

The end of neoliberalism? The response to COVID19: An Australian geopolitical perspective

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The coronavirus (COVID-19) pandemic has arguably exposed the failures of neo-liberalism and its political agenda over the past generation. The response has seen governments resurrect neo-Keynesian policies in order to address the weaknesses in the current market system and to mitigate the worst economic downturn since the Second World War (1939-45). This chapter contextualises the Australian perspective and the policy responses to the economic challenges posed by COVID19. We contrast that with the experience of the US and UK with whom we share common institutions and culture, including a generation of neoliberal economic reforms.

By closing large sections of the economy, the Australian COVID19 response provided extensive social welfare support and bailed out several sectors and industries. Previously unacceptable and unthinkable levels of budget deficit and country debt were incurred. This systemic state intervention into the economy raises the question of whether the pandemic signals the end of neoliberal era and its ramifications – or whether this neo-Keynesian pause was a kneejerk response to ensure and protect its legacy.

“Everything must change so that things can stay the same”
-Giuseppe Tomasi de Lampedusa (The Leopard, 1958)

1.0 Neoliberalism heritage and legacy

In considering the impact of COVID19-19 on neoliberalism and for Australia within a geopolitical context, it is helpful to establish the nature of neoliberalism at the time that COVID19-19 arrived in early 2020, and within the context of Australia’s close relationships with USA and UK, many of whose values and institutions the country shares (Lester and dela Rama 2018). These include the adoption of neoliberal market based reforms through the 1980s and 1990s.¹

1.1 Neoliberalism

The neoliberal agenda in the Anglo-American political sphere came to ascendancy during the terms in office of Margaret Thatcher as the Conservative Prime Minister (PM) in the UK (1979-1990) and Ronald Reagan as Republican President in USA (1981-1989). In Australia, this agenda was mirrored under the terms of Labor PMs Robert Hawke (1983-1991) and Paul Keating (1991-96) then supercharged by Liberal PM John Howard (1997-2007).

Politically, both Thatcher and Reagan were conservatives but of a new breed, combining elements of neoliberalism alongside an emergent neo-conservatism (Larner 2003). The long-term legacy of these agendas was realized in broadly ‘populist’ and ‘nationalist’ reactions to globalisation and inequality with the elections of Republican President Donald Trump (2016-2020) under his slogan,

¹ This chapter is precursor to the Australian geopolitical and economic framework for this paper.

“Make America Great Again” (MAGA); and Conservative British Prime Minister, Boris Johnson’s (2019 to date) “Brexit, Let’s Do It”, following the Brexit Referendum (2016) when the UK voted to leave Europe.

1.2 Neoliberal society and government

‘Neoliberal’ domestic policies are aptly summarized by the respective epithets of their leaders in UK and USA: Thatcher’s “There is no such thing as society” (Keay 1987) and Reagan’s “Government is the problem not the solution” (1981). These constructs merged into rhetoric, policies and programs emphasizing the role and responsibilities of individuals, and minimizing the size and role of government. Society was characterized as the sum of actions by individuals ‘atomized’ from each other within a ‘market’ economy (Frank 1981).

The private sector was deregulated and incentivized by tax cuts, with the public sector cut back by tight fiscal policies, outsourced and privatized, and with tight monetary policy to contain inflation, minimize budget deficits and national debt. While this resulted in the “Reaganomics boom” (Troy 2006) and the “Thatcher miracle” (Layard and Nickell 1989), the longer-term ex-post failure of these policies was signalled by growing inequality (Fry 2008, Piketty 2015).

Reaganomics ushered in a two-tiered economy, an era of suppressed economic wage growth coupled with a long period of decline which “reversed many of the accomplishments of the New Deal” (Komlos 2019), culminating in the debacle wrought by the Global Financial Crisis of 2008-09, the reaction of Occupy Wall

Street protests and arguably prepared the groundwork for the populist UK Brexit campaign and election of President Trump..

