain. The latter include health-care and elder-care, most obviously, because workers in those fields have been expected to cope with additional workloads over and above the call of duty. The possibilities for these labour resource reallocations are constrained by the need for distinctive skills and precautionary measures, of course. But mobilisations of this sort are what happen at the onset of a war – and it has been interesting to see the Australian PM starting to use this language. Effective mobilisation and re-deployment is hard to organise in a capitalist market economy though, which is why wars often lead to market arrangements being curtailed, replaced or more strictly regulated. Dealing with the political economic challenges posed by such big crises requires planning, not 'free markets'.

On similar reasoning, a public sector 'borrow-and-build' approach can also have an ongoing place on the policy agenda. Indeed, this has long been so, because governments can normally borrow more cheaply than private investors since there is little, if any, risk premium. Now loanable funds are available at historically low interest, there is almost free money to borrow. This could be used for economic restructuring, improving public sector facilities, including health facilities of course, and also moving towards greater ecological sustainability in energy, transport and industry.

While these policies of Keynesian stimulus, planned resource reallocation and borrow-and-build programs can help with crisis-alleviation, policies are also needed to address the deeper structural problems that have been set aside for too long. Crisis management needs to be linked to meeting the longer-term social and ecological challenges of the era. It is in this sense that the current crisis may be regarded as a wake-up call for a radically different policy program.

A Green New Deal

A Green New Deal (GND) is a framework for dealing with a deteriorating environment, a faltering economy and growing inequality. It deserves careful consideration as a potential means of producing growth in jobs that is consistent with more environmentally sustainable and fairer outcomes.

As is well known, the basic idea and the terminology of a New Deal stems from the policies enacted by US President Franklin Roosevelt in the 1930s during the Great Depression. This was a period of intense social discontent and struggle (as it was in Australia too), and some new political economic direction was imperative. The New Deal created millions of jobs, some with significant environmental characteristics, such as planting millions of trees as wind-breaks in 'dustbowl' areas.

Is something similar necessary now? Well, the unemployment situation looks like becoming the worst since then (notwithstanding the severity of the recession in the early 1990s). The prospect of deep depression has put the concern for 'jobs, jobs, jobs' at the top of the mainstream economic agenda. Not surprisingly therefore, it is the stimulatory and job-creating aspects of a GND that are its greatest potential appeal to the labour movement – and to all who are worried about prolonged economic stagnation, growing unemployment and welfare state cutbacks.

However, environmentalists and proponents of a 'steady state' economy and degrowth may well ask: is the priority *really* just to crank up the engine of economic growth? Isn't economic growth the major long-run driver of environmental stress, particularly climate change? As Ariel Salleh argued a decade ago, 'the new green Keynesianism still rests on productivist assumptions' (Saleh 2010). So it is important to explore more carefully in what sense, if any, a GND can offer a means of meeting both economic and environmental goals. Can ‘jobs, jobs, jobs’ be compatible with ‘nature, nature, nature’?

The key issue is the capacity of a GND to steer economic activity into forms of production, consumption and transportation that draw much less on environmentally damaging energy sources and technologies. This is how a GND must differ from a simple crisis-driven re-embrace of economic stimulus: rather, it must restructure the economy on a more ecologically sustainable basis. Indeed, there is plenty of potential for that – in energy production, transport policies, waste-management, water infrastructure, agriculture, building design and retrofitting, urban planning, and much else besides. A GND must include detailed plans for creation of green jobs across the full array of industries and workers’ skills.

Making a plan of possibilities is only a start, however. Driving the actual changes is much harder. Governments don’t have direct controls over what jobs are on offer in the private sector. Business have to be ‘brought to the table’ through planning processes, given incentives and/or subjected to regulations about what is not permitted. Tough decisions have to be made about closure of unsustainable industries, *e.g.* where jobs must be shed from forms of production and transportation that violate ecological sustainability. Prohibiting new coal mines, phasing-out coal exports, and progressively closing coal-based electricity power stations are examples with obvious current relevance in the Australian case.

