The COVID-19 pandemic: Lessons on building more equal and sustainable societies

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Abstract
This discussion paper by a group of scholars across the fields of health, economics and labour relations argues that COVID-19 is an unprecedented humanitarian crisis from which there can be no return to the ‘old normal’. The pandemic’s disastrous worldwide health impacts have been exacerbated by, and have compounded, the unsustainability of economic globalisation based on the neoliberal dismantling of state capabilities in favour of markets. Flow-on economic impacts have simultaneously created major supply and demand disruptions, and highlighted the growing within-country inequalities and precarity generated by neoliberal regimes of labour market regulation. Taking an Australian and international perspective, we examine these economic and labour market impacts, paying particular attention to differential impacts on First Nations people, developing countries, women, immigrants and young people. Evaluating policy responses in a political climate of national and international leadership very different from those in which major twentieth century crises were addressed, we argue the need for a national and international conversation to develop a new pathway out of crisis.

JEL Codes: E18, HO, II, J64, J88

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Coronavirus, COVID-19, economic development, environmental sustainability, First Nations, gender, health equity, migration, neoliberalism, pandemic, public health, public housing, recession, supply chains, welfare payments, youth

Introduction
Thirty years ago the Economic and Labour Relations Review (ELRR) was launched to bring the fields of economics and industrial relations together and to promote research with a strong public policy and social equity focus. A theme since then has been the unsustainability of neoliberalism as a political and economic regime, and its adverse effects on community, economic security, health and wellbeing – all linked to systematic dismantling of state capabilities in favour of markets.

COVID-19 has brought this theme into sharp focus. Humans are affected differently depending on their social class or caste, their gender and age, and the country where they live. In rich countries, many thousands have died and millions have lost livelihoods. In poorer countries, lockdowns have been imposed often with little prior planning (Vietnam and the Indian state of Kerala being notable exceptions, Chowdhury, 2020a). Little thought was given, in India for example, to impacts of lockdowns on the large numbers of internal migrants, day labourers and urban slum dwellers in the informal economy. The UN has warned of ‘biblical’ famine as food security had deteriorated even before COVID-19, for example, due to locust plagues in Africa and wars in Syria and Yemen (France24, 2020). Lockdowns are affecting planting, harvesting and movement of food
and strained societal cohesion, and put at risk individuals’ mental health and, for many, personal safety. Lack of global leadership and narrow nationalistic approaches such as ‘America or Europe first’ compounded the crisis. As viruses know no national borders, such ‘sicken thy neighbour’ approaches are self-defeating (Chowdhury and Jomo, 2020). The movement of essential medical personnel and supplies, vital to stem the spread of the virus and save lives, was restricted by countries making their own risk assessments in violation of International Health Regulations and a 2005 pact on collective action agreed by 196 countries (Devi, 2020).

The United Nations (UN) and other bodies like the International Monetary Fund (IMF) have noted that the pandemic will increase inequality globally and risk a global economic depression – which seems is already underway. An additional 8% of the world’s population are predicted to fall into poverty (Sumner et al., 2020). In this context, we examine some pandemic impacts and related policy debates. Several over-arching observations provide a context for understanding the pandemic’s impact and broad policy lessons to be drawn.

Far from being just a disruption, the pandemic is an indication of the urgent need to re-set economic, industrial relations, health and other policy sectors. The remainder of the article examines the impact of the pandemic in particular areas. It begins with health and health inequalities, and links to the environment. It then focuses on global and regional political-economic implications, including for First Nations peoples and women, then focuses on Australian labour market and social implications, particularly for young and migrant workers. After examining broad directions for change, the conclusion argues for national and international conversations about how to rebuild from the humanitarian crises laid bare by the pandemic.

**COVID-19 has exposed vulnerabilities caused by neoliberalism**

Socio-economic inequality has been rising globally for over three decades, a consequence of the policies associated with neoliberalism which the donor community as well as bodies like the IMF and the World Bank have promoted through aid conditionality. These policies have privileged private markets, corporate wealth and ‘flexible’ labour markets and weakened long-term community voice. They have created secular declines in labour income share at the expense of obnoxious increases in executive pay packages, fuelling an unprecedented rise in inequality and populist backlash.

As governments continued cutting public social expenditures in the name of reducing deficits and debts, they enacted repeated tax cuts, reducing the redistributive power of the fiscal system (Atkinson, 2000; International Monetary Fund (IMF), 2017) and exacerbating inequality, especially in public health and education. Falling labour shares of income and rising inequality also meant a drag on aggregate demand that could be sustained only with debts, both private and public. According to the World Bank (2019), the current ‘global wave of debt is largest, fastest in 50 years’.
Repeated corporate tax cuts have failed to produce the promised investment and growth bonanza. Profits as well as tax cuts and government bail-out money have been used to pay dividends and buy-back shares, instead of re-investing for enhancing productivity, expanding productive capacity, or building precautionary reserves to ride out crises (Krein, 2018; Lazonick, 2014). Such short-termist corporate behaviour inflated share prices to fatten executive remuneration, which Lazonick (2014) termed ‘profit without prosperity’, and according to Krein (2018), manifests ‘contradictions of ‘share holder capitalism’.

Sales of public assets – a key pillar of neoliberalism – had only a temporary or short-run impact on public debt, but impaired governments’ long-term revenue-raising and expenditure capacity through the loss of profitable assets. New private owners used loopholes to avoid and evade taxes. In Australia, the privatisation of essential natural monopolies like ports and electricity infrastructure created monopolies or oligopolies, exacerbating inequality, while the marketisation of vocational education undermined the trust of both the public and former deregulation advocates (Sims, cited by Hatch, 2016).