1.3 Neoconservative 'soulmates'

The Anglo-American domestically driven 'neoliberal' socially and economically 'conservative' agendas bled over into international relations, foreign affairs and geo-strategic policies and ultimately became identified as 'neoconservative' (Brown 2006). A strong continuing commitment was made to business globalization and multilateral trade arrangements. The interests of large, multinational corporations emerged as a dominant voice, including in setting trade and investment agendas (Cox 2012) while the impacts on and concerns of domestic constituents were sidelined (Stiglitz 2002). The legacy of such policies came to fruition when those 'left behind' by globalization (Piketty 2013) elected the 'outsider', 'populist' Republican President, Donald Trump (2016-2020) on the 'nationalistic' promise of (Make America Great Again) MAGA, and "Drain the Swamp" of politics and lobbying in Washington DC (LaPira and Holyoke 2017).

1.4 Geopolitical manifestation

In geopolitical terms, the seeds were sown of the subsequently flourishing 'neo-conservative' approach. This emphasized the role of America as global 'hegemon' (Fukuyama 1992) and came to a head under Republican President George W. Bush (2000-2009) and UK Labour Prime Minister, Tony Blair (1997-2007).

The mission after the 9-11 (2001) terrorist attacks and during the subsequent “War on Terror” was to bring democracy to the world (Windsor 2003), through support for local uprisings such the “Arab Spring” and particularly in the Middle East through “regime change” and direct military intervention (Litwak and Litwak 2007), particularly in Afghanistan (2001) which continues to date², and subsequently Iraq (2003). Despite the “Mission Accomplished” banner behind Bush in May 2003 following the successful invasion of Iraq but unsuccessful rebuilding of the country after the downfall of the Saddam Hussein dictatorship (Bensahel 2006), American troops were not withdrawn officially until 2011 after years of insurgency and huge losses of Iraqi lives estimated up to 1 million.³

2.0 Resurgent Anglo-American populism and nationalism

At the time that COVID19 arrived in early 2020, many of the social, economic and political legacies and structural weaknesses of neoliberalism since its glory days in the 1980s and its soulmate ‘neoconservatism’ in the 1990s had already been exposed by the ‘populist’, ‘anti-elitist’ and ‘nationalist’ driven election wins of Trump in USA and Johnson in UK in the 2010s⁴. Ironically, voters in America and UK tuned to leaders from conservative parties whose policies arguably, were a rejection of their party antecedent ‘neoliberal’ and ‘neoconservative’ heritage that fuelled disenchanted and ‘left behind’ voters (Maher et al 2018; Johnston et al 2018).

² At time of writing, President Trump after losing the 2020 election, announced the withdrawal of some 3,000 troops from Afghanistan, leaving only about the same number still there (Ryan et al 2020).

³ See Iraq Body Count <https://www.iraqbodycount.org>

⁴ Lester and dela Rama, op cit

Fukuyama, who had earlier lauded the American achievement and fuelled 'triumphalism' in the wake of communism's downfall (1992), now cautioned against populism as a direct threat to the ideals and the manifestation of Western liberal democracy (Fukuyama 2016). The Reagan legacy resulted in the 'fifth column' within the Republican Party and a divided Union; while across the Atlantic, Brexit fomented by conservative 'euro-sceptics' dismantled the socio-economic ties that bound Britain to Europe and exposed a divided Union (Birrell and Gray 2017).

2.1 Australia's 'neoliberal' experience

Australia experienced largely these same economic and political currents as America and UK since the emergence of neoliberalism in the late 1970s⁵ albeit in a highly attenuated form (Quiggin 1999) reflecting its deeper egalitarian and pragmatic culture. The country reaped the economic and trade gains under the Labor governments of PMs Bob Hawke (1983-1991) and Paul Keating (1991-96) of structural and market reforms labelled as 'economic rationalism' (Pusey 1991, 2018), and accelerated under Liberal PM John Howard (1996-2007) but without the same underlying commitment to social cohesion as the former.

The Labor government economic reforms were accompanied by The Accord between government and Unions, policies of 'structural adjustment' assistance, social and labour market 'safety nets', and the idea of a 'social wage' that distributed the economic gains among the 'losers' as well as the 'winners'. They

⁵ "Federal election results 1901-2014", Parliament of Australia, aph.gov.au

laid the groundwork for nearly 30 years of unbroken economic growth and prosperity that helped cushion the blow of the Global Financial Crisis (2008-09) and racked up the longest stretch of growth in modern history (The Economist 2017).