The implications of a GND for international trade are similarly important. Among the lessons arising from the Coronavirus pandemic are that heavy reliance on trade, based on ‘comparative advantage’ principles, makes national and local economies more vulnerable to crises transmitted from elsewhere around the globe. Further difficulties result when those crises lead to the interruption of trade. A GND should therefore emphasise, wherever possible, ‘local production for local consumption’, thereby reducing vulnerability and increasing resilience. That would also reduce the volume of resources allocated to transport and the size of ‘ecological footprints’. It does not require the cessation of all trade, of course, but it does pose a direct challenge to the ‘free trade’ ideals that are currently accepted across much of the political scpectrum. Whenever rival principles operate – such as self-reliance and specialisation – some balance must be struck. Hence the necessity for an active industry policy to plan for transition, particularly by fostering the diversification of local industries that would make reduced trade dependency possible. This not need not be a slippery slope to insular protectionism. Rather, it is vital to facilitate transnational class solidarity, seeking to ensure that jobs are more secure and forms of production are located where they are most ecologically sustainable. The Coronavirus crisis has especially shown the importance of food and energy sovereignty.

To become a more comprehensive program for reform, a GND also needs strong emphasis on equity. It has to include policies to help workers shift from unsustainable 'old economy' jobs like coal mining to the newly created green jobs. This key requirement for 'just transition' puts the spotlight on education and training. Comprehensive tax and welfare reform is also essential if a GND is to maintain widespread public support as a means of creating a fairer society. Public provision of basic income (BI) deserves a prominent place on this agenda, because of its capacity to reduce poverty by 'raising the floor' in the distribution of income while simultaneously expanding the range of citizens' options. BI sits comfortably within a GND agenda, both because of its equity effects and its role as a buffer against recessions – a feature of income support that is implicitly acknowledged in the Morrison government's adoption of the JobKeeper program and its doubling of the NewStart/JobKeeper payment.

Equity requires a 'politics of recognition' as well as redistribution. Indigenous recognition is crucial in this respect, as the Greens signalled when they launched their campaign for a GND, placing significant emphasis on engagement with First Nations peoples (Di Natale 2019). As the custodians of the land for upwards of 60,000 years, their sustainability credentials as effective stewards of a common natural heritage are second to none! Indigenous voice is needed on a wide range of issues, including extending and managing the commons – currently a big issue elsewhere in modern political economic discourse (Obeng-Odoom 2020). Indigenous communities also have substantial experience operating cooperative enterprises as an alternative to capitalist forms of business organisation – another potentially significant theme more generally within a GND.

In summary, a GND offers distinctive strategies and policies for job-creation, restructuring the economy on an ecologically sustainable basis, reducing dependence on trade, creating greater equity and learning from Indigenous peoples' experiences. These are its key characteristics. While not 'root and branch' displacement of capitalism, it is a significant shift from acceptance of capitalist prerogatives and the ideology of free market economics. The essence of radical reform is to address immediate political economic problems – and there's currently no shortage of those – while opening up possibilities for more profound transformations in the future.

Power, politics and processes

The question of whether a GND could actually be a way forward from the current crisis situation raises issues of power, politics and process. Transforming a GND from being a 'twinkle in the eye' of political progressives to being an effective program of radical reform is a huge task. A good starting point is to recognise that change of this character cannot happen overnight, nor even in a few years: it has to proceed step-by-step. The triple imperative is to get started, to have a vision of the future direction and a strategy for getting there. While the current crisis provides the context, it is effort and struggle that provides the impetus.

It is axiomatic that there would be strong opposition to a GND from climate-change deniers, especially those with influential positions in the Liberal and National parties and from those sections of the mainstream media that routinely back reactionary political positions. Similarly strong resistence could be expected from the mining companies, banks and other capitalist institutions having a direct stake in perpetuating environmentally degrading industries. As Lindy Edwards has shown (Edwards 2019), these have been powerful impediments to even quite modest attempts at reform in Australia during recent years.

