

# A Just Recovery from COVID-19: Building economic and social resilience

by Lachlan Preston

The impact of COVID-19 has reverberated across the globe, as it has caused illness, panic, death, and community shut-downs on a scale not seen since the Spanish Flu outbreaks almost a century ago.

With a carefully considered approach to recovery, Australia can emerge stronger and fairer from this crisis and better prepared to deal with future crises. The article explores four avenues that should be pursued to drive recovery and improve the quality of Australian life.

## Introduction

Due to the increasing prevalence of vaccines and improvements in modern medicine, large-scale infectious disease outbreaks have become less common, especially in developed countries. This has increased confidence in human control over our natural world, to which the devastation of COVID-19 has provided a reality check. No matter where we live, how much we earn, or what we look like, we are all human and are all susceptible to illness, even if the impacts are felt more profoundly in marginalised communities.

In Australia, thanks to the early shutdown of our national borders, relatively early implementation of social distancing measures and strong community adherence to these restrictions, the spread to date of COVID-19 has been limited. Widespread community transmission of the disease has been avoided. Although restrictions are likely to remain in some form for many months, the current success in Australia has prompted the focus to move from health, to also considering how to restimulate the economy from the impending recession.

COVID-19 has highlighted that neoliberal economic policies have not delivered a system to effectively care for people, reduce vulnerability or respond to crises. The pandemic has also led to reassessments of value and importance within society, especially of health, education, and caring sectors.

Business leaders and lobby groups have been on the front foot in advocating for the relaxing of restrictions to allow business operations to resume as usual. But a return to business as usual is not what is needed. Now is the time for Australia to consider steps necessary for a just recovery from COVID-19.

With a carefully considered approach, Australia can emerge stronger and fairer from this crisis and better prepared to deal with future crises.

### Avenues to a just recovery

1. **Building resilience to respond to disasters**
2. **Changing how we measure progress**
3. **Looking after our community**
4. **Projects for a positive recovery**

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## Building resilience to respond to disasters

The recent summer of bushfires and associated air pollution had major impacts throughout Australia, with mass destruction of lives, property, animals, and nature. The fires emphasised our helplessness in stopping the disaster. Instead the focus was saving lives, mitigating damage to property and essential infrastructure, and dealing with the choking smoke that brought several major Australian cities to a standstill.

The impact of COVID-19 has further highlighted the fragility of our systems. Global just-in-time supply chains have struggled to deal with the sudden demand for medical equipment and shoppers stocked-up on supplies, leaving empty supermarket shelves and increasing panic in their wake. Fortunately, Australia took decisive steps to limit travel and was able to learn from the early missteps in countries like China, Italy, and Spain, meaning we have not seen our hospitals and healthcare system also overrun.

What both disasters have highlighted is the lack of resilience built into our current economic structures and universal service systems, both locally and globally. The crisis has shown not only the fragility of many important sectors, but also of many people's individual employment situations. Overall, this indicates that without change we are likely to also struggle with future disasters.

Decades of cuts to public sector capacity and the sale of public services have compounded to create a system with limited human, financial and intellectual capacity to step up when hit with increased demands. Chronically underfunded government services such as Centrelink have publicly struggled to deal with sudden increases in demand. Similar issues also affect other departments in less visible ways. The government could take the opportunity to invest in increasing public sector workforces, boosting employment,

and building capacity to plan for and deal with future disasters.

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One of the reasons for the lack of resilience in society, is that politics has been trapped in a cycle of prioritising short-term responses. Rather than undertaking long-term social benefit initiatives, political thinking is often limited to the electoral cycle. This short termism is also present in our response to the threat of climate change; dominated by fear of change, rather than seeking to proactively address the issue and benefit from being a global leader of new approaches. As part of COVID-19 recovery increased funding for science and research institutions could enable the development of new local industries built around emerging technologies.

Equally importantly, there is also an opportunity in this recovery for Australia to seek to build increased community resilience. Employment, supply chains, manufacturing and sources of essential goods and services need to be strengthened at local and regional levels as well as globally, to maximise economic robustness. In addition to creating more resilient communities, this could also be used to reduce greenhouse gas emissions, such as through investment in micro-grid renewable energy systems.

## Changing how we measure progress

For over 25 years Australia has enjoyed continued economic growth. Undoubtedly the government will seek to boost economic growth

again after the COVID-19 lockdown ends as a strategy to reduce debt. The standard measure of economic growth is Gross Domestic Product (GDP). While GDP provides a useful indicator of national output, it is a narrow assessment of economic activity and is not designed as an indicator of development or wellbeing.<sup>1</sup>

GDP does not consider any of the costs or damages of achieving growth (i.e. use of natural resources, pollution) nor does it include items that do not involve a monetary transaction (i.e. unpaid household labour, unpaid childcare, giving of gifts). There are activities that raise GDP but don't make the country better off, such as spending to replace buildings and infrastructure destroyed in the bushfires or other natural disasters. Finally, GDP doesn't indicate whether individual people are actually better or worse off, as it does not consider inequality or how the wealth is spread across the population.

