

‘SNAP BACK’ OR ‘PRESS ON’: FROM THE CURRENT CRISIS TO A GREEN NEW DEAL?

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‘Never let a crisis go to waste’ is a familiar theme. Capitalists can be expected to grasp any opportunities to drive political economic changes conducive to capital accumulation and increased wealth concentration. Just as predictably, their ideological supporters justify this as necessary for re-invigorating the job-generating and want-satisfying ‘free-enterprise’ economy. Crises have always provided these opportunities for structural and policy changes that serve the dominant political economic interests.

The current crisis in Australia is no exception. Conservatives have been laying the groundwork for prolonged social austerity, pointing to the many years of economic restraint in government spending that will be necessary to pay off the massive debts that the Federal government has incurred. Unreconstructed neoliberals – undeterred by evidence that their policies made us more vulnerable to the crisis in the first place – are talking about reviving proposals like business deregulation, industrial relations ‘reform’ (code for further attacks on trade unions) and tax cuts for big businesses, even raising the GST, as necessary policies for a recovery phase.

Is there is a progressive alternative? Could the crisis be an opportunity for policies to create a more equitable and sustainable economy and society? This article explores the possibilities, looking at strategies to create a more harmonious economy-society-environment relationship and to safeguard against future crises. It argues that the current crisis has created a context in which proposals for a Green New Deal (GND) can have increased traction.

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The Australian government has sought to hose down any such expectations of progressive political economic change by recurrent use of phases like ‘snap back’ and ‘return to normal’. However, as many commentators have said, a return to normal is unlikely. The problems of debt, trade, unemployment and inequality - not to mention climate change - cannot readily be set aside. Moreover, some political economic expectations have changed. Alternative options can get a hearing. While there can be no expectation of a GND being embraced by the incumbent government, we need to carefully consider the changed political economic context and how it creates opportunity for radical reform.

A circuit breaker

The Australian government responded to the onset of the Coronavirus crisis with a policy snap. Its commitment to ‘return the budget to surplus’ was abandoned, along with familiar boasts about its record in generating ‘jobs and growth’. Instead, going against its usual neoliberal political inclinations, it switched to an array of policies, including:

- restrictions on travel, business and social activities, dramatically reducing economic activity across many industry sectors
- direct payments to households, as a form of Keynesian stimulus spending to offset the downward economic spiral
- doubling the level of payments to unemployed people, in conjunction with rebadging ‘Newstart’ as ‘JobSeeker’
- new ‘JobKeeper’ payments made via employers to workers previously employed for a year or more
- some new protections for private housing rental tenants and provisions for negotiating rent reductions
- free child care for parents employed in essential jobs.

PM Morrison and his cabinet ministers presumably hated to adopt such a ‘left agenda’, perhaps even wondering whether it might have been better to have lost the last General Election! Their stated intention to ‘snap back’ may be seen, at least in part, as an internal reassurance to the Party faithful that these temporary, ‘socialist’ measures cannot be ongoing.

Yet, there are many reasons why a ‘snap back’ will not readily occur. Even conservative economic analysts expect the official rate of unemployment

to climb to over 10% and stay at elevated levels throughout the next year, if not longer. Many businesses that have been forced to close temporarily will never re-open; and even those that do will undertake little investment while deep uncertainty about health and economic conditions persists. As Keynesian economists always emphasise, investment depends upon buoyant business expectations, without which macroeconomic conditions remain in the doldrums. Exhortations from governments cannot suffice. Nor are expansionary fiscal and monetary policies likely to do the trick. The former has already gone further than anyone could have imagined, resulting in the government running the largest budget deficit in Australian history. And the latter has no further room for manoeuvre: with official interest rates at approximately zero, further economic stimulus through conventional monetary policy is effectively impossible. The prospect of a 'V-shaped' recession is therefore negligible, even after relaxations of constraints on travel, business and social activities.