Thus, the pursuit of neoliberalism created societies less likely to have planned for and more vulnerable to the consequences of a pandemic (including reduced and privatised healthcare infrastructure). Smaller pandemics (Ebola and more especially SARS) were warning signals. The current pandemic was no unforeseeable threat to an otherwise smooth-running and sustainable economic system. Rather it challenged a regime still struggling to recover from the Global Financial Crisis (GFC). Reversing the cliché ‘it’s the economy stupid’ COVID-19 demonstrates that societies need to prioritise a range of social objectives including public health and wellbeing. If they are to safeguard their citizens, they must acknowledge that economic systems promoting inequality are not compatible with this. The pandemic is reinforcing prevailing disparities; for example, well-paid information technology (IT)-skilled persons able to work from home are advantaged over millions of key frontline workers in low-paid retail and service sectors. The fortunes of billionaires linked to digital giants and big pharmaceutical companies have increased many-fold as their stock prices surged.

**Healthcare systems and health inequalities**

Public health professionals and academics have been warning of a global pandemic for decades (Garrett, 1994; Levin et al., 2007). Some have argued that publicly funded and managed health systems are the most effective and efficient (e.g. Mooney, 2012). Weaknesses of the US private, fee-for service system have been thrown into stark relief by the pandemic. In the United Kingdom, the National Health Service (NHS) has been subjected to years of austerity including cost cutting, downsizing, restructuring, quasi privatisation, outsourcing and workforce casualisation (Pollock and Price, 2013). The World Bank has been recommending private sector models for low- and middle-income countries for three decades, making their loans conditional on such approaches (Lister and Labonté, 2009). The net result has been very weak public health systems, whose patchy coverage has been unable to manage population-wide approaches which are more effective under normal circumstances and less so during a pandemic.
Shortages of personal protective equipment (PPE) have emerged worldwide. The lack of stockpiles for use in a pandemic has arisen from neoliberal ‘just-in-time’ cost-saving approaches. The pandemic has highlighted the limitations of corporate-controlled globalised vertical supply chains, as discussed below. High-income countries found it difficult to secure vital equipment (masks, protective clothing and ventilators) because they were heavily dependent on imports. The absence of PPE placed many healthcare workers at risk given the highly infectious character of COVID-19. The International Council of Nurses (2020) estimated that in Italy, one of the European countries worst hit by the pandemic, 9% of deaths were of health workers. Worldwide images of health workers protesting at the lack of available PPE have highlighted high death rates among hospital porters, nursing staff, and highly specialised surgeons. The UK *Guardian* newspaper is highlighting this human tragedy by aiming to document every health worker death in an obituary column (Marsh, 2020).

The COVID-19 pandemic has put stress on an already fracturing multi-lateral system of global health governance that has evolved since World War II, structured around UN agencies. While the response of the World Health Organization (WHO) to the pandemic has certainly not been perfect, this body has provided global leadership, providing PPE to low- and middle-income countries, collating global information on the spread of the disease, effectiveness of treatment, new treatment regimes and the search for a vaccine. It has done this despite chronic under-funding, compounded by withdrawal of financial support by the US Trump administration. WHO’s budget for 2020–2021 is about $4.84 billion, close to the annual budget of a large US hospital and about $2 billion less than the annual budget of the US Centre for Disease Control.

Influential developed countries regrettably deny that they have been weakening multi-lateral institutions, including the WHO. But between 1970–1971 and 2017, they reduced their share of reliable long-term WHO funding from 62% to 18% of its budget (Mahbubani, 2020). This has severely constrained WHO’s ability to recruit long-term health inspectors and scientists, which it cannot do with voluntary contributions that vary from year to year. Developed countries favour institutions like the World Bank, controlled by them, and often oppose strengthening of mandates of the UN or its agencies. Following neoliberalism, these countries also favour biomedicine, with its focus on individual behaviour, over social medicine. But a pandemic like COVID-19 requires government responses that address social conditions and mandate behaviours rather than advising individual lifestyle change.

Action beyond the health system is vital to reduce health inequities. The impact of the pandemic and responses to it are not felt equally by different groups. Socially isolating is easier for people with spacious homes with areas to walk and reliable fast Internet. People living in over-crowded homes with few or unsafe open areas, lack of running water to wash hands, and inadequate access to the Internet (Jones et al., 2020; Schram et al., 2018) or institutions (prisons and refugee detention centres/camps) will be more vulnerable to the negative effects of isolation measures. Homeless people, often living with mental illness, are particularly vulnerable. Those holding insecure and casual jobs have been the first to be laid off and face unemployment, with its attendant mental and physical health effects. While governments in many rich countries have provided social security payments or guaranteed wages, in low- and middle-income counties there have
been few such measures. It is highly likely that many responses to the pandemic will lead to considerable mental health issues including those from post-traumatic stress for health workers, the impacts of social isolation and the fall-out from the stalling of economies and rising unemployment (Friel and Demaio, 2020). Overall, the pandemic will almost certainly increase health inequities, both between and within countries.

**Environmental effects**

The pandemic has had mixed environmental effects. The decline in tourism and travel (aviation and shipping) has significantly reduced oil consumption and pollution, while home-based work may reduce transport needs. Air quality in some of the world’s most polluted places has radically improved (Ellis-Petersen et al., 2020), greenhouse gas emissions have plummeted (Henriques, 2020) and cities from Venice to Tel Aviv have witnessed wildlife ‘reclaiming’ urban space.