To ensure that growth is targeted to improve the lives of all Australians, it is important to take a broader picture of wellbeing than just the overall GDP of the country.

### New Zealand's Annual Wellbeing Budget

*New Zealand has introduced an Annual Wellbeing Budget. In addition to financial & physical capital, it also reports on human capital, natural capital, and social capital.*

*Australia could consider this as a model which would focus our attention on the broad range of human and natural assets which contribute to our overall wellbeing.*

Finally, as part of the recovery we need to reconsider how we think about care. The predominantly feminised and undervalued industries of health, aged-care, education, cleaning, and retail have been shown to be critical in helping society respond to COVID-19, whilst many highly paid roles appear to be overvalued.

## Looking after our community

As we seek to reopen society, the principal concern must continue to be people's health, without exception. Although there are clear health and wellbeing risks associated with isolation and economic distress (mental health and domestic violence being two of the most urgent), the overall focus must be on maintaining the health and wellbeing of Australian's as the number one priority.

There are gaps in our current protections that leave many people vulnerable and increase the risk of COVID-19 for all Australians. The failure to apply the COVID-19 supplement to those receiving the Disability Support Pension is cruel and unnecessary. There are also hundreds of thousands of international students and temporary migrants in Australia, who are unable to work due to COVID-19, are ineligible for government welfare payments and cannot return home due to travel restrictions. As a multicultural country Australia receives great benefit from the many migrants who come here, some of whom then choose to make Australia home. The current policy leaves people at risk of homelessness and does not demonstrate a health-first approach to combatting COVID-19.

Finally, we cannot forget to look after our local community in the Pacific and South East Asia, where many countries struggle to deal with regular infectious diseases such as tuberculosis and measles, let alone a pandemic.

It is essential for Australia to increase our health aid to our regional partners and to share our knowledge and expertise to assist in the combatting of the disease. There is also a need for a global campaign to waive international debt for some of the world's poorest countries, who instead of investing properly in health systems and community services, have been spending huge amounts of money servicing debt to wealthy countries. This pandemic shows that

outbreaks do not respect national borders. Whilst COVID-19 and other diseases spread throughout our region, they continue to pose a threat to Australia as well.

#### Australia's Overseas Aid contributions

*Australia's overseas aid budget overall is currently at its lowest level on record at 22c for \$100 of national income. This is well below the 70c per \$100 recommended by the United Nations.<sup>2</sup>*

*Australia's aid spend on health specifically has been slashed in recent years, as the focus has moved to infrastructure spending to compete with China's Belt and Road Initiative.*

## Projects for a positive recovery

There is no doubt that the economy will require some ongoing government stimulus in the coming months and years to support a return to full operation. As such, there is a huge opportunity for state and federal governments to use this to also build a more just Australia.

One of the most obvious first steps for recovery is for a massive boost in public and community housing.<sup>3</sup> Victoria alone has over 100,000 people waiting for public housing.<sup>4</sup> Housing construction is something that can be rolled-out rapidly and will help to ensure that employment in the construction industry remains strong through a period of decreased demand. These projects could also include clauses for employment of apprentices and local supplies, to further boost recovery. Another area of high demand for housing construction is in remote Aboriginal communities, where increased housing will also have the benefit of reducing overcrowding and assist in reducing the spread of infectious diseases within those communities.

The government has effectively doubled the Newstart payment (now called JobSeeker payment), in part to forestall the potential political fallout resulting from hundreds of thousands of new welfare recipients moving onto a payment insufficient to meet their basic living expenses. It is well documented that increased welfare payments to low-income Australians have a strong stimulatory effect on the economy, as the money is likely to be spent, rather than saved or put into mortgages.<sup>5</sup>

There is an urgent need for the government to formalise a substantial permanent increase to the JobSeeker payment going forward, as well as increased supplements such as Rent Assistance. This will allow recipients to live and seek employment off the payment in what will be an increasingly challenging job market.

Given that the burden of the current borrowing will be paid for generations to come, there is also a strong argument for reducing or rescinding policies that prevent intergenerational redistribution such as negative gearing and franking credits to ensure that the costs of the significant health initiatives are fairly spread across society.