There are other reasons for thinking that 'snap back' is neither achievable nor desirable. Expectations of the nature of work have changed for many in the workforce. Having had a taste of flexibility on employees' terms during the lockdown – about where and when work is performed – we may expect the nature and hours of work to become more negotiable. The current crisis has also created a breathing space for the environment: emissions are down, atmospheric pollution and traffic congestion in cities has been markedly reduced, all tending to reduce the appeal of the promised 'return to normal'. Finally, a changed status of science may also be inferred: if health science drives public policy, shouldn't climate science be accorded a similar status from now on?

None of this is to say that the temporary supports provided for people out of work won't be withdrawn: that aspect of 'snap-back' is surely a priority for the government, albeit at the risk of some political backlash. Nor is it to say that capitalists won't push the 'return to normal' agenda; nor that, having 'seen the promised land', people won't accept return to the normal humdrum. But these are tensions likely to constrain the potential for 'snap back' and to fuel the expectations and hopes for something different.

Comparison with the global financial crisis twelve years ago is pertinent. That previous crisis was widely hailed as the end of neoliberalism, turning out instead to produce a yet more diabolical mix of big business bailouts, austerity policies, growing inequality, and support for increasingly authoritarian regimes (Shifner and Blad 2020). What is different this time?

Unlike the GFC, the current crisis is a result of a pandemic leading to an economic downturn because of government-enforced restrictions that are not on the normal neoliberal and austerity playlists. A financial ‘fix’ cannot suffice because this crisis has not arisen directly from the failure of financial institutions and the inherent instability of the financial architecture – although those problems remain largely unresolved. Arguably, these features give the current crisis greater potential to be a political economic turning point. But turning to what?

Pressing on

Is there an alternative that could emerge from the current crisis to create a more sustainable, equitable and liveable future?

Some fairly obvious possibilities beckon. One is further development of the role for government in planning the allocation of society’s resources. The current crisis has raised the question of how people who have been suddenly unemployed – through no fault of their own – can be redeployed to activities where existing resources are under severe strain. The latter include health-care and elder-care, most obviously, because workers in those fields have been expected to cope with additional workloads over and above the call of duty. The possibilities for these labour resource reallocations are constrained by the need for distinctive skills and precautionary measures, of course. But mobilisations of this sort are what happen at the onset of a war – and it has been interesting to see the Australian PM starting to use this language. Effective mobilisation and re-deployment is hard to organise in a capitalist market economy though, which is why wars often lead to market arrangements being curtailed, replaced or more strictly regulated. Dealing with the political economic challenges posed by such big crises requires planning, not ‘free markets’.

On similar reasoning, a public sector ‘borrow-and-build’ approach can also have an ongoing place on the policy agenda. Indeed, this has long been so, because governments can normally borrow more cheaply than private investors since there is little, if any, risk premium. Now loanable funds are available at historically low interest, there is almost free money to borrow. This could be used for economic restructuring, improving public sector facilities, including health facilities of course, and also moving towards greater ecological sustainability in energy, transport and industry.

While these policies of Keynesian stimulus, planned resource reallocation and borrow-and-build programs can help with crisis-alleviation, policies are also needed to address the deeper structural problems that have been set aside for too long. Crisis management needs to be linked to meeting the longer-term social and ecological challenges of the era. It is in this sense that the current crisis may be regarded as a wake-up call for a radically different policy program.

A Green New Deal

A Green New Deal (GND) is a framework for dealing with a deteriorating environment, a faltering economy and growing inequality. It deserves careful consideration as a potential means of producing growth in jobs that is consistent with more environmentally sustainable and fairer outcomes.

As is well known, the basic idea and the terminology of a New Deal stems from the policies enacted by US President Franklin Roosevelt in the 1930s during the Great Depression. This was a period of intense social discontent and struggle (as it was in Australia too), and some new political economic direction was imperative. The New Deal created millions of jobs, some with significant environmental characteristics, such as planting millions of trees as wind-breaks in ‘dustbowl’ areas.