It is tempting to imagine that COVID-19 might be a portal to a greener, more ecologically sustainable version of global capitalism. True, some possibilities for structural change in some industries have been opened by the crisis. Nations like Australia, which have come to rely on long transnational supply chains and just-in-time technologies for crucial goods and services, are considering the risk of such models by diversifying their sources of imports and moving to increase domestic manufacturing (Duke, 2020). This changed paradigm of shorter supply chains may reconfigure the highly emissions-intensive maritime transportation sector, noted for its damaging reliance on heavy fuel oil, as well as its systemic avoidance of labour and taxation regulations (Ellsmoor, 2019). Global tourism, presently responsible for around 8% of global emissions, is similarly likely to be reconstituted on a more modest, and thus potentially more environmentally sustainable, basis (Coghlan, 2018).

However, the models of many of the most environmentally destructive industries are unlikely to be meaningfully disturbed by the coronavirus crisis *per se*. Industrial agriculture, which accounts for 9% of greenhouse gases and is a leading cause of deforestation, biodiversity loss and water pollution, and industrial fishing show no signs of deviation from their standard approaches. Many countries labelled agriculture industry as critical, allowing businesses to operate as usual, and major agribusinesses vowed to keep facilities operating though with stricter hygiene and sanitary measures.

The pandemic has ironically provided cover for fossil fuel extractive industries to *expand* their operations and reduce existing regulations. In the US, environmental pollution laws have been indefinitely suspended for firms who can claim that violations were caused by the coronavirus. Millions of acres have been opened up to fossil fuel extraction (Westervelt, 2020), regulations for fuel-efficiency in vehicles have been scrapped and wind and solar have been excluded from the US COVID-19 stimulus package (Holden, 2020). In Australia, the world’s third largest exporter of fossil fuels, approval has been given for coal operations under a major drinking water reservoir, onshore gas exploration moratoria have been lifted, and clean energy finance initiatives allowed to be used to support coal-fired electricity generators (Seccombe, 2020). The downturn in demand for oil and gas exacerbated by the pandemic has been most powerfully met by forms of international co-operation directed to saving the fossil fuel industry from falling prices, rather than winding it down on a planned and principled environmental basis.
Nevertheless, the crisis has potentially stimulated the political imaginations of citizens of neoliberal states. Having witnessed manufacturing spaces that once made McDonalds packaging being turned over to the production of surgical masks (Black, 2020), and workers being paid to stay in jobs they cannot temporarily perform, citizens may well ask why it is so impossible for their governments to play an active role in facilitating the manufacture and construction of large-scale renewables infrastructure, or creating new jobs in crucial low-carbon industries, or in funding a planned and just transition for workers in environmentally destructive sectors? Such outcomes will not arise spontaneously as a result of the pandemic, but through the application of concerted and sustained civic and industrial pressure.

**Impacts on First Nations peoples**

In April 2020, Anne Nuorgam, Chair of the UN Permanent Forum on Indigenous Issues, urged inclusion of the specific needs and priorities of indigenous peoples in addressing the global outbreak (United Nations Department of Economic and Social Affairs (UN-DESA), 2020). Disturbing reports from the US suggest disproportionately high incidence rates among First Nations peoples in some states, and failure to monitor such rates in others (Nagle, 2020).

In Australia, Aboriginal and Torres Strait Islander people face health, social and economic risks. First Nations peoples in urban, regional, remote and very remote locations tend to be highly mobile, and communities are exposed to high flows of fly-in fly-out workers. There is a higher risk of morbidity and mortality, and the more rapid spread of disease, if the pandemic enters communities. The 20% of First Nations in remote communities swiftly locked-down traditional lands, but face difficult travel and care issues should people be infected, and challenges in maintaining treatment for existing poverty-linked chronic conditions, such as people with kidney disease needing to access dialysis (Rodway, 2020).

Susceptibility to the pandemic is heightened by poor nutrition and inadequate housing infrastructure. Food security is a major issue in remote communities under lockdown. Those Australian Indigenous communities who previously pooled cash for a monthly food-shopping expedition to a cheaper town centre are paying triple locally or going without. Social distancing and personal hygiene requirements have highlighted a legacy of housing neglect, with high rates of crowding and inadequate access to water. Staying indoors is impossible for large numbers of people living in small houses. For people under housing and financial stress, the risk of domestic violence has increased. The Federal Government’s increased funding for community night patrols and social support programmes, while necessary, is tackling symptoms not causes (Lansbury Hall and Redmond, 2020; Wyatt, 2020). Long-standing economic and social inequality and dispossession are being starkly revealed.

The pandemic has disrupted the reliance of many Indigenous communities on tourism and arts for economic self-sufficiency. In pre-COVID-19 Australia, First Nations people were subject to a differentiated and onerous welfare system, including cashless welfare cards and strict work-for-the dole requirements to receive the meagre Newstart unemployment allowance. Ironically, the nation-wide 6-month increase in this allowance (re-named JobSeeker), designed as a general national economic stimulus measure,
has brought the largest temporary income increase to many Indigenous people in decades. The federal government has temporarily suspended work attendance requirements to encourage social distancing, and has announced an incentive scheme for the employment of a small number of Indigenous job seekers, in seasonal jobs such as farm labouring, vacated by backpackers during the pandemic (Fairley, 2020; Wyatt, 2020). Such developments hold a mirror to the discriminatory social policies that First Nations peoples had to navigate pre-COVID.