2.2 The years of tumultuous change and political instability

The latter years of Liberal Coalition governments under Howard saw the continuation of more extreme neoliberal policies of privatization, deregulation and anti-trade unionism. There was less emphasis than under Labor on social and labour market 'safety nets' and with attacks on workers' rights and conditions labelled "Work Choices" that ultimately led to Howard losing government and his own seat. (Ryan 2005; Cooper and Ellem 2008; Hollander 2008). Among other things, while the economy continued to prosper inequality and nationalism grew (Pedersen et al 2005, Dyrenfurth 2007).

There followed a long period of political instability with changing of Prime Ministers on both sides (with the internal party bloodless coups of PMs Kevin Rudd, Julia Gillard and Tony Abbott) arguably reflecting an ongoing grappling with neoliberal ideas and during which the country became divided socially, including with 'culture wars' (Davis 2014) and a deeply ideological politicisation of climate change underwritten by the 'fossil fuel' lobby (Wilkinson 2020) that paralysed any effective response and continues to date under Liberal PM Scott Morrison (Crowley 2017, Ali et al 2020). Public trust in politics and institutions tumbled (Evans et al 2019).

2.3 Pre-COVID19 'baseline'

This broad and long-view sketch of the pre-COVID19 heritage and legacy of neoliberalism in USA, UK and Australia provides the historical context and ideological baseline for the return to a post-COVID19 “normal” after the “crisis” and “emergency”. Australia had benefited broadly from neoliberal market reforms and globalization but compared with USA and UK it was buffered with social policies and institutions to spread the gains among losers as well as winners. The next section considers the varying ‘neoliberal’ government reactions to the pandemic health and economic crisis during 2020, and the prospects for the social and economic outlook, including the over-turning or otherwise of ‘neo liberalism, beyond the COVID19 emergency, in Australia, domestically and internationally.

3.0 COVID19 health impacts and responses

From its first appearance in Wuhan, China in late 2019 the coronavirus spread quickly and globally into and through 2020. By mid-December 2020, global cases in over 190 countries approached 75 million, with total deaths exceeding 1.6 million.⁶ By mid-July 2021, over 187 million cases were identified with total global deaths of over 4 million⁷. The first COVID vaccine, Pfizer/BioNTech (Comirnaty), was administered publicly in December 2020⁸. By mid-July 2021, 3.4B doses worldwide were administered. This has slowed the spread of the

⁶ Johns Hopkins, University of Medicine, Coronavirus Resource Centre, coronavirus.jhu.edu, 23 November 2020

⁷ World Health Organisation (2021) Coronavirus Dashboard <https://covid19.who.int/>, 15 July 2021

⁸ BBC (2020) Covid-19 vaccine: First person receives Pfizer jab in UK, 8 December <https://www.bbc.com/news/uk-55227325>

virus but the mutation of COVID-19 variants mean a vaccine's efficacy is also reduced⁹. COVID-19, at the time of writing, continues to be a global health crisis.

In the USA (population of 330 million) since early March 2020, total cases were heading for 17 million with total deaths over 300,000 and daily new cases of over 200,000. The curve in the US climbed exponentially throughout the first year of the pandemic (Rutledge 2020) and reached a peak of over 1.7 million weekly cases and 23,464 weekly deaths in January 2021¹⁰. However, one of the first acts of the incoming Biden Administration, was the implementation of a COVID-19 response plan which emphasised massive vaccination of the populace¹¹. By mid-July 2021, this plan has largely been successful with 67.8% of American adults, or 183.2M, vaccinated with at least the first dose of a COVID-19 and 158.3M fully vaccinated.¹²

In the UK (population of 68 million) total cases were approaching 1.9m million with total deaths heading for 65,000 and daily new cases exceeding 20,000 in late 2020. The country entered an escalated post-summer second wave as winter set in and with lockdown restrictions wound back on earlier openings, followed in December by tight lockdowns including in London (Kmietowicz 2020). Daily

⁹ NSW Health (2021) Living Evidence – COVID-19 vaccines, *COVID-19 Critical Intelligence Unit*, 14 July <https://aci.health.nsw.gov.au/covid-19/critical-intelligence-unit/covid-19-vaccines>

¹⁰ WHO (2021) USA Covid-19 dashboard <https://covid19.who.int/region/amro/country/us> 15 July 2021