Is something similar necessary now? Well, the unemployment situation looks like becoming the worst since then (notwithstanding the severity of the recession in the early 1990s). The prospect of deep depression has put the concern for ‘jobs, jobs, jobs’ at the top of the mainstream economic agenda. Not surprisingly therefore, it is the stimulatory and job-creating aspects of a GND that are its greatest potential appeal to the labour movement – and to all who are worried about prolonged economic stagnation, growing unemployment and welfare state cutbacks.

However, environmentalists and proponents of a ‘steady state’ economy and degrowth may well ask: is the priority *really* just to crank up the engine of economic growth? Isn’t economic growth the major long-run driver of environmental stress, particularly climate change? As Ariel Salleh argued a decade ago, ‘the new green Keynesianism still rests on productivist assumptions’ (Saleh 2010). So it is important to explore more carefully in what sense, if any, a GND can offer a means of meeting both economic

and environmental goals. Can ‘jobs, jobs, jobs’ be compatible with ‘nature, nature, nature’?

The key issue is the capacity of a GND to steer economic activity into forms of production, consumption and transportation that draw much less on environmentally damaging energy sources and technologies. This is how a GND must differ from a simple crisis-driven re-embrace of economic stimulus: rather, it must restructure the economy on a more ecologically sustainable basis. Indeed, there is plenty of potential for that – in energy production, transport policies, waste-management, water infrastructure, agriculture, building design and retrofitting, urban planning, and much else besides. A GND must include detailed plans for creation of green jobs across the full array of industries and workers’ skills.

Making a plan of possibilities is only a start, however. Driving the actual changes is much harder. Governments don’t have direct controls over what jobs are on offer in the private sector. Business have to be ‘brought to the table’ through planning processes, given incentives and/or subjected to regulations about what is not permitted. Tough decisions have to be made about closure of unsustainable industries, *e.g.* where jobs must be shed from forms of production and transportation that violate ecological sustainability. Prohibiting new coal mines, phasing-out coal exports, and progressively closing coal-based electricity power stations are examples with obvious current relevance in the Australian case.

The implications of a GND for international trade are similarly important. Among the lessons arising from the Coronavirus pandemic are that heavy reliance on trade, based on ‘comparative advantage’ principles, makes national and local economies more vulnerable to crises transmitted from elsewhere around the globe. Further difficulties result when those crises lead to the interruption of trade. A GND should therefore emphasise, wherever possible, ‘local production for local consumption’, thereby reducing vulnerability and increasing resilience. That would also reduce the volume of resources allocated to transport and the size of ‘ecological footprints’. It does not require the cessation of all trade, of course, but it does pose a direct challenge to the ‘free trade’ ideals that are currently accepted across much of the political spectrum. Whenever rival principles operate – such as self-reliance and specialisation – some balance must be struck. Hence the necessity for an active industry policy to plan for transition, particularly by fostering the diversification of local industries that would make reduced trade dependency possible. This not need not be

a slippery slope to insular protectionism. Rather, it is vital to facilitate transnational class solidarity, seeking to ensure that jobs are more secure and forms of production are located where they are most ecologically sustainable. The Coronavirus crisis has especially shown the importance of food and energy sovereignty.

To become a more comprehensive program for reform, a GND also needs strong emphasis on equity. It has to include policies to help workers shift from unsustainable 'old economy' jobs like coal mining to the newly created green jobs. This key requirement for 'just transition' puts the spotlight on education and training. Comprehensive tax and welfare reform is also essential if a GND is to maintain widespread public support as a means of creating a fairer society. Public provision of basic income (BI) deserves a prominent place on this agenda, because of its capacity to reduce poverty by 'raising the floor' in the distribution of income while simultaneously expanding the range of citizens' options. BI sits comfortably within a GND agenda, both because of its equity effects and its role as a buffer against recessions – a feature of income support that is implicitly acknowledged in the Morrison government's adoption of the JobKeeper program and its doubling of the NewStart/JobKeeper payment.