Much attention therefore needs to be given to strategic positioning. Most fundamentally, there has to be a broad social movement for change. For effective popular participation and support to develop, it would need organisation focussed where people feel directly engaged. Typically, this is the locality. Different communities and regions normally have different priorities, leading them to varied demands and expectations. Regional forums, engaging local people in drawing up proposals and devising actions for what is to be done, can provide this grass roots dimension of GND politics. Workplaces can also be focal points, especially if unions grasp the opportunity of stimulating rank-and-file participation.

Concurrently, to get an embryonic GND started as a process of policy development and implementation, it has to be embraced by the ALP or a Greens-Labor coalition of some sort. The Greens are already on board. The ALP is currently vacillating, apparantly trying to play both sides of the street by supporting coal exports and the Adani mine development, while ramping up the rhetoric on climate change action. Of course, the ALP would also find difficulty in formally adopting anything so clearly emanating from the Greens, given the inter-party rivalries – but it is the policies, not the label, that ultimately matters. Moreover, the ALP's need for a cohenent and inspiring alternative to the conservative Coalition's program will become increasingly evident in the run-up to the next Australian federal election; and the lingering effects of the Coronavirus crisis will presumably still be with us then. Faced with the choice between a conservative Coalition stumbling along without any coherent policies to offer and an Opposition offering a Green New Deal (appropriately re-named, if necessary), the outcome is a far from foregone conclusion.

It is not so fanciful anyway to envisage that a political economic strategy offering more and better jobs, greater economic security, a more equitable society and real action on climate change might engender strong political appeal. This is not to put all eggs in the electoral basket. As I have already emphasised, the development of a broad, popular movement for change, and plenty of local action, is at least equally important. Regarded in this way, the GND strategy may be seen as an expression of the still-inspiring influence of Jack Mundey's politics – for jobs *and* the environment. It is not without tensions – what ever is? – but it is the strategy for the times. Emerging from the current crisis, it is a potential long-term game-changer.

Frank Stilwell is Emeritus Professor in the Department of Political Economy, University of Sydney.

frank.stilwell@sydney.edu.au

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OBITUARY

VALE JACK MUNDEY

A HERO OF THE AUSTRALIAN LEFT

Meredith Burgmann

Jack Mundey was a significant figure in the history of world environmentalism and a giant in the story of the Australian labour movement. His leadership of the NSW Builders Labourers' Federation (BLF) in the 1960s and 1970s showed what a truly progressive union could look like. The mainstream media have concentrated on his leadership of the Green Bans and they way in which he, with Joe Owens and Bob Pringle and the rank and file men and women of the BLF, saved the face of Sydney. These are indeed great successes but it was also the way in which he changed the union which we as the Left should contemplate.

John Bernard (Jack) Mundey was born in Malanda, northern Queensland, in 1929. He came down from the Atherton Tablelands in the 1950s to play rugby league for Parramatta. Failing to make the cut, he ended up 'on the tools' as a building worker. Confronted with a corrupt and complacent union leadership, Jack fought hard to democratise and radicalise the union, joining the Communist Party along the way in 1957. He became Secretary of the BLF in 1968.

Many of the truly democratic practices that he introduced to the union were borne out of this long struggle for control. He fought for the meaningful involvement of all members in union activities, including the large and diverse migrant cohort; he introduced 'limited tenure of office'; tied organisers' pay to the industry award and instituted the practice whereby officials did not get paid during industry strikes.

Having grown up amidst the rainforests of North Queensland, Jack was an environmentalist before that term was even used. But what Jack brought

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to the struggle was his view that workers should campaign around the social responsibility of labour. He believed that workers should think about the sort of work they do and the environment in which they live and work.

Jack was a man of immense personal charm and a razor sharp intellect. He loved an argument and rarely met his match. His articulate advocacy of progressive causes was a huge plus for the union movement generally. The media hated what he was doing but loved having him turn up to explain what was happening – a perfect 'talking head'.

