
Nick Dyrenfurth


---

Introduction

The world – and Australia – changed indelibly in 2020. COVID-19 uprooted life as we knew it. Millions of people have been infected with the novel coronavirus. More than a million have lost their lives at the hands of an invisible enemy. Australia, fortunately, recorded relatively few deaths. At the time of writing, there have been 27,923 cases and 908 deaths, mostly in the state of Victoria and in private aged care homes. Yet the economy is in recession for the first time in three decades. Severe un(der)employment and economic insecurity are the lot of working people.

COVID-19 exploits the underlying conditions of our bodies, in medical terminology, comorbidities. Similarly, the virus has exposed the frailties of Australia’s economy, its rundown sovereign capability, industrial relations, and aged care. The same is true of COVID’s impact on the flag bearer of antipodean social democracy, the 129-year-old Australian Labor Party (ALP). COVID-19 can either hasten Labor’s decline or herald a national renaissance in its fortunes.
Two Labor Parties

At a national level, the federal parliamentary Labor Party has largely been rendered impotent in the face of the governing conservative Coalition (Liberal-National Party) ascendancy and its highly popular prime minister, Scott Morrison. Having been re-elected for a third term in May 2019, despite cycling through three prime ministers in five and a half years, at times crippling internal divisions, boasting a mediocre record of economic management, and despite its disastrous handling of Australia’s horrific 2019/20 bushfire season, Morrison’s government is riding high in opinion polls. Recent polling of crucial marginal seats by the Redbridge Group indicates the government would benefit from significant swings if an election were held now, winning working-class seats from federal Labor without the need to go preference allocations. The polling also found primary support for “Anthony Albanese’s Labor Party” is 29.8 per cent among eight key suburban and inner-regional Labor electorates scattered across Queensland, NSW, Tasmania and Western Australia, compared with 44.5 per cent for “Scott Morrison’s Liberal Party.”¹ According to separate polling, Morrison is preferred prime minister by a considerable margin and his government is considerably favoured to lead the economy recovery and protect and create jobs and is regarded by a majority as the best to represent workers.²

This merely confirms the Coalition’s electoral dominance in recent decades. Since 1996, the ALP has won just one federal election outright (2007), with one draw (2010), after which it formed an ill-fated, one term minority government (2010-13). At the past three elections, Labor’s primary vote has slumped to between just 33 and 34 percent. By comparison, in a similarly bleak electoral period during the 1950s and 1960s, Labor’s House of Representatives primary vote averaged 45 percent over nine elections. If, as expected, the Liberals win the next election and serve a full term, the Coalition will have held office nationally in all but six of the last twenty-nine years. Effectively, federal Labor is in its worst electoral position since 1906, when the ALP was just fifteen years old. Modern Labor has arrived at a historic tipping point; a three decades-in-the-making existential crisis. If not for compulsory, preferential voting it would be in the position of its European comrades, polling under 30%. A growing chasm exists between Labor and its working-class base in Australia’s suburbs and regions. Working-class voters began leaving federal Labor in the early 1990s – these voters and their children and grandchildren have not returned.

By contrast, at a state and territory level, Labor holds government in five of Australia’s eight jurisdictions (Victoria, Queensland, and Western Australia, along with the smaller populaces of the Northern Territory and Australian Capital Territory). During COVID-19, Labor governments have been widely regarded as competent and are popular. Even in Victoria, home to the majority of COVID-19 deaths in Australia, where severe lockdowns have crippled the economy, and set against a vociferous anti-ALP campaign conducted in the conservative media,
the Andrews Labor government is likely to be re-elected in November 2022. Again, this merely confirms long-run electoral trends. During the 2000s, for a period Labor was in office in every single state and territory. It has governed there for 66% of the time since 1996.

For two decades, effectively two Labor parties have been in existence: state and federal. In the manner of its health and economic impact, COVID-19 has acted to accentuate the ALP’s state-based strengths and further expose its frailties federally. In the short-term, state Labor’s domination bears out a national and global trend of COVID-19 benefitting incumbents, but over the long-term reflects the ALP’s strengths in state government service delivery: health, education, essential services, and infrastructure. At a federal level, issues of economic management and national security dominate, and since 1996 the ALP has repeatedly been subjected to effective scare campaigns on these grounds. This need not be the case.

Labor’s refusal to engage the Coalition on the economic battlefield of ideas is a historic act of folly and political cowardice. The rulebook of Australian politics has been rewritten, or, depending on one’s view, reinstated following the era of Labor dominance at a national level under governments led by Bob Hawke and Paul Keating (1983-1996). State Labor wins office by promising to keep the Liberals ‘out’ by virtue of warning of the risk to health, education, transport, and essential services, while nationally, the Liberals prosecute the same case, but this time using the ‘keep them out’ argument against the ALP: it can’t be trusted to properly manage the economy or the task of national security. Unless federal Labor overtures this paradigm, or at least negates these issues, there is no pathway to victory.