Equity requires a 'politics of recognition' as well as redistribution. Indigenous recognition is crucial in this respect, as the Greens signalled when they launched their campaign for a GND, placing significant emphasis on engagement with First Nations peoples (Di Natale 2019). As the custodians of the land for upwards of 60,000 years, their sustainability credentials as effective stewards of a common natural heritage are second to none! Indigenous voice is needed on a wide range of issues, including extending and managing the commons – currently a big issue elsewhere in modern political economic discourse (Obeng-Odoom 2020). Indigenous communities also have substantial experience operating cooperative enterprises as an alternative to capitalist forms of business organisation – another potentially significant theme more generally within a GND.

In summary, a GND offers distinctive strategies and policies for job-creation, restructuring the economy on an ecologically sustainable basis, reducing dependence on trade, creating greater equity and learning from Indigenous peoples' experiences. These are its key characteristics. While not 'root and branch' displacement of capitalism, it is a significant shift from acceptance of capitalist prerogatives and the ideology of free market economics. The essence of radical reform is to address immediate political

economic problems – and there’s currently no shortage of those – while opening up possibilities for more profound transformations in the future.

Power, politics and processes

The question of whether a GND could actually be a way forward from the current crisis situation raises issues of power, politics and process. Transforming a GND from being a ‘twinkle in the eye’ of political progressives to being an effective program of radical reform is a huge task. A good starting point is to recognise that change of this character cannot happen overnight, nor even in a few years: it has to proceed step-by-step. The triple imperative is to get started, to have a vision of the future direction and a strategy for getting there. While the current crisis provides the context, it is effort and struggle that provides the impetus.

It is axiomatic that there would be strong opposition to a GND from climate-change deniers, especially those with influential positions in the Liberal and National parties and from those sections of the mainstream media that routinely back reactionary political positions. Similarly strong resistance could be expected from the mining companies, banks and other capitalist institutions having a direct stake in perpetuating environmentally degrading industries. As Lindy Edwards has shown (Edwards 2019), these have been powerful impediments to even quite modest attempts at reform in Australia during recent years.

Much attention therefore needs to be given to strategic positioning. Most fundamentally, there has to be a broad social movement for change. For effective popular participation and support to develop, it would need organisation focussed where people feel directly engaged. Typically, this is the locality. Different communities and regions normally have different priorities, leading them to varied demands and expectations. Regional forums, engaging local people in drawing up proposals and devising actions for what is to be done, can provide this grass roots dimension of GND politics. Workplaces can also be focal points, especially if unions grasp the opportunity of stimulating rank-and-file participation.

Concurrently, to get an embryonic GND started as a process of policy development and implementation, it has to be embraced by the ALP or a Greens-Labor coalition of some sort. The Greens are already on board. The ALP is currently vacillating, apparently trying to play both sides of the street by supporting coal exports and the Adani mine development, while

ramping up the rhetoric on climate change action. Of course, the ALP would also find difficulty in formally adopting anything so clearly emanating from the Greens, given the inter-party rivalries – but it is the policies, not the label, that ultimately matters. Moreover, the ALP’s need for a coherent and inspiring alternative to the conservative Coalition’s program will become increasingly evident in the run-up to the next Australian federal election; and the lingering effects of the Coronavirus crisis will presumably still be with us then. Faced with the choice between a conservative Coalition stumbling along without any coherent policies to offer and an Opposition offering a Green New Deal (appropriately re-named, if necessary), the outcome is a far from foregone conclusion.

It is not so fanciful anyway to envisage that a political economic strategy offering more and better jobs, greater economic security, a more equitable society and real action on climate change might engender strong political appeal. This is not to put all eggs in the electoral basket. As I have already emphasised, the development of a broad, popular movement for change, and plenty of local action, is at least equally important. Regarded in this way, the GND strategy may be seen as an expression of the still-inspiring influence of Jack Mundey’s politics – for jobs *and* the environment. It is not without tensions – what ever is? – but it is the strategy for the times. Emerging from the current crisis, it is a potential long-term game-changer.

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