Australian federal and state/territory governments have recognised the need to work consultatively on culturally appropriate responses. The four phase health response – from ‘initial action’ through ‘targeted response’ in an outbreak, to ‘stand down’ and recovery – has been adapted to recognise connection to culture, country, family and community and the centrality of shared decision-making and local control (Australian Government, 2020a). This is a model that could usefully be copied in wider responses.

**Gender dimensions**

The mortality rate from COVID-19 appears higher among men (WHO, 2020b). In terms of social impacts, however, UN Secretary General António Guterres noted on 9 April 2020 that COVID-19 is ‘...deepening pre-existing inequalities which are in turn amplifying its impacts on the lives of women and girls’ (UN News, 2020b). He advocated that any government plans for economic recovery post-COVID-19 must have leadership and equality for women at the centre.

Women comprise the bulk of workers in the secondary labour market worldwide: as millions of women’s jobs have disappeared, the feminisation of poverty has increased. Pandemic-related job losses by early April 2020 were from four key sectors: food and accommodation (144 million workers), retail and wholesale (482 million), business services and administration (157 million), and manufacturing (463 million) (UN News, 2020a). With the exception of manufacturing, these are feminised industries with the Women’s Institute for Policy Research labelling 2020 a global ‘she-cession’ in contrast to the ‘man-cession’ of the 2008 GFC where the jobs lost were primarily from the production sector (Peck, 2020).

However, women in feminised sectors of manufacturing have also been heavily hit. In the Asian garment supply chain, as international apparel brands cancel or postpone orders and defer payments to suppliers, factory workers are being laid off without social protection, or paid leave, or even being forced to continue working without adequate precautions against infection.

By April 2020, three trends had emerged across Asian garment supply chains – protection and economic support; no protection; and, shutdown. Health protections and economic support for workers in some Sri Lankan regions include stringent conditions for continued operation. Many Indian states veered from no controls to strict shut-down directives from state governments, albeit with strict prohibitions on employment termination. The Cambodian government mandated that factories pay 40% of the minimum wage and paid a further 20% to workers enrolling in soft skills training. In Myanmar, many garment workers were laid off uncompensated. In Indonesia, no government economic or
employment policies had been implemented. The Asia Floor Wage Alliance (AFWA, 2020) argues that only by protecting the health and livelihoods of 60 million garment workers and ensuring universal healthcare access, could a deepening of inequality and economic recession be averted. Informal, casual, seasonal, migrant and home-based workers must be included in social distancing, health care and income support measures supported by governments, brands and suppliers.

Women are more likely to be working in jobs requiring continued risk of exposure to the virus, due to the feminised nature of sectors such as health, education and retail (Birch and Preston, 2020; Foley et al., 2020). In the United Kingdom, for example, women held 79% of jobs in the health and social work sectors and 70% of jobs in education (Devine and Foley, 2020). Japan, the US and Australia also have highly feminised health sectors (Alon et al., 2020). These workers face serious physical and mental health risks from long working hours and shortages of protective equipment (ActionAid, 2020). Yet, with the closure of schools in many countries, women have been disproportionately required to combine paid work, unpaid domestic work and home-schooling children (Wenham et al., 2020). Many families without access to resources are struggling and migrant parents have reported difficulty navigating online learning. For single parents, the task is impossible. In Australia, some governments are keeping schools open for the children of essential workers and early childhood education has been completely subsidised, albeit on the privatised model (discussed below under ‘economic impacts’).

Reports of incidences of domestic violence around the globe have escalated (e.g. Lattouf, 2020) prompting Ambassadors from 124 UN Member States and Observers to note their concerns in a letter to the UN Secretary General (United Nations (UN) News, 2020a). In Australia, there has been concern about COVID-19 being used as a reason to alter arrangements such as parenting agreements, causing increased family stress at a time when courts are only open to hear urgent matters (Victorian Legal Aid, 2020).

It is hard to predict the long-term gender impact of COVID-19. While the crisis has highlighted the possibility of working from home for some and the adaptability of both employers and workers, pressures caused by this flexibility on individuals and families must be considered. In Australia, the primary labour legislation, the Fair Work Act 2009, has been amended to allow employers to ‘temporarily change employees’ usual duties and locations of work, and agree with their employee to change days and times of work’. These increases to managerial prerogative are not innocuous – if they are not reversed, there will be a lasting economic impact on women.

When UK Prime Minister Boris Johnson profusely thanked the nurses who saved his life, it would have been an opportunity to call for pay equity in the health sector, and increased funding to the NHS. It is feared that post-COVID-19, the opportunity will be lost for lasting reforms to employment equity for women.

**Economic effects**

Most crises, including the 1930s Great Depression, have been caused by lack of demand usually due to stock market collapse or to lack of confidence. The COVID-19 economic crisis is due to the closing of industries and the closing down of importation of intermediate products, with significant supply side consequences. This will have important
implications for what happens as we emerge from the pandemic. Normally, crises are associated with unemployed labour and excess productive capacity, making it relatively easy to restart economies by boosting demand. But now, industries cannot easily be restarted until the medical crisis is over. Even then, we cannot go for broke because many industries will lack inputs and capital – most of which needs to be imported. So there is need to plan very carefully for the post pandemic recovery. The COVID-19 events also exposes the irresponsibility of governments following a neoliberal ideology, in allowing the decline of entire industrial sectors especially in the mechanical and engineering industries. These branches produce capital goods which embody the technologies needed to manufacture ventilators and the equipment going into intensive care units. A return to the concept of strategic sectors is vital for recovery policies to be effective in the long run. The importance of building up strategic sectors, which atomistic market processes are incapable of bringing about, consists in the fact that COVID-19 type events are likely to be repeated in the coming years and decades.