COVID-19 has acted to prevent federal Labor renewing its policies, personnel, and internal culture. Labor continues to send out the impression that it is intent on prosecuting many debates of the 2019 election, if not the outcome. By implication Labor still believes it was swindled and had the better set of policies on offer (which it did, but this is irrelevant politically). Labor has failed to create a national mood for changing the government, despite scoring several tangible policy ‘wins’. Most Australians desire a return to normality, or ‘snap back’ in the prime minister’s rhetoric. They have not been convinced of the real need for major national reconstruction. Labor has failed to make this case in consistent terms and has not grounded such plans in the everyday concerns of Australians: family, work, and love of country. It remains wedded to a ‘progressive’ framing of issues, continues to struggle to reconcile the needs of its working-class and progressive middle-class constituencies, and is distracted by culture wars and identity politics. Yet every federal election is a referendum on economy. Elections held during and after
COVID-19 will be no different. The key questions are: who has the more credible plan to lead the recovery, to protect jobs and wages, and to pay back mountainous debt?

It is difficult to avoid the impression that federal Labor is sleepwalking to yet another defeat at the next election to be held any time before 2022, which would be its fourth consecutive loss and eighth in the last ten elections. It lacks ruthlessness, disciplined messaging, and decisive leadership. There is little appetite for policy renewal. The national platform has been tinkered with and narrowed in scope. Labor is divided over energy and climate policy. Nor has there been any renewal of its parliamentary ranks. Football clubs don’t lose four grand finals in a row before changing the team and nor should political parties. Yet no injection of talent is on the cards for Labor.

The ALP is bereft of an overarching national vision tied to two to three cut-through, tangible polices, explaining how Australia can emerge as a stronger, fairer, and better country post-COVID-19. Labor’s slogan – ‘No one held back, no one left behind’ – won’t cut it.

This is a tragedy in the making. Millions of Australians depend on Labor to get its house in order and lead national reconstruction. Unless action is taken, this period will be regarded as akin to the interregnum under Simon Crean (2001-03), when Labor wandered in the wilderness under a well-regarded former cabinet minister, before terminating his leadership with extreme prejudice. All is not lost, but change is urgently needed. Federal Labor must use the summer break to reset its political strategy, policy priorities and messaging. If not, every option is on the table.

Pre-COVID-19

After seven years of Coalition government, the economy was in poor shape prior to COVID-19. Anaemic economic growth, record low wages growth, rising unemployment, underemployment and insecure work, and mounting inequality have hallmarked Australia in recent times, along with declining business investment and productivity, below-average consumer confidence, and record household debt. The Coalition makes a virtue of its fiscal rectitude yet has not delivered a budget surplus in seven attempts. Government debt had more than doubled before COVID-19. Good, secure, well-paying jobs are being replaced by low-wage insecure work lacking dignity. Prior to COVID-19, less than half of Australia’s workers held down a full-time permanent job. In February 2020, the unemployment rate numbered 5.3%, or 725,900 Australians left without a job. Underemployment sat at 8.6% and underutilisation (unemployment and underemployment...
combined) was a scandalous 13.9%. Wages growth flatlined in the December 2019 quarter, expanding by just 0.5%, the same result as September’s quarter. The first quarter of 2020 underlined Australia’s economic deterioration. The economy contracted by 0.3% in seasonally adjusted terms and wages growth fell to 0.4 per cent, all but confirming the first recession in nearly three decades. National wages in the last year grew at the slowest pace since records began in 1997. It is seven years since private sector wages grew by more than 3% in a year; and few expect growth anytime soon.

Significant income and wealth inequality were present in Australia well before COVID-19. While company profits were and remain healthy, average wages growth sat at record low rates and is increasingly decoupled from productivity. CEO remuneration has grown at unsustainable, asocial levels. Recent data tells us that the top 20% of households in 2017-18 had six times the disposable income of the bottom 20%, but in 2015-16, the ratio was five times. Over the past two financial years, real disposable wages growth has been close to flat or worse, while investment income – mainly property – was surging ahead. This has led to the wealthiest 20% of Australians holding 64% of all household wealth, more than all other households combined. This divergence has been driven by the asset types held by the top 20% – investment property, superannuation, and shares. In Australia today, 80% of financial assets are held by the highest 20% of wealth-holders. Labor highlighted these issues in 2019, but it was emphatically beaten at the election.

The COVID-19 effect

COVID-19 has played out most dramatically in Australia’s aged care sector. Tragically 685 aged care residents have died with COVID-19. More than 90% have occurred in Victoria. There have been thousands of cases among staff. The overwhelmingly majority have been in private, commonwealth regulated homes, where systematically underpaid and insecurely employed workers, mostly female and increasingly migrants, move from workplace to workplace spreading the virus, and staff-resident ratios have deteriorated to the point of dysfunction. The Royal Commission into Aged Care has revealed that not only was the sector completely unprepared for COVID-19, it is still not prepared for renewed outbreaks. Its report specifically found that the Morrison government’s response was “insufficient”, leaving the aged care sector’s overworked, under-resourced workers “traumatised”. As discussed further on, an opportunity presents for
Labor to radically overhaul aged care, but as part of a more general rethink of how to ‘do reform’ in Australia.