¹¹ White House (2021) *National Strategy for the COVID-19 response and pandemic preparedness*, January <https://www.whitehouse.gov/wp-content/uploads/2021/01/National-Strategy-for-the-COVID-19-Response-and-Pandemic-Preparedness.pdf>

¹² CDC (2021) A needle today helps keep COVID away, *Center for Diseases Control*, 9 July <https://www.cdc.gov/coronavirus/2019-ncov/covid-data/covidview/index.html>

cases peaked on 29th December at 81,520¹³ with the highest COVID daily death toll recorded on the 19th January 2021 at 1,359. By 2nd July 2021, the UK had recorded over 151,000 COVID-19 deaths.¹⁴, However, the implementation of a COVID vaccination program has drastically reduced the daily deaths from COVID. By the 5th of July 2021, 25 deaths were reported (in contrast to January figures)¹⁵. With the spread of mutated variants of COVID-19, cases started increasing from May 2021 onwards with over 35,000 cases reported on the 6th July 2021. The ratio of deaths to number of cases demonstrates that an effective vaccination program is the key to addressing this disease.

In Australia, (population of 26 million) there were total cases of 28,000 by end of 2020. The total deaths were just over 900, with 685 deaths of them in Australian aged care (Australian Department of Health 2020). In late 2020, the country gradually opened up its economy and domestic borders following the successful suppression of a significant second wave restricted to one state (Blakely et al 2020, Premier of Victoria 2020). However, the delta variant's entry into the country in mid-2021, coupled with a lacklustre vaccination program, has stymied these efforts. Australia's most economically dominant state, New South Wales - which has Sydney as its capital - was locked down from June 2021. By mid-2021, Australia's total cases were over 31,000 and there were 912 deaths.¹⁶

¹³ Coronavirus UK (2021) Cases in United Kingdom

<https://coronavirus.data.gov.uk/details/cases>

¹⁴ Coronavirus UK (2021) Deaths in United Kingdom

<https://coronavirus.data.gov.uk/details/deaths>

¹⁵ Coronavirus UK (2021) Deaths in the United Kingdom

<https://coronavirus.data.gov.uk/details/deaths>

¹⁶ Australian Department of Health (2021) COVID-19 case numbers and statistics, 14 July

<https://www.health.gov.au/news/health-alerts/novel-coronavirus-2019-ncov-health-alert/coronavirus-covid-19-case-numbers-and-statistics>

Australia's political failure to vaccinate its population is in stark contrast to the USA and the UK (Speers 2021). By the 16th of July 2021, the World Health Organisation COVID19 dashboard noted that vaccination doses administered as per 100 population was 119/100 for the UK, 100.99/100 in the USA, but a measly 36.9/100 for Australia¹⁷. In other words, not even 40% of the Australian population had their first dose of a COVID vaccination – a stark shortfall to its Anglo-American counterparts.

These three countries have adopted a wide range of responses to COVID19 with differing degrees of urgency and with differing acceptance of health expert scientific advice. Typically, the health based measures included varying degrees of restrictions, including on size of gatherings in public, personal hygiene, mask wearing, social distancing, lockdowns, business closures, testing and tracking, quarantine, border closures and vaccinations. The extent of adoption of these public health measures was limited by those who chose to minimize them in favour of keeping the economy open and preserving 'personal liberty'. Australia, after a slow response, moved fast and hard in 2021; while the UK and USA moved more slowly and reluctantly, resulting in their higher COVID19 numbers. However, Australia's vaccination failure has left the country in limbo and delayed her exit out of the pandemic whereas the UK and USA governments had a clearer plan after their initial failures.

¹⁷ World Health Organisation (2021) COVID19 Dashboard – Australia
<https://covid19.who.int/region/wpro/country/au>

The impacts of COVID19 and the associated variety of health-based responses across these three countries do not so much reveal a reassessment of neo-liberal economic ideas per se – with the exception of the position of the Australian Greens (Australian Senate Select Committee on COVID19 Interim Report, 2020) - but rather a confirmation of deeply seated ideas of personal liberty in the case of USA, of general social conservatism in UK and of broader ‘social cohesion’ in Australia.

4.0 Economic impact of COVID19

The varying health-based responses across countries also suggest varying degrees of government priority to keeping the economy functioning and open rather than being prepared to trade-off, as they saw it, against health driven responses that had the effect of shutting the economies down.