The crisis highlighted deep divisions in Europe – particular between the North and the South. These divisions initially arose when Italy, devastated by the pandemic, issued cries of help which were ignored by the rest of Europe. They deepened as the economically devastated South pushed for the issue of Euro-bonds which where vetoed by the North. The long-run implications of this fissure are likely to lead to a further division within Europe. Importantly, France now finds itself on the Southern side of the divide because of its domestic and external deficits and lack of adequate capacity in crucial sectors serving as input for medical products because of deindustrialisation. As long as there is opposition to mutual cofinancing of the public expenditures involved in the fight against the pandemic and the subsequent recovery programmes – an opposition led by Holland and supported by Germany and Austria, all countries with strong external surpluses – the economic, social, and political rift in Europe is destined to worsen, thereby jeopardising the world economy. Europe as a no transfer union, as enshrined in all the Eurozone’s fiscal compacts passed after the 2008 crisis, has become a hotspot of both the pandemic and of ongoing economic crisis.

The pandemic, supply chains and localised manufacturing

Over the past four decades the global economy and individual countries became increasingly dependent on Just-in-time driven global supply chains as manufacturing jobs were offshored by old industrialised countries, resulting in their de-industrialisation and overall deterioration of wages and labour standards as manufacturing progressively moved to lower wage/lower regulation countries. Corporations, governments and a consulting industry promoting supply chains (essentially a hierarchy of contractual obligations) largely ignored incidents highlighting their vulnerability including the 2004 Indian Ocean tsunami, the 2010 Icelandic volcanic eruption and a growing body of research pointing to negative effects on Indigenous peoples, food security/safety, climatic/environmental damage, public and worker safety – the latter highlighted by the 2013 Rana Plaza building collapse in Bangladesh (Quinlan, 2015). The global economy was not robust when COVID-19 erupted, and the resulting near-shutdown of China, accounting for over 28% of global manufacturing output, dramatically affected supply chains (Chowdhury, 2020b).
The UN had warned that a pandemic would strain global food supply chains. Border closures and disruption in aviation and shipping industries placed countries with few alternative sources at high risk. The UN Committee on Food Security warned that instability in the global food supply chain would affect poorest citizens most (Yeung, 2020). On the other hand, in the US a ‘disconnect’ with the food service industry supply chain led to billions of dollars’ worth of waste, with fresh milk going down drains and vegetables ploughed into the earth (Cagle, 2020). The pandemic also revealed that basic ingredients for medicines widely used in the European Union and elsewhere, were largely manufactured in India and China and restrictions on their exports threatened supply of some basic medicines, such as paracetamol.

Before the pandemic erupted, there were indications that supply chains were restructuring, locating suppliers nearer to strategic markets (horribly named ‘nearshoring’ and ‘deglobalisation’). COVID-19 may accelerate technological change, such as developments in 3D printing. Companies will look for suppliers closer to ‘home’ but with a different skill mix and probably a much smaller headcount. Repercussions are likely for already vulnerable workforces in emerging economies, as well as workers in the new supplier economies.

Paradoxically, the failure to build a supply chain for critical medical supplies, for example, ventilators, came home to roost. The US has an inadequate stockpile and no domestic supply chain. A small Californian-based company won a tender to supply ventilators to the government, but the company was then taken over by a multi-billion-dollar firm, which promptly withdrew arguing that the product could not be delivered for the agreed price (Diss, 2020). Unsurprisingly, the pandemic poses a most basic question – defend profits or save lives.

There are lessons to be drawn from an earlier wave of globalisation that contributed to depression and world war in the early 20th century. Keynes (1933) essay on national self-sufficiency wrote:

Ideas, knowledge, science, hospitality, travel – these are the things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible, and, above all, let finance be primarily national.

Chowdhury (2020a) argues that this ‘does not mean complete autarky, but indicates the need for national development strategies, including industry and agriculture policies and regulation of finance – both domestic and international’. The pandemic shows that for countries, both rich and poor, localised manufacturing is not only less vulnerable (both in individual country and aggregate terms) but will also have environment benefits (food miles) and create more sustainable work (offsetting to some degree losses in other sectors).

Nevertheless, the world has become more interdependent and integrated. Re-allocation of labour and production through expanded global supply chains has enabled countries to ‘catch up’, and lifted millions of people out of poverty. In fact, there has been an income convergence among countries, while within-country inequality continues to rise (Milanovic, 2016). Therefore, knee-jerk slogans like ‘Make America great again’ are misplaced. Rather, a global approach is needed to determine the kind of industrialisation
that will benefit both developed and developing worlds. This is not new: early in the post WWII era, the UN was tasked to recommend measures for full employment and development of underdeveloped countries with an aim to achieve balanced and inclusive growth, deemed the foundation for lasting global peace. Therefore, the reconstruction of a post-COVID-19 world calls for an enhanced commitment towards multilateralism in policy-making, in place of current multinational corporation-led globalisation.

Impact on development

The pandemic will have devastating impact on developing countries. WHO (2020a) warned that Africa, the continent of 1.3 billion, could become the next hotspot of the global outbreak, killing more than 300,000 people and pushing 30 million into desperate poverty.

Besides direct socio-economic impacts of the health crisis, the pandemic will affect developing countries through global supply chain disruptions, tourism industry collapse, commodity price falls, falls in remittances by migrants, capital flights and foreign investment decline. Thus, COVID-19 will have a massive impact on the implementation of almost all the United Nation’s Sustainable Development Goals (SDGs). Heavily-indebted developing countries will be in a particularly difficult situation because of their declining exports, while debt servicing and import costs will rise with a strengthening of the US dollar as investors look for safe havens.