The Green Bans were developed by the BLF and a much smaller union, the FEDFA, between 1971 and 1974. They were originally simply called black bans but were later, in a stroke of brilliance, dubbed 'green' bans by Jack. There were eventually 54 Green Bans and they held up $5 billion worth of building activity (in 1970s dollar terms).

It is not exaggerating to say that the NSW BLF is responsible for the shape of Sydney as we now know it.

The late sixties had seen a massive building boom in Sydney caused by unregulated 'hot money' overseas investment and the activities of the corrupt and pro-development Askin government.At the time there was no heritage or environmental protection legislation in NSW. Voices against rapacious over-development were few. There was a poorly funded National Trust, and an even weaker Royal Australian Planning Institute. The mainstream media was relentlessly pro-development. At the height of the confrontations the *Sydney Morning Herald* published 5 editorials in 12 days attacking the union.

However, a demographic change became important in the Green Ban story. This was the rise of inner city resident activism. The progressive middle class had started to move into the inner city, which is where most of the pressure from developers was occurring. And these activists were desperate for help in their stark situations. The story of how a bunch of middle-class 'matrons', the Battlers for Kelly's Bush, reached out to the communist-led union as a last resort, is an enduring narrative. It was there at Hunters Hill, in 1971, that the first 'green ban' was placed on the last remaining natural bushland to be saved on Sydney harbour.

Resident Action Groups were formed - first in Paddington and Glebe, quickly followed by other suburbs – Woolloomooloo, the Rocks, Surry Hills and the very militant Victoria Street, Kings Cross, where some activists were squatting (and where I was arrested).

The BLF leadership always insisted that every ban had to occur at the request of the residents, and had to have the community involved. This involved endless discussion between the union leadership and the concerned residents. It was what Jack referred to as ‘the enlightened middle class and the enlightened working class coming together’ to work for a better living environment.

Every proposed ban had to be agreed to by a general meeting of the union. Almost all bans ended up being physically protected and many labourers and residents were arrested and even gaoled for this stoic defiance. This physical defence of the bans is what distinguished the real Green Bans era from its later and paler manifestations.

One of the aims of the Green Bans was to protect the right of the working class to live in the inner city. The bans saved the Rocks and Woolloomooloo from being turned into a forest of high rise ‘executive suites’; they saved Glebe from being split into three islands by two major expressways; saved Centennial Park from being turned into a giant sporting complex; saved Victoria Street, Kings Cross from destruction; saved Surry Hills from excessive high rise; saved Ultimo from an expressway and saved the Opera House fig trees from becoming a car park. Individual buildings saved by green bans include the State Theatre, the Pitt St Congregational Church, and the Colonial Mutual, National Mutual and ANZ bank buildings in Martin Place.

Jack always understood that, on the whole, the bans could only halt development in order to allow time for political solutions. He developed excellent working relationships with NSW Premier Neville Wran and Federal Urban Affairs Minister Tom Uren. These friendships particularly helped in government intervention to save Glebe and Woolloomooloo and the building of The Sirius for social housing in the Rocks.

The union’s Green Bans quickly became known around the world. ‘Green Ban Committees’ were formed by unions in Britain. Jack Mundey was invited to lecture in Europe and North America and, in 1976, he addressed the first United Nations Conference on the Built Environment.

The NSW BLF was smashed in March 1975 by a combination of federal BLF intervention that was financed by the Master Builders Association, NSW police action, NSW State government harassment and opposition from almost all other unions.

So much of what happened to the BLF can be explained by the politics of the Left at that time. The leadership and many of the activists were a fairly non-sectarian mixture of Aarons-line independent CPA members, Left ALP activists and non-aligned socialists, anarcho-syndicalists and even Trotskyists. However, the various splits in the Communist Party led to open hostility from the Maoist Federal leadership of the BLF under Norm Gallagher and less overt but probably more damaging opposition from the pro-Moscow Pat Clancy leadership of the building tradesmen's union, the BWIU.