The COVID19 impact on economies has been dramatic in terms of unemployment and slowed growth bringing a COVID19 recession not experienced since the 1930s depression. It has drastically impacted public finances through loss of government revenues in the economic slowdown, and has generally driven budgets into deficit and national debts to new heights. (Eichengreen 2020).

In the USA, from 81% GDP pre COVID19, public debt approached 100% GDP by end 2020 and 109% by end of the decade. This was already then twice what it was before the 2008 Global Financial Crisis. (Auerbach and Gale 2020)

In the UK, public debt hit 1.98 trillion pounds, 99.6% of GDP since 1961, up 20% of GDP on the year before, with a projected public sector net debt of 2.2 trillion pounds (Heald and Hodges 2020).

In Australia, estimates in the delayed budget brought down in November expect peak debt \$1 trillion or 45% GDP at June 2021 increasing to 52% GDP and stabilizing at around 55% GDP in medium term (Australian Treasury 2020)

4.1 Australian Economic Stimulus

The economic interventions by the Australian government, especially through its \$130B JobKeeper program (Prime Minister of Australia 2020), were necessitated by the huge negative impact that health driven interventions had on the economy through falling business and employment activity that led to considerable slow down in economic growth and a huge rise in unemployment.

The faltering economy needed a shot of emergency stimulus. Monetary policy was effectively exhausted with the central bank, the Reserve Bank of Australia, having long since and pre COVID19 cut back interest rates to almost their lowest ever historic levels with little stimulus effect on the economy (Higginson et al 2020). Many economists and the central bank itself had been calling pre-Covid and renewed their calls on the government to provide a much-needed fiscal stimulus to the economy via increases in government spending (Irvine 2020).

4.2 Exploding budget deficits

The Coalition government parties had long opposed Keynesian style fiscal measures and at the same time pursued years of cutting back government

spending in the name of bringing budgets back to surplus so as to reduce government borrowings and debt that were claimed to be unsustainable. Having promised a surplus in its first year in office, the government had delivered seven deficits in a row and the 'straitjacket of neoliberalism' (Andrew et al 2020) compounded the expectations gap between rhetoric and reality with the pandemic. Expectations are for government debt to continue to climb to a peak approaching \$1.4 trillion (Hutchens 2020).

5.0 Health v Economy

The associated effects of the pandemic provoked an intense policy debate by those who challenged the health imperative due to the economic costs imposed by fast and hard public health driven restrictions (Walby 2020). While there was clearly a balance to be struck between the health and economic objectives country responses across that spectrum varied widely. Some Asian economies moved fast and aggressively with restrictive public health measures (Han et al 2020) while other countries, notably Sweden, but subsequently others including Brazil and the United States, held back on restrictions (Moosa 2020) believing that this would protect their economies while not inhibiting their ability to live with COVID19.

5.1 False dichotomy

The false dichotomy created by political rhetoric was not borne out by the facts and evidence (Hasell 2020). Countries that took restrictive actions, including lockdowns, mask wearing, testing and tracing, quarantine, and other measure, not only achieved the best public health outcomes, in terms of cases and deaths,

without totally overwhelming the capacity of their health systems, but also incurred the relatively lesser overall impacts on their economy measured over the year by lost production and unemployment (Fouda et al 2020). Those who were laggardly or even denialist in their public health responses paid heavier economic downturn costs. Those that protected their health in the pandemic have generally also protected their economies too (Hasell 2020).

5.2 Safety, trust and confidence

The hardly surprising conclusion to be drawn from this often very emotional, partisan and political debate is that a healthy economy cannot be sustainable without the trust of society that they are safe when engaging in their normal lives as families, consumers, at school and at work (Devine et al 2020).

Businesses may stay open but if customers are fearful for their health they will not come out and spend. And no amount of government stimulus to consumers or support to business will succeed without the confidence that can only be created by effective public health responses.

6.0 COVID19 and Modern Monetary Theory (MMT)

This 'emergency' retreat from long standing neoliberal conventional economic wisdom has been effective in shoring up the COVID19 induced slow down in the economy and jobs as promoted by Keynesian economics. Some have drawn on the ideas of 'Modern Monetary Theory' to justify this current pragmatic response (Kelton 2020, Kravchuk 2020).