The Institute of International Finance (2020) estimates that around US$67.45 billion has flowed out of emerging countries since late January 2020, an amount larger than emerging market capital outflows in the aftermath of the 2008–2009 GFC and the 1997–1998 Asian financial crisis. Commodity exporters will face serious problems due to falling demand with the global economy nearing a recession. Sub-Saharan Africa is expected to lose up to US$4 billion in export revenue with the dampening of global and Chinese demand, and a further US$30 billion due to lower oil prices, making an estimated export revenue loss of about US$34 billion by the end of the year (Raga, 2020; The Economic Times, 2020).

The International Labour Organization ((ILO), 2020) projects that almost 25 million jobs could be lost worldwide and workers could lose some US$3.4 trillion in income by the end of 2020. United Nations University (UNU-WIDER) predicts that the pandemic could push half a billion people to poverty globally. Urban slums and refugee camps will be virus hotspots. For the world’s more than 65 million refugees and displaced people who have fled war and persecution and are living in a precarious situation, the risk posed by the pandemic is potentially dire (De Luce, 2020).

Malnutrition, and other forms of poverty- and hunger-induced health stresses compound vulnerability to the virus and contribute to a vicious cycle of disease, destitution and death. As the Ebola epidemic revealed, poverty can fuel contagion, which can also create or deepen impoverishment (Partners in Health, 2016). In the absence of some forms of universal or affordable health cover, poor or near-poor people often respond to health shocks often by distress sales of assets and borrowing from exploitative money-lenders. Most protective of all is a publicly funded and run health system.

Therefore, the virus will be a new source of impoverishment, reinforcing existing factors and limiting the ability of vulnerable households to escape from – and stay out
of poverty. The lack of concerted and coordinated global effort will have substantial economic, social and humanitarian impacts, threatening the achievement of already failing Agenda 2030 for SDGs.

**Australian economic impact**

Australia has always been integrated into the global trading system, but its degree of integration has increased very substantially since the deregulations of the 1980s. Therefore, it is now much more significantly affected by shocks to major world economies, especially the Chinese economy. China is a major destination for our exports of minerals and a purchaser of education and tourism exports, with flow-on effects in the hospitality industry. The lockdown in China also led to a sudden fall in the imports of critical intermediate products that forced firms reliant on Chinese imports to shut down production and fire workers, or put them onto short time working.

Measures introduced to slow the spread of the disease have been a significant shock to the economy. An immediate impact has been the closing down of many establishments, resulting in widespread loss of jobs, hours and income. In addition, as there has been a dramatic loss of consumer and business confidence there will be a fall in investment in real capital goods, resulting in further income falls.

Social distancing, tracing of contacts and enforced lockdowns have resulted in job losses and led to a sudden increase in people queuing in front of Centrelink (government social welfare) offices. The Government’s response to the crisis has been to abandon its fetish for a balanced budget. It has retreated from reliance on free markets by (in effect) nationalising the losses of the private hospital sector, the private Child Care sector, and through heavy subsidies to airlines’ regional and domestic operations. At the same time, however, it has allowed privatisation of profits to continue (see endnote 1).

**Impacts on the Australian industrial relations regime and labour markets**

In Australia, estimates of shut-down-related job losses are in the range of 14%–25%, with low-income workers twice as likely to be affected (Coates et al., 2020). In the decades before COVID-19, Australia had shared the shift in many countries to a neoliberal ‘policy paradigm’ (Hall, 2013), influencing labour market policies and employment relations systems. Structural and regulatory changes weakened the collective power of labour and enhanced employer prerogative over wage determination and workplace decision-making (Baccaro and Howell, 2017). The results included bargaining decentralisation, restriction of trade union activities, and wholesale changes to employment services, vocational training and labour immigration policies in order to meet employers’ short-term demands. As in other Anglo-American economies, the decline of collective labour market regulation in Australia prompted the creation and growth of statutory rights designed to provide safety nets for individual workers. However, there have been systematic flaws in the operation of state enforcement regimes, resulting in widespread employer non-compliance, particularly affecting workers vulnerable to underpayment and mistreatment, such as temporary migrants (Clibborn and Wright, 2018). Again,
reflecting international trends, there was a shift in Australia from the standard employment relationship of full-time ongoing employment and a corresponding rise in insecure work arrangements, including casual, fixed term and, more recently, market-mediated arrangements associated with the ‘gig’ economy (Campbell, 2018). Unions and alternative worker organisations have had mixed success in their attempts to mobilise against these manifestations of neoliberalism in the labour market, including through innovative and non-traditional strategies.

Suddenly, with the rise of the pandemic, new forms of regulation returned. Firms were classified as ‘essential’ or non-essential. Cafes, restaurants, retail stores and hotels, were deemed non-essential and were closed down for an indefinite period while the pandemic was still causing rising illness and deaths. The government overcame its stigmatisation of the unemployed, almost doubling the former NewStart unemployment allowance for a 6-month period, renaming it the JobSeeker allowance. Furthermore, a JobKeeper subsidy was provided to firms, sole traders and charities (but not schools or universities) with one or more employees, on a sliding scale, depending on aggregate turnover and its fall relative to a year ago (Australian Government, 2020b). For a critique, see Junankar, 2020b.

Although these measures reduce official unemployment rate figures, the Australian Treasury has forecast that will rise to 10% by June, and some economists predict a figure of 15% or 20%, or even 25% (Coates et al., 2020). Many casual workers who had not been continuously employed for 12 months or longer (and migrants on temporary visas) were ineligible for this payment. As unemployment rates increase, so too does long-term unemployment (with a duration of 12 months or longer). After the GFC, the proportion of long-term unemployment went up from 15%, continued to increase and never returned to pre-GFC levels, indicating hysteresis in the labour market.