The coronavirus pandemic has sent a wrecking ball through an already weak economy. Unprecedented social distancing restrictions and lockdowns, centred in Victoria, means that Australia is experiencing the biggest contraction in GDP since the Great Depression. The latest national accounts show a staggering 7% contraction in the June quarter, amid record falls in household consumption and business investment.\(^\text{11}\) The most conspicuous feature however of this economic catastrophe has been its impact on employment. In April 2020, the national unemployment rate increased to 6.2%; underemployment rocketed up by 4.9 pts to 13.7% and underutilisation jumped by 5.9 pts to 19.9%. Youth (15-24-year old) unemployment increased to 13.8%. May brought worse news: unemployment jumped to 7.1%. June to August have brought slight relief. However, unemployment still sits at 6.8%: more than one million Australians are presently out of work.\(^\text{12}\)

Even then these numbers do not tell the full story. For those fortunate enough to keep their jobs, COVID-19 has sent private wages backwards. Millions of Australians who are not working but retained on JobKeeper (a short-term federal wage subsidy) do not appear in the jobless statistics. More than 2.5 million Australians are looking for work or looking for more work, and new jobs are skewed towards part-time and casual employment. Commentators speak of a ‘jobless’ recovery amid predictions of an unemployment rate above 6% for the next five years – this is nearly a percentage point higher than pre-COVID-19.\(^\text{13}\) Australia’s key economic indicators are not predicted return to pre-pandemic levels for at least another twelve months.\(^\text{14}\)

COVID-19 has fallen especially hard on young Australians. It has exacerbated a decade-plus trend of intergenerational inequality and economic insecurity.\(^\text{15}\) They have suffered a decade of falling incomes due to government policies, been forced into precarious employment, and permanently locked out of the property market. Australians aged between 15 and 24 in 2020 have a similar disposable income to a person of the same age in 2001. Between 2008 and 2018, incomes for people aged between 15 and 24 fell by 1.6% a year while for those between 25 and 34 their incomes fell by 0.6% annually, compared 1.4% and 3.2% rises for those respectively aged between 35 and 64 and those 65 or older.\(^\text{16}\) Young people have been hit the hardest by the recession, given the disproportionate impact on youth-dominated industries such as hospitality. For the first time since the Depression, two in three young people do not have enough work to make ends meet. 290,000 people aged between 15 and 24 have dropped out of the labour
market. Gen Z Australians, born after 1996 and living through their first recession, will be hit with a ‘second-wave of labour-market pain’, crowded out of scarce jobs by Gen X and Millennial workers.

There is also the matter of billions of dollars Australians have been coerced into raiding superannuation accounts (private retirement savings accumulated on top of state-aged pensions) during COVID-19 by virtue of the federal government’s ‘Early Release’ policy. An estimated 600,000 Australians, mostly young people, have in effect self-funded their recoveries, reduced their retirement balances to zero, widening the generational wealth divide, and damaging national savings.

Australia is also living through its first ‘pink recession’. Australian women are more vulnerable due to their economic insecurity, overrepresentation in affected sectors of the economy – health care, hospitality, retail, childcare and education – and more women have been exposed to the actual virus because of employment. Women are more likely to have been made unemployed or forced into insecure work, while the cessation of free childcare and ending of the JobKeeper program in early childhood centres, affected women across the Australian community. COVID-19 is seriously jeopardising women’s long-term financial security and well-being.

Australia has a long-run housing problem with declining rates of home ownership and declining affordability and security, trends accentuated by COVID-19, which has seen a sharp increase in people not being able meet rent or mortgages. The number of Australians experiencing housing stress almost doubled between April (6.9%) and May (15.1%). Of that increase, 8% reported not being able to pay rent on time, and 8.7% could not pay mortgages. One in four renters reported being unable to pay rent on time. Low income and younger Australians have been hit hardest.

Many government legislated eviction moratoriums are set to expire in October, and the federal government is intent upon winding up JobKeeper and slashing JobSeeker (dole) payments. About 3.5 million Australians rely on the former payment; 1.6 million subsist on the latter. Without these measures, COVID-19 would have thrown 2.2 million Australians into poverty, lifting the number from 1.6 million before the crisis to 3.8 million (15% of the population).

Government cuts to these payments are predicted to shrink the economy by tens of billions of dollars. Fiscal stimulus is of heightened importance as the (independent) Reserve Bank of Australia has little room to move on monetary policy: interest rates rest at record lows.