At the final mass meeting of the BLF in 1975, only two unions were there in support of the Mundey/Owens/Pringle leadership - the ever reliable FEDFA and the Teachers Federation. It was not until Joe Owens' funeral in 2012 that then Unions NSW Secretary, Mark Lennon, apologised to the old BLF members in the room for the Labor Council's hostile attitude to Jack's leadership and the Green Bans.

However, what the BLF did have was the enthusiastic support of the general left. It was not enough to save them but it created a sense of solidarity. Old anti-Vietnam and anti-Apartheid activists, land rights supporters, women's groups and even the LGBTIQ community flocked to their charismatic presence. All groups had received great support from Jack and the other BLF leaders. Examples were Jack's prosecution for supporting draft resisters; Bob Pringle cutting down the goalposts before a Springbok match as part of an ant-apartheid demonstration; the union's ban on Sydney University in support of women's studies courses and the first 'pink' ban on Macquarie University in solidarity with expelled gay student Jeremy Fisher.

Perhaps their most committed supporters were the young black activists of Redfern who managed to get a union ban on demolition of 'the Block' which eventuated in a Whitlam government hand-over of the land to the community. This action was often referred to as Australia's first successful land rights claim.

After Jack voluntarily left the union leadership (believing in limited tenure of office), he remained active in environmental and urban planning issues. He was elected to the City of Sydney Council and was briefly Chair of its Planning Committee. He was active in the National Trust and was made a life member of the Australian Conservation Foundation. In 1995, Bob Carr appointed him Chair of the Historic Houses Trust (now Sydney Living Museums). The National Trust campaigned for Jack Mundey Place in the Rocks to be named after him. He was made an AO and was voted one of Australia's National Living Treasures. He was awarded Honorary PhDs from the University of Western Sydney and the University of NSW. He once said to me in mock sympathy ‘only one PhD?’ He did love to provoke.

After the tragic death of his first wife Stephanie from a cerebral haemorrhage, Jack married Judy Wilcox in the 1960s. Further tragedy occurred when his son Michael died in a car accident at the age of 22. Judy has been his partner in life and politics for over fifty years. She was an important activist in her own right, becoming President of the Communist Party (1979-1982) in its exciting independent-line period.

Jack Mundey and the men and women of the BLF did indeed save a city and every day all of us benefit from that.

Meredith Burgmann is a former lecturer at Macquarie University, Green Bans activist, Labor MLC and President of the NSW Legislative Council. She is the author (with Verity Burgmann) of Green Bans, Red Union: The Saving of a City (re-issued 2017). The photo below shows Meredith standing behind Jack.

mburgmann@gmail.com

BOOK REVIEWS

READING FOR LOCKED-DOWN AND SOCIALLY-DISTANCED DAYS

Frank Stilwell

Each issue of *JAPE* normally concludes with reviews and notes on recent books in political economy. During these unusual times, here's something different – suggestions for suitable reading during the current crisis period. These are a personal selection of books - old and new, fiction and non-fiction, big and small – which may strike a chord…

The Plague by Albert Camus is the obvious starter. A classic work of fiction from the 1940s, it has been hailed during successive decades for its fine writing, its humanity, and its contribution to existential thought, giving deep insights into the human condition, life and death. It describes a town in Algeria (then still a French colony) where dead rats start to appear in stairways and on the streets, leading to the onset of a terrible plague that causes widespread death among the local citizens. The whole town has to be locked-down until, eventually, the crisis passes and it can be re-opened for people to enter and leave. Through the eyes of the central character, Dr Rieux, we meet other inhabitants exhibiting diverse forms of human response, ranging from passive defeatism to deeply-felt empathy and social support. The book is also renowned because of its allegorical character, having been written by Camus implicitly as a denunciation of the influence of fascism and of the Vichy regime's collaboration with the Nazis during their occupation of France in the second world war.