6.1 Post Keynesian

Post Keynesian economists (Harcourt 2006)¹⁸ regard neo Keynesian ideas that were dominant in the 1950s and 1960s, as misrepresenting Keynes' theory, as they do the strands of neoclassical economics dominant since the 1980s. Post Keynesians sought to rebuild and extend Keynes insights into the modern era. Their approach to monetary policy was largely incorporated into monetary policy, targeting interest rates as policy instrument, rather than the quantity of money, as advocated by the Chicago school economists led by Milton Friedman.

6.2 Modern Monetary Theory

Emergency spending, macro economic measures, incurring government fiscal deficits, are often characterized as a neo-Keynesian counter cyclical rejection of neoliberal austerity. The unorthodox ideas of "Modern Monetary Theory" (MMT) are seen as alternative to mainstream macro-economic theory. They are highly contested as they argue that restrictive monetary policies have caused morally indefensible and unnecessary unemployment (Mitchell and Muysken 2008).

The proponents of MMT claim it is suited to the macro-economics of the global economy following the Financial Crisis and Great Recession (2007-09). They argue that fiscal policy can be used to create new money (Cohen 2019). They argue in opposition to conventional monetary policy that government debt

¹⁸ Geoffrey Harcourt, *The Structure of Post-Keynesian Economics*, Columbia University Press, 2006

incurred by issuing bonds does not compete for scarce savings with the private sector.

The ideas have been elaborated in particular, around the objective of government providing a 'job guarantee'. Conventional restrictive monetary policy is argued to cause unemployment on the misguided premise of keeping inflation low. Central bank bond purchases have not succeeded in producing inflation. While governments are spending more, business and households are spending less. Inflation is likely to remain at or near the floor despite of the pandemic.

6.3 Re-opening the Australian economy

Each Australian state and federal government evolved its own protocols and procedures reflecting their individual differing incidence of the disease and differing public health capabilities; some moving faster and more effectively than others to flattening the curve, maintaining low levels of transmission through their public health systems, and imposing and lifting restrictions on activities and businesses accordingly.

The economic costs in the form of JobKeeper and JobSeeker payments, as well of slower economic growth and tax revenues, and lockdown measures were being decided and implemented individually by states and territories.

With overall success in flattening in community transmission and low single figure cases and deaths in some jurisdictions (Lester et al 2021), the federal

government became increasingly focused on measures to open up the economy in a post COVID19 mode.

7.0 The importance of social capital

The COVID19 emergency also highlighted the power of community and social cohesion not only in responding to crisis but in building change from the grassroots level by citizen, charities and not for profits participation and action (Crooke 2020, Hu and Sidel 2020, DiGiuseppi et al 2021). Examples of the most successful community organizations and initiatives demonstrate how strong social connections make communities more resilient (Leigh and Terrell 2020). In Australia, community organizations, not for profits and their armies of volunteers stepped up to maintain and deliver much needed services and support as the pandemic took hold at the same time as demands increased their volunteer and fund raising base diminished putting many in a perilous financial situation (Goetze 2020).

8.0 Post COVID19 scenarios

Australia's overall social and economic experience in the successful handling of the COVID19 pandemic during 2020 speaks well for our future. It has opened eyes about the importance of society and government working together and supporting each other. To their credit, the Morrison Coalition government took actions they had previously criticized, rejected and could never have imagined. At the same time it has highlighted longer-term structural institutional and systemic weaknesses of which we had had much previous warning (Anthony 2020), and opened the door to opportunities and pathways to a better post

COVID19 normal and future, that includes being stronger, fairer, more innovative, genuinely inclusive and environmentally sustainable society (Plibersek 2020).

8.1 Governance and trust

During a crisis, society pulls together and looks to strong leadership. The Morrison Coalition government has done what was necessary to respond effectively with health and economic policies, even if, it involved going back on many of its previous policies and values. The public has done its bit often at costs to itself and its freedoms.