Prime Minister Morrison and Treasurer Frydenberg stated very clearly in March and April 2020 that all government employment subsidies would be withdrawn and the economy would return to its free market ways once the pandemic has been beaten. They describe the labour market measures as ‘hibernation’ (Norman, 2020). Junankar (2020a) challenges this implication that the economy will wake up just as it was before the pandemic, arguing that the clock cannot be turned back. Many of the changes to the welfare system must be retained.

Young workers and immigrants

Workers aged under 30 are more likely to be in precarious work characterised by casual or contract arrangements (Crofts et al., 2015). Younger workers are among those groups unequally affected by new government measures that allow early access to superannuation retirement savings: women have comparatively low superannuation balances (Kaine, 2017), temporary migrant and young workers are the worst affected by wage and superannuation theft (ISA/CBUS, 2016; Australian Government, 2020c), and gig workers are not entitled to employer superannuation payments at all.

The unequal impact of the crisis borne by temporary migrant workers is a continuation of over 25 years of Australia’s exclusionary migration policy. Since 1996, Australia has increased markedly its intake of migrants with restricted work and residency rights,
providing a ready workforce to meet business demand. Migrant workers’ power and agency have been curtailed to the extent that their capacity to bargain for decent working conditions with their employers is truncated and their agency even to pursue legally enshrined payment for their work is diminished (Wright and Clibborn, 2020).

It is thus unsurprising that temporary migrants working in Australia were excluded from the government’s main economic stimulus and welfare packages. Already ineligible for Medicare, temporary migrants (except New Zealanders) were also excluded from the new JobSeeker welfare payments and JobKeeper employment maintenance payments. The Australian government explained this exclusion in terms of needing to ‘draw a line somewhere’ (Cash, 2020) and encouraged temporary migrants to ‘go home’ (Coleman, 2020) if they could not support themselves. This was impractical given tight international travel restrictions. Therefore, temporary migrants who lost jobs were abandoned to difficult financial situations, including potential homelessness (O’Brien, 2020) and those with ongoing work faced pressure to continue working when sick. This creation of an underclass of migrant workers generated public health risks, including from COVID-19 (Clibborn and Wright, 2020).

New policy measures aimed at temporary migrants were of limited utility. Lifting fortnightly working hour restrictions for international students in sectors such as healthcare and horticulture demonstrates a misunderstanding of jobs undertaken by international students during semester. Allowing access to accrued superannuation ignored the high incidence of employer’s non-payment of superannuation to migrant workers. Legal work status is another factor exposing workers to unequal detriment from the COVID-19 crisis. It is well established that workers in the app-based gig economy are low-paid and, due to their classification as independent contractors, are excluded from minimum standards such as paid personal/carers and annual leave. They may access the JobKeeper payment if eligible under residency requirements, but this will not apply to many gig workers due to the high proportion who are temporary migrants (Barratt et al., 2020). With little savings potential and no accrued rights safety net, gig workers in businesses such as Uber and Deliveroo must be left with little choice but to continue working regardless of COVID-19 symptoms. Concerns with excluding gig workers from minimum employment standards, despite the dependent nature of their work, have been well aired (Stewart and Stanford, 2017). Exacerbation of these existing inequalities for gig workers highlights inadequacies of the outdated distinction between employees and independent contractors.

Already on the edge of survival in the labour market, gig economy workers found out that the sharing economy also meant potentially sharing germs, with delivery workers finding themselves financially unable to take time off even if it meant putting themselves and others at risk. Amazon workers also reported increased demand, exacerbating already pressurised working conditions. In the US, both sets of workers responded by attempting to organise collectively to defend their own health. Amazon reportedly sacked employees who had attempted to organise in warehouses (Paul, 2020).

As governments resurrect their economies, retraining and finding suitable employment for displaced workers loom as critical labour market policy challenges (Junankar, 2020b). In Australia, these challenges are exacerbated by the fragmentation of employment services and vocational training created by neoliberal policies since the 1990s.
Under the marketised training system, the ability of private providers to compete with public providers (TAFE) and community providers for public funds has contributed to a decline in training quality, the erosion of transferable skills, stagnation in training investment and falling enrolments and/or completion in many trades-based apprenticeships (Toner, 2018; Yu and Oliver, 2015). In order to restore sufficient coordination to ensure that unemployed workers are redeployed to sectors where they are needed and retrained as appropriate, a government-led overhaul of these policy areas will be necessary. Junankar (2020a, 2020c) outlines an agenda for such an approach, particularly in order to address long-term unemployment.

**Next steps: Shaping the recovery**

The foregoing discussion highlights only some of the consequences and policy issues raised by the COVID-19 pandemic. Further issues include substantial limitations on civil liberties in the struggle to contain the virus. These include the right to assemble/protest, the introduction of emergency powers and the growing use of surveillance technologies. Some governments (China and Hungary) have used the crisis to introduce draconian laws of unlimited duration or to clamp down on dissidents. It is critical that impositions are temporary and not used to circumscribe active citizen engagement influencing policy directions in the longer term. Authoritarianism was on the rise long before the pandemic. But despite its manifest failings, authoritarianism is misleadingly seen as attractive owing to China’s apparent success in containing virus spread, vis-à-vis total unpreparedness and mismanagement by the UK and the USA. However, authoritarian responses cannot redress the systematic erosion of state capabilities under neoliberal regimes. Well beyond China, for decades governments in many countries claiming to be democratic have primarily served powerful corporations, contributing to the widespread community mistrust that has impeded effective interventions (Chowdhury, 2020c).