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*“One of the most obvious first steps for recovery is for a massive boost in public and community housing.”*

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Finally, given that major spending will be occurring to stimulate the economy, this funding should consider the future horizon of climate change, to help progress Australia's mitigation and preparation for the impacts of higher temperatures.<sup>6</sup> Lobbying has already begun from certain sectors to utilise stimulus funding to further embed polluting and unsustainable technologies and energy sources. We need to ensure that boosting economic recovery is not used as an excuse to entrench industries that will

undermine future prosperity and environmental sustainability.

More sustainable alternatives could include funding sectors such as renewable energy, but also targeted small projects like incentives for rental property owners to invest in renewable energy and improved housing insulation. Other interesting opportunities could be in large scale tree-planting and habitat renewal and potentially infrastructure, such as the rollout of e-vehicle charging stations across the country.

## Conclusion

Australians have dutifully accepted increased restrictions on their individual freedoms for the benefit of all. The example of the United States shows that this social cohesion should not be taken for granted and must continue to be nurtured. One of the main drivers of social cohesion is reduced inequality between the haves and have nots in society.<sup>7,8</sup>

Research by the Centre for Policy Development in 2018 showed that a third of Australians thought that the main purpose of democracy was “ensuring that all people are treated fairly and equally, including the most vulnerable in our

community”. This result was more than twice as popular as the next most common response.<sup>9</sup> Australia must use the COVID-19 recovery as an opportunity to reduce inequality and look after the wellbeing of all, rather than to slide further into inequality and a more divided society.

Economist Mariana Mazzucato argues that “mission-oriented” approaches are most impactful, where states lead ambitious responses to major challenges and opportunities.<sup>10</sup> Increased economic growth, while an indicator of recovery is not in and of itself a positive outcome of development, as the direction of the growth is even more important.

There are many ambitious missions that Australia could set to drive our recovery, such as eliminating homelessness, saving the Great Barrier Reef, or becoming a global leader in renewable energy technologies. The most important thing is that we ensure a just recovery from COVID-19 and that this recovery propels us forward in our mission to combat a similarly serious battle against global warming.

***Lirata has signed an Open Letter from 350.org calling for a Just Recovery from COVID-19 here: <https://350.org/just-recovery/>***

## Key strategies to achieve a just recovery

### Building resilience to respond to disasters

- *Strengthen public sector workforces*
- *Commit to long-term social benefit initiatives*
- *Fund science and research institutions to develop new local industries*
- *Build community resilience at local and regional levels*

### Changing how we measure progress

- *Look beyond GDP to measure progress*
- *Consider implementing a Wellbeing Budget*
- *Reassess valuation of feminised care sectors*

### Looking after our community

- *Ensure health remains the principal concern*
- *Expand government support to temporary migrants and international students*
- *Increase health aid and support regional partners to combat COVID-19*

### Projects for a positive recovery

- *Build new public and community housing*
- *Formalise a permanent increase to the JobSeeker payment*
- *Ensure stimulus projects help Australia prevent and prepare for climate change*

## Assistance with campaigns for economic and social justice

Lirata works to support individuals and organisations campaigning for economic and social justice. Lirata provides assistance with strategy, organisational development and evaluation.

For further information or assistance, please contact the Lirata team:

**Phone:** (+61) 0407 314 716

**Email:** [contactus@lirata.com](mailto:contactus@lirata.com)

## Notes

- 1 <https://www.abc.net.au/news/2018-06-02/gdp-flawed-and-out-of-date-why-still-use-it/9821402>
- 2 <https://www.globalcitizen.org/en/content/australia-cuts-health-aid-for-infrastructure/>
- 3 <https://www.smh.com.au/politics/federal/private-sector-charities-push-for-social-housing-led-economic-recovery-20200426-p54nabr.html>
- 4 <https://www.rmit.edu.au/news/all-news/2020/may/victoria-wastes-potential-for-public-housing>
- 5 <https://www.canberratimes.com.au/story/6561837/the-economic-case-for-increasing-newstart/>
- 6 <https://www.theguardian.com/environment/2020/may/05/australian-businesses-call-for-climate-crisis-and-virus-economic-recovery-to-be-tackled-together>
- 7 [https://www.g20-insights.org/policy\\_briefs/understanding-and-fostering-social-cohesion/](https://www.g20-insights.org/policy_briefs/understanding-and-fostering-social-cohesion/)
- 8 [https://www.g20-insights.org/policy\\_briefs/inequalities-undermine-social-cohesion-case-study-south-africa/](https://www.g20-insights.org/policy_briefs/inequalities-undermine-social-cohesion-case-study-south-africa/)
- 9 <http://insidestory.org.au/on-a-mission-to-save-democracy/>
- 10 <https://www.theguardian.com/commentisfree/2018/dec/14/australia-is-uniquely-up-to-the-task-of-solving-wicked-problems-around-inequality>