In other ways the pandemic has rewritten the political rulebook and economic policy, presenting a major challenge to Labor’s strategy. It has exacerbated the prime minister’s partial shift to the
left on economics while holding the line on social and cultural issues. The government’s pragmatic 2020/21 federal budget boasts the most generous tax and spending package to support aggregate demand in Australian history. It flags the staged withdrawal of government support for the economy in the run-up to the next election due before 2022, whereas government’s ordinarily rein in spending in their first budget after an election before spending big in their final effort to win re-election. The Coalition has abandoned its long-standing policy of balanced budgets over the course of the economic cycle, making it difficult for Labor to push from the left or urge even greater spending and higher taxation (though the federal budget calculations are based on the assumption, possibly brave, of a COVID-19 vaccine being available in 2021). The deficit is well over $200bn and government debt exceeds one trillion dollars for the first time as government revenues have collapsed and spending has grown to gargantuan levels. Australia’s gross debt to GDP ratio is 55 per cent — the highest level since the 1950s albeit among the lowest debt levels of developed countries. Included in the government’s budget are many measures which would ordinarily be considered bread and butter Labor policy, such as $1 billion in new subsidies for employers to take on 100,000 apprentices to keep younger workers employed and pre-empt future skill shortages, along with support for manufacturing, small business, large-scale infrastructure spending and income tax cuts for middle Australia. Opinion polling of what has been described as the most important budget in decades is overwhelmingly positive to date. Four in five voters support the government’s income tax cuts, claiming they will be better off, with a majority of Australians believing the budget stimulus will drag the economy out of COVID-19 recession. Granted, there are serious faults with the government’s short-term and long-run COVID-19 recovery strategy, in particular the budget’s stimulus measures. Much of infrastructure-based stimulus constitutes fast-tracking existing projects. It is neither new and nor does it target critical needs such as affordable housing. The government’s ‘new’ Modern Manufacturing Initiative is too little, too late, after overseeing a steep decline in manufacturing. Australia remains at risk of missing out on a golden nation-building opportunity to build a long-term focussed, resilient, clean energy economy and rebuild its sovereign capability. This has, in many ways, been the message of Labor’s well-performing Shadow Treasurer, Jim Chalmers, long mooted as a potential future party leader, who has argued that the budget lacks ambition, notably in relation to bringing down unemployment. Yet this message has been muddied by a continuation of Labor’s bifurcated grievance politics: the major focus of Labor’s attacks has been to the highlight the effect, correctly in purist policy terms, of the budget’s inequitable impact on women, leading to a major policy announcement aimed at making private childcare more affordable. COVID-19 presents a
major political opening if federal Labor can get its policies and messaging in order. Australia remains at risk of missing out on a golden nation-building opportunity to build a long-term focused, resilient, clean energy economy and rebuild its sovereign capability. COVID-19 presents a major political opening if federal Labor can get its policies and messaging in order.

National sacrifice, national reward: Labor’s opportunity

Labor’s COVID-19 strategy against a popular prime minister can be informed by past experience. Recall the fate of Winston Churchill’s Conservative government on 5 July 1945. Churchill’s anti appeasement stance towards Nazi Germany during the late 1930s, his inspiring wartime Allied leadership, and soaring speeches, counted for little when the British electorate voted into office Clement Attlee’s Labour Government, two months prior to the Second World War’s end in Europe.\(^\text{29}\)

Having defeated fascism, the British people expected to win the peace and not relive the horrors of the Great Depression – mass unemployment and poverty – memories of which remained vivid. These hopes were embodied by the iconic 1942 Beveridge Report which identified the “five giants on the road of reconstruction”: “Want… Disease, Ignorance, Squalor and Idleness”. Specifically, post-war governments would be obliged to provide for education, employment, health, and housing, thus erecting a modern welfare state. However, Churchill’s ambivalence vis-à-vis this ‘peace dividend’ cruelled his chances. Only Labour, Britons judged, notably soldiers stationed on the continent, would deliver Beveridge. As head of the unpopular Tories, Churchill was the man to lead in war, but not in peace. The British result echoed Australia’s 1943 federal election. The victorious John Curtin-led Labor government campaigned on a slogan of ‘Victory in War; Victory in Peace’.

Australia’s battle against COVID-19 mirrors the earlier tumult of the Great Depression and World War II. As noted earlier, the Prime Minister, along with the new national cabinet, is regarded as having performed competently in preventing mass deaths. Morrison’s government has acted prudently, albeit imperfectly, to protect the economy, embarking on large-scale stimulus packages it once scolded the Rudd-Swan Labor government for implementing during the 2008-09 Global Financial Crisis. Morrison is the most popular prime minister since Labor’s Kevin Rudd more than a decade ago, benefiting from the public’s desire for national unity and bipartisanship. This has deprived Labor leader Anthony Albanese of political oxygen and meant
Labor has had to strike a difficult balance between offering constructive support and negative attacks.

In this environment, Labor’s framing of the Morrison government is crucial. The ongoing battle against COVID-19 involves an implicit bargain struck between government and the people. Australians have placed their trust in leaders and medical authorities, accepting restrictions to personal liberties. Protecting human life was upheld at the cost of recession, mass job losses and business closures. Labor’s narrative must proceed on these lines: national sacrifice demands national reward. Australians will uphold their end of the COVID-19 bargain so long as government protects them, and takes this opportunity to build a stronger, fairer nation.

Protecting Australians is a bargain entailing years not months. Long-term, it demands smart, activist government – not a mega-spending big state – to plan a substantive post-COVID economic strategy and deliver a genuine pandemic dividend: rebooting growth; vanquishing unemployment by generating secure, better paying jobs; building better institutions from workplaces to aged care; addressing the affordable housing crisis; and rebuilding sovereign capability. These challenges existed pre-COVID-19, to say nothing of budget deficits and government debt, neglected by the Coalition for seven years and greatly added to, albeit for a necessary cause.

