

Pandemic has exposed weaknesses in our economy ... and society



Shaun Carney

Columnist for The Age and Sydney Morning Herald

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For decades we rolled along, loosening up our economy, deregulating workplace laws, privatising services and hooking ourselves into global capital flows and supply chains.

Good times followed. True, we took some body blows in the wake of the global financial crisis in 2008 but quick action by the Rudd government staved off recession, something that many countries in the northern hemisphere could not avoid.



People queue outside Centrelink in Melbourne in March.*CREDIT:GETTY IMAGES*

So we kept going, counting on what had worked before to keep working. Politically, most of us bought into the Coalition's high-decibel campaigning against increased levels of public debt and budget deficits and voted for three different Liberal leaders at three successive elections to get us back into surplus.

This was what we wanted. But the model that we'd installed wasn't exactly running like the clappers. Sure, at the start of 2020 the federal budget looked like moving into the black – just – but wages were stagnant, productivity growth was sluggish, and the economy was just ticking over.

Then came the pandemic and everything that had been treated as gospel on the budget front for the previous 20 years went out the window. In the space of a mere four months, just to keep our economy going and our society together, the government has run up a bill that will take 30 years to pay off – if everything goes well.



Illustration: Jim Pavlidis *CREDIT:*

Anybody who tells you that we can get things back to "normal" in the medium term at the very best is pulling your leg. There is one bright spot: at last we can be honest with each other about what we feel and see happening around us. The pandemic is not an elongated blip; it is a transformative event.

We've moved towards favouring our personal rights over our duties to each other.

Now, as we determine the best way out of the worst economic downturn since the Great Depression, we have the chance to reassess the social, industrial and economic models that we've constructed. If our leaders have the fortitude or imagination, the nation can decide what is fit for purpose and what has been rendered redundant or unworkable because of COVID-19.



The devastating death toll caused by the virus in aged care homes, first in NSW and now in Victoria, is not due to some accident. It is an indirect result of government decisions that have been tolerated or even passively endorsed by the public. Resource allocation problems in the non-government aged care sector have been well-known for many years.

In Victoria, it seems beyond challenge that insecure or precarious work caused by the outsourcing of labour has contributed to the second wave of infections: workers with symptoms simply believed they could not afford to knock back a shift.

Similarly, the outsourcing of hotel quarantine security – a vital link in the chain of virus suppression – to private operators appears to have unleashed the current contagion.

Employment without annual leave and sick pay is all very well when the economy is still growing but once it hits a bump, it can produce devastating outcomes.



The federal government has sat on its hands on the question of paid pandemic leave for aged care workers, a worrying sign for the future. Compared with the JobKeeper overpayments to part-time workers, the leave payments would be chicken feed.

The government has until October, when it delivers the budget, to come up with the first of what will certainly be a series of economic restoration plans. But how bold will it be? That will depend on how much boldness Australians will demand of it.

Last week Reserve Bank governor Philip Lowe went as far as he could, given the sensitivity of his position, to urge the government to spend money on infrastructure and public health as a way of restarting the economy. So far, the government seems to be fixated on some hits-and-memories favourites: income tax cuts and greater labour market flexibility. It needs to work up some new, brash tunes.

Will the public push for that, or will it wait and see? The "we're all in this together" mantra that's echoed through the media since March can ring hollow. Some people who've failed to self-isolate while awaiting a test result have done so not out of economic necessity but because they don't see how connected they really are to everyone else.



Or they just couldn't be bothered to apply some common sense.

Parallel to the deregulated economic model we've followed has been a more individualistic approach to life in which increasing numbers of us choose not to join churches or unions or political parties, once mainstays of social engagement.

For quite a few years now we've moved towards favouring our personal rights over our duties to each other. The pandemic, marked by various government edicts about behaviour and our obligation to look after each other, has prompted a re-examination of those choices.

But we've got a long way to go on that front. It could be that Australia muddles along, with its political leaders producing half-measures and tweaks just to get them to the next election. That's where we've been stuck for 10 years.



Government on one side, voters on the other, sitting in judgement. If the worst economic times in our lives can't get both sides working towards something better, nothing will.

Shaun Carney is a regular columnist.

Taken from "The Age" newspaper.