**Changing direction**

The pandemic demonstrates the failures/dangers of neoliberalism and rising global inequality. Yet, as in the past, with its talk of coming out of ‘hibernation’, the remedy to neoliberalism’s failures being posited by the Australian federal government is more neoliberalism, more ‘deregulation’ and more industrial relations ‘reform’. Such ideologically driven and doomed policy recycling needs to stop.

We need to recognise that the scale and complexity of the crisis caused by the COVID-19 Pandemic is unprecedented, encompassing the whole world and almost every aspect of human life. Lack of global leadership, undermining of the WHO and other inadequate global responses have exacerbated the present humanitarian crisis. The COVID-19 Pandemic has called into question many prevailing beliefs and practices, requiring new thinking.

We cannot go back to the Keynesian post-WWII consensus that produced the economic ‘golden’ age of the 1950s and the 1960s. Neither the Great Depression of the 1930s and nor the 1970s stagflation can guide us either. The 2008–2009 GFC which was mainly caused by ‘moral hazards’ owing to the excesses of unregulated finance is no
comparison. While the current crisis has been called a ‘act of nature’, many scientists argue it results from nature out-of-balance as a result of over-exploitation of forest and other ecologies (Quinney, 2020), and is exacerbated by our failing systems, national and global. The ascendance of neoliberalism since the collapse of the Bretton Woods System in 1971 has fractured our social and global compact. Thus, we need to rebuild national and global consensus.

Procedurally, what steps can be taken? Fortunately, our history is not entirely bare of guidance. Globally, President Roosevelt led the initiative for the United Nations Conference in San Francisco in 1945 to ensure lasting peace by recognising fundamental human rights and national sovereignty. In the absence of Roosevelt like global leadership, the United Nations should convene a global deliberative forum to assess the impact of the current crisis and to devise responses for balanced, sustainable and inclusive recovery. Similarly, Australian Governments – Commonwealth, State and local – need to convene a national deliberative of key community spokespeople to design our pathway out of this crisis and develop a foundation for shared prosperity. Australia can play a critical role in the design of a response to the crisis and the post-COVID-19 global order.

Some broad issues for deliberation have already been identified, including a refashioning of global trade, the promotion of local manufacturing of essential goods, rebuilding public healthcare infrastructure, effective regulation of supply chains and global corporations, protection of workers’ welfare, promotion of community-voice and ownership of key instrumentalities, and more effective measures addressing global inequality. The over-arching aim would be to ‘leave no one behind’ and achieve universally agreed standard or goals such as the UN Agenda 2030 for SDGs.

Possible elements of an agenda

This article has not attempted to outline a detailed programme of action for substantive change. These substantive questions are matters for ongoing discussion and democratic deliberation, as we imagine a rebuilt world. For example, ELRR is one of many voices calling for thinking on the shape of a global Green New Deal. The role of neoliberalism in the COVID-19 crisis and its economic fall-out is clear. In responding, governments have laid bare the ‘debt-and-deficit’ rhetoric as conversations about the sustainable rebuilding of work and welfare begin. Areas for reform or re-examination may include the following:

- Environment: accelerated action for habitat protection, sustainable and affordable clean energy and reversal of global heating
- Health: enhanced universal public health system and strong comprehensive primary health care
- National reconciliation: urgent implementation of the Uluru Statement from the Heart to give meaningful voice to Indigenous people
- Industrial relations and labour market reform: reduction of job insecurity, improvement of labour standards and maximum decent productive jobs, ensuring the equitable inclusion of young people, women, migrant and First Nations people in meaningful and productive work
• Education and skills formation as a public good and international obligation
• Finance, capital account management and corporate governance: regulation of the speculative and algorithm-driven practices that led to the GFC; prevention of stock market volatility unrelated to the real economy
• Taxation: stronger measures to stem base erosion and profit shifting by multinational corporations, especially by digital giants; increase progressivity to address rising inequality
• Regulation of privatisation: stronger measures to prevent collusion and anti-competitive behaviour
• Social protection: universality for readiness in time of crisis and to reduce inequality; expansion of social housing

It is still possible for nations to transform the crisis into an opportunity to reimagine the social contract, putting environmental sustainability, equity and humanitarian solidarity at the heart of a programme of reconstruction and renewal. Failing that societal cohesion could give way under the strain.

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Notes
1. Knight (2020) reports that Crown Resort will access the government’s JobKeeper support for some of the 11,500 staff it has stood down, while it rewards shareholders with A$205 million in dividends.
2. In response to its role in economic and social affairs as enshrined in its Charter (Articles 55 & 56). The United Nations (UN) (1949, 1951) published two ground-breaking reports, National and International Measures for Full Employment, focused mostly on developed countries, and Measures for the Economic Development of Underdeveloped Countries. These reports were prepared by two expert groups, several of whom (e.g. Arthur Lewis and Theodore Schultz) later won the Nobel Prize in Economics. Ronald Walker, Economic Adviser to the Australian Department of External Affairs, chaired the Group that produced the 1949 report.
3. In the wake of the 2008–2009 Great Recession, the United Nations organised a global conference on the World Financial and Economic Crisis and its Impact on Development. For the outcome document see United Nations, 2009. Unfortunately, many of its recommendations, although agreed by member States, were not implemented. Had those measures been in place, the world would have been in a better position to deal with a global financial and economic crisis.

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