It remains to be seen whether government will not honour its bargain and revert to pre-COVID type. Treasurer Josh Frydenberg has signalled his desire to emulate the radical free-market agenda of Margaret Thatcher and Ronald Reagan. Despite talk of a corporatist Accord 2.0 between government, business and unions, employer groups are lobbying for radical industrial relations changes and the Prime Minister has flagged a deregulatory agenda. Should the government embark on an ideologically-driven policy agenda, an opportunity opens for Labor: if COVID-19 has taught us anything it is this: we cannot suppress this virus, minimise deaths, nor rebuild our economy and restore millions of jobs, without solidarity, co-operating with and relying on fellow Australians. There is really such a thing as society.

It is tempting to regard Morrison’s re-election as a fait accompli. Yet as a detailed reading of polls reveals, and his staunchest supporters admit, he is a popular leader in charge of a government viewed ambivalently by voters, seeking a fourth term. The latest Newspoll shows the Coalition ahead narrowly on a two-party preferred basis (51/49) but Morrison ahead 60% to 28% over Albanese as preferred prime minister. Indeed, Morrison’s singular achievement since
his re-election has been to convey the impression that his government is a stripling first-term administration and an ideology-free zone. The Liberals’ decade-plus rhetoric of ‘debt and deficits’ has been consigned to the ashtray of history. A cross-party national cabinet has eclipsed COAG, while Morrison and his Industrial Relations Minister, Christian Porter, have extended something of an olive branch to the union movement, touting their approach to workplace law as akin to Bob Hawke’s 1980s Accord. Morrison’s COVID leadership has also turned on minimising responsibility, deflecting blame for serious policy shortcomings onto state governments, notably Victoria’s much-maligned quarantine of returned travellers and catastrophic surge of aged care deaths. The Morrison government’s deflect blame strategy presents a major opportunity for Labor. After all, the Commonwealth has ultimate responsibility for Australia’s border security – spelt out in the constitution, Quarantine Act (1908) and Biosecurity Act (2015). A global pandemic ought to have demanded hyper-stringent oversight of returning citizens – especially once COVID-19 became a ‘known event’ – and a far lengthier period of quarantine. Then there is private aged care – unquestionably the regulatory domain of the Commonwealth. The crisis playing out in the sector is the direct result of operators prioritising profits ahead of health and safety – of elderly residents and staff. The chickens of insecure employment have come home to roost. COVID-19 is many things, yet with workplace transmissions accounting for 80% of all cases, it is a work virus, preying on the working poor, especially migrants.\textsuperscript{31}

Labor needs to insist that strong leadership means taking responsibility. Ultimately the prime minister cannot dodge one million plus unemployed Australians, or millions more defined as underemployed or underutilised, subsisting on welfare. The government which vanquishes COVID-19 may not suit the needs of peacetime – a prolonged era of national reconstruction. This is the elemental case Labor must now make, along with relentlessly pointing out that Australia would be in a far stronger position to make its recovery had it not been for free-market utopianism advocated by libertarian ideologues during the last three to four decades. It must remind electors that the Coalition has governed federally for 18 of the last 24 years. It is responsible, in the main, for contracting out essential services including immigration detention centres, privatising strategic assets, signing bilateral free trade agreements, endless workplace deregulation, and the demise of manufacturing, notably car making. These policies damaged our sovereign capability. We don’t make things anymore nor procure them, including critical medical supplies and emergency PPE. Frighteningly, Australia has reserves of just 18 days of petrol, 22 days of diesel and 23 days of jet fuel. A severe interruption to liquid fuel supplies would have a
devastating impact on the economy and, potentially, national security. An insecurely employed, underpaid workforce, denuded of vocational training and contracted out to labour hire firms who adopt a cavalier approach to OHS issues, was ill-equipped to fill urgent production needs or perform critical safety tasks. Australia needs to be a country which makes things again and a country which does not cut corners when it comes to essential services and people’s health and safety. Reasserting its sovereign capability will be critical to the economic recovery.

**Something old, something new, something borrowed, something blue**

What’s next? In the wake of the global financial crisis, cracks first began to appear in the post-1970s ascendancy of an elite, cosmopolitan neo-liberalism. First weakened by the 2008-09 global financial crisis, this orthodoxy appears fatally wounded by the COVID-19 pandemic. Economic insecurity not seen since the 1930s, a power imbalance between labour and capital, driven by the emasculation of the union movement, have conspired to disrupt liberal democratic politics. Far from aiding parties of the left and unions, popular anger over these trends, is lessening support for social democrats. It is driving the working-class into the arms of populist, far-right demagogues who seek to divide people on the basis of race and religion. Australian has not been immune to the global, populist trends: the rise of Donald Trump, the alt-right, Brexit in the United Kingdom (and Corbynisation of the British Labour Party) have been mirrored by One Nation’s electoral re-emergence in our polity, and rowth of other micro-right wing parties. At the 2019 election, these parties took votes from Labor and their crucial preference votes flowed to the Coalition.