By the time *The Plague* was first published, in 1947, people who had actively participated in the French Resistance during the war had already

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begun meeting as the French Committee for European Federation, developing a declaration and movement for a post-war united Europe[1] in which such barbarity and carnage could never occur again. It would be stretching a overly long bow to claim that initiative as the embryo of the European Union. The capitalist economic interests that pushed to establish the European Coal and Steel Community – subsequently developing into the Common Market and then the EEC – were the more direct driver. However, it is a pertinent reminder of an underlying concern in Europe to develop institutions that would prevent recurrence of fascism and war. It is in this context that Britain's decision to leave the EU may be seen as a reactionary nationalist rejection of that ideal.

That's the segue into my second book suggestion: *The Cockroach* by Ian McEwan (Jonathan Cape, 2019). This engaging little book is a parody of the Brexit process under the leadership of Boris Johnson. Yes, Boris (name changed to Jim Sams) is really a cockroach, heading a Cabinet comprised almost wholly of other cockroaches, wreaking mayhem on the country they govern. Yet, these cockroaches appear as normal humans when it suits them so to do, and most of the people cannot see the true nature of their political leaders. Increasingly bizarre policies emanate from the government, particularly the economic policy called 'reversalism'. This is a policy to reverse the circular flow of income, so that people pay to work and get paid for buying goods and services (yes, you read that right). Keynesians may shudder, but that's the point – to shake up the orthodoxy (just as, in the real world, the economics of Brexit runs counter to the mainstream economists' cherished theories of 'comparative advantage' and 'gains from trade'). Fed up with conventional economic prescriptions and willing to take a chance on this alternative, the people vote in a referendum to adopt 'reversalism'. How crazy can you get? Sure, there are flaws in the concept and its construction of the book, but it is only 100 pages and can be comfortably – and chucklingly – read in about four hours.

Speaking of big insects and small books, my next recommendation is Franz Kafka's *Metamorphosis*, first published in German in 1917 (available free online at *www.feedbooks.com*). Indeed, the opening lines of McEwan's *Cockroach* are a direct nod to Kafka's famous story of the young man who wakes up one day as a giant insect, somewhat like a

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[1] *https://www.opendemocracy.net/en/can-europe-make-it/lets-remember-the-popular-front-of-1936/*.

cockroach. Kafka is renowned as authoring intriguingly gloomy books like *The Trial* and *The Castle*, in which seemingly arbitrarily selected victims have their lives destroyed by unfathomably complex bureaucratic or authoritarian regimes. In *Metamorphosis*, it is more as if 'nature strikes back' – but why pick on the hapless young Grigor Samsa (note the name similarity to McEwan's cockroach PM) who has committed no crime, rather dutifully struggling to provide for his family. Central to the story are the family members' responses to Grigor's plight. His father is aggressive to his now-loathsome insect son, his mother is helpless, while his sister undergoes her own metamorphosis – from sympathising and caring for Grigor to showing distain and disgust. This is a profoundly pessimistic story but, as a tale of deep alienation and the sometimes unknown forces that transform our lives, it resonates in the current context.

Among the social-psychological effects of the COVID-19 crisis now being widely discussed is the increased consciousness of mortality. Of course, everyone knows the adage that the only certainties in life are death (and taxes). Indeed, knowing that a death-sentence might now lurk in every unwisely close social interaction tends to make us more aware of our mortality. This is a context in which a book called *This Life: Why Mortality Makes Us Free* (Profile Books, 2019) has obvious relevance. Its author is Martin Hägglund, a Swedish philosopher teaching in the US at Yale, who presents a strong case for our mortality being central to our freedom. He links consciousness of mortality with living a life to the full and, in effect, creating the best of all possible worlds. Although written prior to the pandemic, this is a marvellously prescient book, just right for fostering thoughtful reflections about our current lives and times. Hägglund turns his philosophical skills to showing the importance of mortality to our wellbeing as individuals and society, requiring rejection of all religious beliefs about 'eternal life' and 'heaven and hell' so that we can focus freely and purposefully on living a good life in the here and now. This is not merely a case for freedom of individual will, but also for progressive politics with democratic socialism as the goal. Yes, ladies and gentlemen, this book is a sophisticated philosophical case for 'godless communism' (a phrase best pronounced in a sneering, accusatory tone, redolent of the Macarthyite 'red-baiting in the USA during the 1950s). Indeed, Hägglund's book is a wonderfully engaging intellectual journey with profound implications for living purposefully and politically.