Paradoxically though, at the same time, Australians' trust in politics and government has continued its long-term slide despite the largely successful response to the pandemic. Trust in democracy more than halved over the last decade from 80% in 2007 to 41% 2018. This has been driven by concerns about corruption, particularly at the federal level (Griffith News 2018). Politicians are seen as increasingly resistant to public accountability for their behaviour (Aulich 2020). There is a belief that big business has too much power, access and influence exercised through lobbying, political donations and the 'revolving door' (de la Rama et al 2019, Edwards 2020).

There is strong support for creation of a federal anti-corruption body that has long been resisted by the government despite accumulating evidence of widespread unethical behaviour undermining public trust in Australian democracy (Hewson 2020). The long-awaited release of a consultation draft for a

Commonwealth Integrity Commission (CIC) in November 2020 has elicited sharp criticisms for its restricted focus and lack of teeth (Cunliffe 2020).

COVID19 posed a challenge to effective governance and in the short run transformed politics. The competent and effective response in Australia by a conservative government based in neo-liberal values has demonstrated that government does indeed matter as does social cohesion: it can be the solution rather than the problem. The more populist the leaders the less effective has their response been perceived and the less trust they have engendered in their societies (Devine et al 2020).

Australia has shown graphically in response to COVID19 that government can work when it is resourced. How long this transformation will last is an open question. The leadership demonstrated has raised levels of public trust during the emergency but there remains an underlying public distrust of the integrity of government and the country's underlying 'political culture' (de la Rama and Lester 2019). If these elements are not addressed, this will undermine confidence in the shaping of a post COVID19 future.

9.0 Neoliberalism, capitalism and democracy

Whether the COVID19 experience can move beyond the long-prevailing neo-liberal political and economic framework and its populist, nationalist reactions, particularly in the leading western democracies US and UK, to a different post-COVID19 future is tied up with the broader question of the starkly COVID19 revealed weaknesses of the prevailing system.

The classic liberal brand of democratic capitalism that emerged after the Second World War reflected a 'social bargain' that buffered the excesses of markets. The subsequent rise of neoliberalism eroded the compromises of the modern 'welfare state'. Instead of creating a new 'golden age' of capitalism a form of "corrupted capitalism" arose and alliances were created between autocrats and oligarchs, epitomized by Trump and Putin (Kuttner 2020).

This has left liberal democracy in a lot of trouble in the face of growing inequality and a form of 'autocratic capitalism'. The turn of people to nationalism and populism permits autocrats who pose as champions of the people to divert attention away from the concentration of power and wealth embedded in the system: "This unexpected twist in the fraught relationship between democracy and capitalism is the signal event in the political economy of our time....Ugly new economic realities are a function of the distribution of political power" (Kuttner 2020).

As the USA politically resets in the wake of a Biden Administration, American capitalism and its soft power has taken a necessary battering, and with it the ideals of Western democracy.

10.0 Populism and nationalism - systemic change necessary

Notwithstanding the transformation of politics in response to the COVID19 emergency the realistic pathways and options post-COVID19 look limited and constrained. The deeply entrenched paradigm of autocratic or corrupted

capitalism with its entrenched inequalities and privileged interests has ironically become reinforced by the reaction of populist nationalism. The COVID19 emergency has found populist leaders wanting on the simple grounds of good governance and thereby losing the trust of their public (Barberia and Gomez 2020).

Reverting to neoliberalism and globalization in the face of the poor performance of populist leaders in response to the pandemic does not seem likely; like a snake eating its own tail. Equally unlikely seems a reversion to classical liberalism or even post war welfare state ideas of democratic socialism. Too much has changed around us including the impact of new technologies, the struggle for supremacy between America and China, the COVID19 induced realization of the importance of social cohesion and community, and the heightened awareness of the impending global climate change crisis.

A new way forward requires building new systems of governance, politics, ethics and culture. The ideas of systems thinking emerging in response to building environmental sustainability point a possible way forward (Ison and Straw 2020). The COVID19 emergency has exposed the embedded nature of social and cultural systemic failures and the responses required to reform them and their associated institutions.

In effecting complex change, patterns of power and obstacles including corporate interests, lobbyists or outdated political and government systems need to be confronted. Trust needs to be rebuilt in the public interest. Neoliberalism's -

and the private sector's - limitations during the pandemic were exposed fundamentally. The pandemic proved to be the ultimate stress test of a country's institutions - some passed, most failed. Governments and people - and not business and markets - must lead the change in the post-pandemic world.

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