In 2020, there is a centre-left, social democratic alternative: a post-liberal, communitarian politics of the common good. Taking as its starting point people’s grounding in family, community, and nation, this politics rejects market fundamentalism yet is sceptical of centralised statism. It upholds virtue, hard work, decency, responsibility, and patriotism. It seeks not to ape populism but rather broker a popular common good, or settlement, in the national interest. This, after all, was the animating idea of Australian labourism in its most successful electoral phases: the Curtin (1941-45) and Hawke-Keating (1983-1996) Labor governments.

Labor can draw special inspiration from the former example. This year marked the 75th anniversary of the release of the John Curtin-led Labor government’s Full Employment White Paper. The white paper arose from the establishment of a Department of Post War Reconstruction in 1942 and Britain’s ‘Beveridge Report’ –it directly inspired Labor’s 1943
election motto ‘Victory in war, victory in peace’, which promised working-class and middle Australia a peacetime dividend for their wartime sacrifices. It came to define national economic policy for three decades. Government was obliged to guarantee full employment – the jobless rate envisaged as never exceeding 5% – and to intervene as needed through Keynesian economics. While leading a nation at war, Curtin planned its transformation. The Commonwealth effectively took over the power to levy income tax from state governments and extended the welfare state. After the war, Curtin’s successor, Ben Chifley, established a job-creating car manufacturing industry, expanded tertiary education – founding the Australian National University and the Commonwealth Reconstruction Training Scheme for returned servicemen and women – and pursued a program of mass immigration to build projects such as the Snowy Mountains Scheme. Instructively, Liberal Robert Menzies who defeated Chifley at the 1949 election, extended this legacy despite his attacks on Labor’s ‘socialistic’ aims. Until 1974, unemployment remained below 3%, along with strong economic growth, high wages, better living standards, falling inequality and home ownership rates of 70%.34

What must hallmark Labor’s national reconstruction plan during and after COVID-19? In effect, we have a Labor government without Labor in office. Yet we are not all Keynesians again, nor should the public’s acceptance of an increased role for government during this crisis be mistaken for the return of a pre-1980s statism. Rather, Labor’s focus should be strengthening national institutions, fixing structural faults in the national economy, building nation-building infrastructure, and rebuilding national sovereignty. The labour market is not fit for purpose. An insecure workforce composed of more than fifty per cent casual, part-time and contract workers was a recipe for disaster. COVID-19 merely exposed such folly. We can’t, however, seek to ban casual or ‘gig economy’ work. Instead, government must recommit to a genuine full employment goal, focused on reducing underemployment. This entails a thorough revision of enterprise bargaining between labour and capital and reinstating the value of vocational education. COVID-19 has seen business and labour come together to save jobs and people’s livelihoods. Labor should institutionalise these arrangements to prepare the economy and its workplaces for future crises. Following the lead of Germany and much of Europe, large companies should be required to have employees represented on their boards. ‘Codetermination’ has been shown to lift productivity and workplace collaboration, especially adaptation to new technology. Companies would better reflect the interests of all stakeholders on executive pay, long-term strategy, operational issues, and shift away from a short-term profit ethos. It is the perfect vehicle to
ensure ‘working from home’ operates fairly and effectively and matching skills and training to a technologically transformed labour market.\textsuperscript{35}

Codetermination is also a potential solution to the aged care crisis exposed by COVID-19. Nationalisation is not the answer, even if aspects of privatisation have been an unmitigated disaster for elders and workers. And nor does more funding, heavier government regulation, or lifting staff-resident ratios constitute single silver bullets. While the Commonwealth has failed to enforce standards and properly fund aged care, the real problem stems from a view that sees operators prioritise short-term profits over the needs of residents and employees, and their own self-interest. Aged care reform should start in boardrooms: what ought to be the first line of defence against bad behaviour. As a first step, employees and families of residents should be included as directors on the boards of private aged care home companies. These directors would provide a much-needed balance of interests, bringing greater urgency to discussions around ratios, insecure work, and quality of care.\textsuperscript{36}

More broadly, a codetermination driven new Accord should see government, business, organised labour and civil society meet on a quarterly basis to meet the challenges of a post-COVID world, a project that will take years. It entails rethinking global supply chains and addressing our poor sovereign capability in a riskier, multipolar world; diversifying economic production and ending over-reliance on Chinese exports; onshoring hi-tech manufacturing including AI-inspired machinery and pharmaceuticals; and providing workers with the necessary skills and training and stable employment to rebuild national industrial capacity. Australia’s poor levels of R&D spending must also increase so that we are at the global cutting-edge of energy policy, food and water security, and pandemic diseases. COVID-19 won’t be the last. We must be better prepared. All this has the potential to revive vocational education, with clearly enunciated national standards around skill competencies and outcomes, linked to industry policy and paired with improved labour market entry. It is time for governments to dig out the shovels and start building new hospitals, aged care facilities, and clean energy infrastructure. Public and private affordable housing should also be a priority. We must build using Australian-made products and seize the nation’s sovereign advantage: abundant reserves of renewable energy sources, from solar to wind, and hydrogen, an emerging clean energy technology.