Hans Baer's *Democratic Eco-Socialism as a Real Utopia* (Berghann, 2018) shares a similar political inclination but is more concerned with political strategy for attaining systemic change. It develops a strong case for democratic eco-socialism by showing the deep contradictions of the capitalist system and distinguishing it from other currents of socialist thought and political practices that have been undemocratic or/and insensitive to the requirements for ecological sustainability. How to get from here to there is the conundrum, of course. Baer puts weight on what he calls 'anti-systemic movements' organised around 'labour, ethnic and indigenous rights, women's, anti-corporate globalisation, peace and environmental and climate movements'. The problem that he clearly recognises is that an alternative world system is so elusive that, practically, striving for 'system challenging reforms' has to be the more modest focus. A 13-point list is presented, ranging from the formation of new left parties, to emissions taxes, workers' democracy, 'resisting the culture of consumerism', and much else besides. Readers of *JAPE* will probably find much to agree with here, although may still end up wondering how this could actually get us all the way from the unacceptable and unsustainable present to the 'real utopian vision' to which the author aspires - or is it the quest and the journey that matters even if the eventual goal is not attained?

Naomi Klein's latest book *On Fire: the Burning Case for a Green New Deal* (Allen Lane, 2019) takes a different tack in that it leaves the reader with little doubt about the goal that *must* be attained. Narrowing the focus to the climate change problem results in a more politically-targeted strategy, although ultimately no less anti-capitalist. The book comprises the written versions of 18 of Klein's rousing speeches, each dealing with different aspects of the challenge of preventing disastrous climate change. Some chapter titles signal how the challenge is framed – 'Hot Take on a Hot Planet'; 'Capitalism Versus the Climate'; 'When Science Says that Political Revolution is our only Hope'. Others signal the way forward - The Art of the Green New Deal; and 'Movements will Make, or Break, the Green New Deal'. The book's epilogue, titled 'the Capsule Case for the Green New Deal', presents a clear summary of her arguments for a way forward – it would be worth getting the book for this alone. Of course, the 'so near but yet so far' failure this year of Bernie Sanders' campaign to become the Democratic Party's Presidential candidate – a campaign that Klein strongly supported - was a significant set-back for Green New Deal proponents. But not terminal: around the world the campaign strengthens as the problems intensify. Klein makes a powerful case for action to prevent an ecological disaster that would, in effect, make the current CoVID-19 crisis look like a vicarage tea-party in comparison.

Two recent Australian books make for engaging reading too. One, also expressing strong ecological concerns is by Samuel Alexander and Brendan Gleeson, called *Degrowth in the Suburbs: a Radical Urban Imaginary* (Palgrave Macmillan, 2019) The authors look at what could be done to re-shape our cities to become more sustainable, equitable and liveable. Their book is deeply critical of the 'blind-fold of technological optimism' and the prevailing ideologies that have shaped economic policy and conventional urban design. They argue that much can be done in Australian suburbia, localising and downscaling resource use, pointing to some of the things that ecologically conscious people in the suburbs are already doing to pave the way to more sustainable living. They make the case for a policy goal of 'energy descent' and for seeking progress through a 'post-capitalist politics from below', positing the culture of sufficiency as an alternative to growthmania. As they say (on p.181): 'We see […] the dialectical relationship between culture and political economy: culture must radicalise in order to create the social conditions for political and macroeconomic change beyond growth'. Their final chapter presents a list of the policies that could help produce better outcomes at grass roots level. For readers – especially those currently 'languishing' in the suburbs – who want to engage with the local applicability of 'degrowth' arguments, this should have considerable appeal.