This is the path to renewed full employment. It won’t be the same ideal Curtin, Chifley and Menzies pursued. The key measure should be under-utilisation, which combines unemployment, underemployment, and active and inactive jobseekers. Full employment will mean this: under-
utilisation must never rise above 5 per cent and ideally rest between 2 and 3 per cent. We cannot abide the human and economic opportunity cost. Full utilisation must become Labor’s watchword. Curtin’s post-war reconstruction project is the template. It set the scene for a golden economic age — thirty years of prosperity with fairness. It shows the Australian people will reward leaders who take decisive action during a crisis, saving lives, protecting the economy and shielding our most vulnerable citizens, but are also receptive to those with the foresight and courage to turn crises into nation-building opportunities.37

**Coming to the party**

What’s holding Labor back? The 2019 federal election sharply exposed federal Labor’s long-run cultural and structural problems. In the eyes of many, it has become associated with middle-class progressivism and baleful influence of identity politics. Progressivism is no longer seen in terms of social democratic economic reform, what should be Labor’s core business. Progressive ideology, while not wrong on many subjects, ranging from the justness of same-sex marriage to acting on climate change, adopts a near Manichean view of the world: black and white, right and wrong. It starts not where people are and not by first taking account of things they care about most — family, work, and place — but from where progressives would like people to be, that is, in agreement with progressives. Many progressives, while championing diversity and inclusivity, barely tolerate diversity of thought. An ALP which defines itself primarily as progressive will not be able to appeal, economically and culturally, to the diversity of working-class Australia, ‘small c’ conservatives, a disparate middle class, people of faith and rural and regional voters. It is an insurmountable roadblock to building a coalition for national government.

In Australia and places like Britain, Labo(u)r’s refashioning as ‘progressive’ cut it adrift from the working class and poor voters who it was established to serve. Labor was once a working-class party that needed to attract middle-class votes to win; it has become a university-educated, white-collar party that needs blue-collar, non-tertiary educated, precariously employed votes to win. It won just 33 per cent at the 2019 election. Labor is culturally disconnected from the suburban and regional people it purports to represent and their lived experiences. Too many Labor MPs and activists look and sound the same as their Greens rivals to the progressive Left. And even when Labor’s policies seem to capture the national zeitgeist, the party’s cultural problems and structure means it ‘wins’ many policy debates — in recent times the Coalition has capitulated on the National Broadband Network — and yet the party has triumphed in only two of the past nine elections. If Labor cannot win the debate and an election fought over mass un(der) employment and economic insecurity not seen since the Great Depression, it is in serious political strife.
Labor needs to change in three major ways. Internally, Labor must become less inner-city, middle-class ‘progressive’ in structure, culture and outlook and it must actively seek to recruit new members from the suburbs and regions of working Australia. The ALP needs to be honest with itself: the late 1960s Whitlamite party revolution went too far. That project was designed to make the working class-dominated party reflective of modern Australia. This was brilliantly achieved. Tertiary-educated, middle-class progressives were encouraged into party and parliament. It set the stage for Labor to win seven of the next eleven federal elections. Today, however, it is impossible for a blue or even white-collar worker to rise through the ranks: Labor is increasingly a party for but not actually made up of working people. Labor has now lost seven of the last nine federal elections.

Yet Labor has shown no appetite for internal reform. There is no effort to recruit tradespeople, hairdressers, electricians, aged care, and essential service workers, assembly-line workers, teachers, cleaners, retail employees or plumbers. Many are on the frontline of the war against COVID-19 or people who have been left jobless, unable to pay their rent or mortgage, and frightened for their families. There has been no attempt to reform Young Labor which draws upwards of 90 per cent of its members from our university campuses; in other words, not from the 72 per cent of non-tertiary degree holding Australians. There are no efforts to recruit apprentices, vocational education students, and young workers who do not attend university. This is not an academic point. Young Labor sets the culture for the party and its MPs.38

Labor can also apply a neglected lesson from the Blue Labour project in Britain. Co-founder Maurice Glasman’s platform (and his peerage) emerged directly from his community organising, and Blue Labour developed its first constituency in the party and among the media as a result of its Citizens UK campaigns, such as pushing for a living wage. Community organising embodies the Blue Labour idea of being ‘radical and conservative’. An example is faith-based organisations, many clearly not progressive, working in alliance with secular groups to achieve reform. Real organising would help Labor rebuild concrete links with working-class communities and pay attention to their issues. It could empower those communities to identify, foster and train leaders from within. Otherwise, Labor is asking working-class people to join a largely middle-class, highly secular entity whose rules and institutions are stacked against them, or worse, where they are made to feel like their views and presence is unwelcome. In this, affiliated trade unions are critically important.
Labor presented a vast suite of policies to the electorate in 2019. Critics argue there were too many complex policies, open to what were highly successful scare campaigns. Labor does not need more policy but policy that is better conceived and more attuned politically. There is scope for a transformative agenda, moving beyond an obsession with ‘tax and spend’ politics and ‘nudge’ economics. Labor exists to gain power in order to redistribute wealth and power, rather than expanding the state to redistribute wealth \textit{without} power and create rights-based legislation. Pulling back from a statist form of progressive politics can help rebuild trust in social democratic institutions and may ease the pressure on Labor governments to live up to the hallowed standards of the Hawke-Keating reform mythology, what I have termed Labor’s ‘1983 and all that’ complex. Labor must break from a state of mind which that looks exclusively to the state or leaves it to the market. Here it can take a leaf out of Whitlam’s reimagination of Labor’s reason for being. He reframed the debate away from the state versus private ownership dichotomy and income redistribution. Whitlam insisted Labor talk about more than industrial relations and focus on “quality of life” concerns. Pause over the term quality and there is Labor’s 21st-century inspiration: improving our institutions — from parliament to our boardrooms and workplaces — while addressing economic insecurity and a democratic deficit.

Culture and language are important. Labor is a Labor Party. The hint is in the name. This does not mean it is an exclusively union party or only concerned with work, wages and the regulation of work. And being the party of the labour interest is not incongruent with aspiring to be a party of government for all Australians. But Labor must shed its image and rhetoric of itself as a progressive party. Perhaps 20\% of the Australian population explicitly identifies as progressive. To cast the Labor party in this mould potentially alienates 80\% of the national electorate. This is not an argument for Labor to focus exclusively on blue-collar workers, or religious and socially conservative voters, though they sorely deserve more attention. Rather in robust nation-building terms, Labor must seek to draw together the overlapping material interests and immaterial values of working-class and middle Australia.

Labor, to that end, should unashamedly re-embrace the language of patriotism, understood as a dignified pride in one’s country and a desire to make Australia a better place to live. It means more than being trusted with national security, as important as that is. A robust Labor patriotism can mobilise voters emotionally, bind them together in a common project, maintain our historically high rates of social cohesion and preserve Australia’s attachment to economic egalitarianism and social solidarity. It is no surprise that the best Labor prime ministers, Curtin and Hawke, naturally gravitated towards the language of patriotism, telling an enchanted story of
the Australian people, what distinguished us as a people and binds us together. In 2020, a Labor patriotism means talking about what we need to preserve in our national life as much as change. The public need to hear more from Labor about what makes Australia tick, its historic achievements as much as its failings.

Conclusion

In 1964, future parliamentarian Barry Jones circulated a private memo entitled ‘The Two Labor Parties’. Jones singled out the hard-left controlled, poorly performing Victorian branch of the ALP as a “toothless tiger”: “I find little hatred or fear of the ALP nowadays – it seems to be a very old toothless tiger – but the party does excite much good humoured derision. Many voters feel sorry for the party and would like to see it restored – even if only as an effective opposition, but do not trust it enough to give it a vote.” There were three reasons, he continued, for “Labor’s persistent failure”: “Lack of public confidence in evasive or contradictory policies”; “A feeling that the party lacks sufficient competence to govern” and “The narrowing basis of party support”. Jones was threatened with expulsion for disloyal conduct: he was guilty of sympathising with “Santamaria”, “McCarthyism” and “generally being an undesirable reactionary.” Jones was not expelled and his ‘Participants’ grouping, along with key unionists such as future prime minister Bob Hawke, and soon-to-be federal leader and later prime minister Gough Whitlam (1972-75) would successfully intervene in the Victorian branch in 1970. This intervention transformed Labor, laying the groundwork for the federal party’s return to government in 1972 after 23 years in the wilderness and the unprecedented electoral success of the 1980s and 90s. Jones’s tripartite diagnosis of Labor’s ills remains valid, if for different reasons.

In 2020, Australia can develop a new policy framework for economic prosperity with fairness, preparing its citizens for the rolling challenges of the present crisis and future pandemics. Labor’s task – and enormous opportunity if grasped politically – will be to inspire and convince Australians that it is the only federal party capable of protecting the economy and jobs, and national security, broadly conceived and that only it can be trusted to secure the national recovery and build a stronger nation. As Australia deal with a once-in-a-century pandemic and plots its recovery, a once-in-a-generation nation-building program of national reconstruction is upon Labor. It would be unforgivable for the party to squander this opportunity.

Yet Labor must change before it can change Australia. Jones concluded his memo with a damming indictment of party culture. “Arthur Calwell expressed a common Labor attitude when
he said in December 1963, ‘We were not defeated in the recent election. The Labor Party doesn’t know the meaning of the word ‘defeat’. It is not in our vocabularies.’ Unless the party can reform from within we shall have to look the word up.” It took two further defeats in 1966 and 1969 for Labor to act. In 2020, Labor does not have that luxury. Change must come, for Australia’s sake.

7 Greg Jericho, ‘Wages growth figures are historically bad – but they are likely to be the best we will see for a while’, Guardian Australia, 13 August 2020, https://www.theguardian.com/business/grogonomics/2020/aug/13/job-growth-figures-are-historically-bad-but-they-are-likely-to-be-the-best-we-will-see-for-a-while

9 Australian Government, ‘COVID-19 current situation and case numbers’. 
14 AAP, ‘Australia’s economy may not return to pre-pandemic levels’.
15 Kelly and Commins, ‘Jobs hangover from coronavirus’.
21 ‘A Pink Recession… so why the Blue Recovery Plan?’, Shop Distributive and Allied Employees National Office submission to the Senate Select Committee on COVID-19, June 2020.

37 Dyrenfurth, ‘Designing a coronavirus exit plan’.
39 The Bulletin, 12 September 1964, p. 16.
40 ibid.