Other readers might be interested in knowing more about where political economic power resides in Australia. It is not only blinkered thinking, inertia and ineffective government policies that impede progressive political economic change. Massive vested interests are involved too – the power of the corporate elite, most obviously. *How* it exercises its power is the main concern of Lindy Edwards' new book, *Corporate Power in Australia: Do the 1% Rule?* (Monash University Publishing 2020). She takes six case studies: the big mining companies' opposition to the proposed mining tax during the Rudd/Gillard years; Coles' and Woolies' power over farmers providing the produce; Newscorp's undermining of media reform; the bad behaviour of banks and their financial advice services; the Telstra/NBN debacle; and 'unfair contract' laws. In each case, she narrates the story, shows the evidence and tries to unpick exactly how power was exercised. While most of us would be aware of some of the fragments, this development of a more integrated analysis makes for a very engaging read, bridging from political science into political economy.

Now, what about some short books? If it is true, as has been reported, that one of the effects of the effects of the COVID-19 crisis is to reduce people's attention span, then short books could be just the ticket. Polity Press is evidently pitching strongly in this area. Having had success with a series of mid-sized books on 'Key Contemporary Thinkers', including political economists Hyman Minsky and J.M. Keynes, the same publisher is now making a big thing of brevity (can one really say that?) with two new series of short books. One is on 'The Future of Capitalism', starting a couple of years ago with Steve Keen's *Can We Avoid Another Financial Crisis?* This argued that the mountain of debt has become so large that, no, we cannot be sure that the GFC won't recur. While a post-Coronavirus update couldn't exactly say 'well, I told you so', the debt mountain that Steve emphasises sure ain't helping - and it is surely growing even faster now. Polity's other new small book series is called 'The Case For...'. It allows authors space to say what political economic strategies they think would help deal with problems of this ilk. Some of those published so far are clearly relevant to the current economic crisis. One, by Louise Haagh, makes the case for *Universal Basic Income*; another, by Frances Coppola (not the film director of the same name) for *People's Quantitative Easing*; and a third, by Joe Guinan and Martin O'Neill, for *Community Wealth Building*. All are clear and thought-provoking contibutions, showing that the ideas presented in short books are probably more likely to stick.

Finally, working on entirely the opposite principle, there is Thomas Piketty's new book *Capital and Ideology* (Harvard University Press 2020). The *JAPE* editors aim to feature a review of it in this journal in due course, so I won't attempt a summary here. Suffice to say that Piketty has become more deeply immersed in history and with how ideology shapes 'inequality regimes'. He is also more explicit about his own 'socialist' perspective, while pointing to the failure of nation-based social democratic parties to reverse the trend towards greater concentration of wealth. Piketty's 2013 bestseller, *Capital in the Twenty-First Century,* was enormously influential and widely cited – some would say *the* political economy book of the decade – so this new one has been awaited with keen anticipation. At 1,093 pages, it is even more massive than his previous *magnum opus* which was a mere 685 pages! But, if you're feeling strong enough to take it on, it should keep you going at least until the next issue of *JAPE* – a special issue on '*Democracy on the Edge? Revisiting Neoliberalism and Democracy in Contemporary Capitalism'* to be published in December 2020. There'll be plenty more good reading for political economists therein.

That's all for now: keep reading, keep active, keep well…

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Please address all editorial correspondence to Frank Stilwell, Department of Political Economy, Faculty of Arts and Social Sciences, University of Sydney, NSW 2006; or email *frank.stilwell@sydney.edu.au*

Correspondence regarding subscriptions and financial matters should be sent to JAPE, Department of Political Economy, University of Sydney, NSW 2006; or email *frank.stilwell@sydney.edu.au*