

# COVID recovery team must turn words into reality, fast

Australia's Shadow Treasurer Jim Chalmers authored an article in the 1 April *Guardian* under the headline, "It's not too early to start thinking about Australia after the crisis". He stated at the outset: "Neoliberalism has failed, but what comes next?"

The global crisis has revealed, admitted Chalmers, that "hollowing out the state" through budget cuts and closures disguised as "savings", and outsourcing in the name of "efficiency", have hurt Australians.

Chalmers invoked Prime Minister John Curtin's Department of Post War Reconstruction which commenced operations while World War II was still raging, in pursuit of his and Ben Chifley's plan was for "victory in war, victory in peace". The Curtin government knew it "had to prove worthy of its people's courage", after their years of sacrifice, wrote Chalmers. Full employment in the wake of the crisis was the most crucial element; "today we need a similar approach", he wrote, which requires "new thinking".

Australians are used to hearing promising noises from parties in opposition, and even the government has made some decent sounds via the men it has charged with reviving our economy; but will the rumblings for change turn into reality?

Prime Minister Scott Morrison appointed former CEO of Fortescue Metals Group Nev Power to head the government's National COVID-19 Coordination Commission (NCCC), established to coordinate private- and public-sector efforts to mitigate the economic and social impact of the pandemic, from ensuring stock reaches supermarkets to preserving jobs. From the private or not-for-profit sector the NCCC includes: former federal Labor Minister and Australian Council of Trade Unions secretary Greg Combet; former head of the Department of Health and Department of Finance, ANZ board member and chair of the global Coalition for Epidemic Preparedness Innovations, Jane Halton; former managing director of Toll Holdings logistics company Paul Little; Reserve Bank of Australia (RBA) board member and managing director of EnergyAustralia Catherine Tanna, who worked for many years for Shell and BG Group (a British oil and gas company, now part of Shell); and CSIRO chairman and former Telstra CEO David Thodey. From the public sector it includes the Secretaries of the Department of the Prime Minister and Cabinet, Philip Gaetjens and Home Affairs, Mike Pezzullo, both directors and enforcers of PM Scott Morrison's financial reform and national security agenda.

If the NCCC is to bring about the necessary policy change to effectively lead us through this crisis, an RBA board member and petroleum multinational bigwig such as Catherin Tanna has no place in this emergency institution. Neither does Combet, who as Climate Change Minister rammed through policies which dismantled the productive sector. Since leaving office he became Deputy Chair of both Industry Super Australia and IFM Investors, the latter an assetmanagement company owned by super funds which specialises in buying privatised assets, often in partnership with Macquarie Bank. In 2017 this former union boss was even involved in outsourcing Australian jobs to India: privatised NSW electricity company Ausgrid—majority owned by trade union superannuation funds including Combet's IFM Investors—outsourced 35 high-skilled technical jobs to an Indian company, and even forced unionised workers to go to India to train their own replacements.

Morrison's commission comprises mainly leading establishment figures when what we need is "outside the box" thinking. It is promising, however, that both the leader of the NCCC and of its subsidiary manufacturing taskforce have backgrounds in industry and production, rather than in banking or bureaucracy. If they take a top-down approach, perhaps real change can be made.

Since leaving Fortescue in 2018, Nev Power became chairman of the Perth Airport and director of independent oil and gas exploration company Strike Energy. He grew up on a Queensland cattle station and began his working life as a diesel fitter. According to the 7 April *Australian Financial Review*, he is calling for a re-boot of Australian manufacturing to replace imports and disrupted supply chains. The AFR's economic policy writer Alan Mitchell, like others, bleated that Australia provably cannot compete with overseas rivals when it comes to manufacturing, but he is missing the point that the required shift, made fatally obvious by the current pandemic, must take that decision away from the free market and return it to governments.

The man who will lead the manufacturing taskforce for Power is Andrew Liveris, former CEO and chairman of The Dow Chemical Company, one of the world's largest manufacturers, then director of DowDuPont when it merged with DuPont. He studied chemical engineering and worked in manufacturing, engineering and business. He was appointed to head US President Donald Trump's American Manufacturing Council in December 2016, but it was disbanded by August 2017. It briefly functioned as an advisory committee comprising business leaders from manufacturing, computing, medical supplies, the automotive industry, steel, and unions. Liveris had published a book titled *Make It in America: The case for re-inventing the economy* in 2011, arguing for a revival of the US manufacturing sector. He also co-chaired President Obama's Advanced Manufacturing Partnership in 2011, setting up eight "innovation hubs" which are still in operation. While these efforts have not achieved any obvious change, only a shock to the overall system, such as we see today, can induce the scale of shift necessary.

Liveris told the *AFR* on 9 April that Australia was vulnerable because it “drank the free-trade juice”, deciding off-shoring was the way to go. Manufacturing was reduced to just 6 per cent of the economy, whereas in the 1970s it was about 40 per cent, according to *AFR*. “Well, that era is gone”, pronounced Liveris. We should never have allowed our manufacturing based to be hollowed out, by what is now an “old and broken model” of economic policy. “We’ve got to now realise we’ve got to really look at on-shoring key capabilities”, he said. Reflecting Morrison’s call for restoring “economic sovereignty”, he spoke about supporting the manufacture of medical equipment. “Australia’s inability to compete in scalable industrial sectors was laid bare by 1990s trade liberalisation, globalisation and domestic deregulation”, he declared, in *AFR*’s paraphrase.

Liveris’s taskforce includes Australian Industry Group chief executive Innes Willox; the chairman of Manufacturing Australia, James Fazzino, and its chief executive Ben Eade; Australian Manufacturing Workers’ Union national secretary Paul Bastian; and Advanced Manufacturing Growth Centre managing director Jens Goennemann. While he said he would not push for tariff barriers or subsidies, Liveris pointed to Australia’s capacity to become a leading technology provider in areas such as agriculture and water use. A 7 April report in the *Australian* said Liveris was pushing for packaged-food and petrochemical industries, and a coastal shipping service. Export of packaged food to China could be set to explode, he added. An east coast gas pipeline for low-cost energy, reserving some natural gas for domestic use rather than export, were proposed to decrease input costs for manufacturers.

#### Agriculture potential



Prof. Lance Endersbee’s Asian Express rail project will put any part of Australia just one to four days from any part of Asia, including the world’s two largest ports, Shanghai and Singapore.

Federal Agriculture Minister David Littleproud is forming a policy roundtable of public- and private-sector leaders to focus on agricultural expansion in the wake of the Coronavirus crisis. That the agricultural sector contributes only 2 per cent of GDP, according to *SMH* on 13 April, is a monetarist understatement of its importance. As Littleproud pointed out, “It’s the bedrock of our nation’s economy and our nation’s security.” He did not advocate for new jobs in food manufacturing, but did suggest “jobs in innovation and science” pertaining to farming technologies.

Executive Director of the Australian Farm Institute Richard Heath said food manufacturing would be possible under “very different policies”, including economic support and export or import restrictions. Demonstrating the still-existing ideological obstacles, however, Treasurer Josh Frydenberg warned that the current demand for local production should not be seen “as an argument for protectionism” or subsidising industry.

Re-nationalising energy production, gearing up local steel production and re-regulation of other vital industries will ensure costs can be brought down sufficiently. One small example proving monetary cost is not the most important factor was reported in a 13 April *SMH* article, which showed that Victorian porridge, muesli and snack bar producer Carman’s was able to increase supply to market by

50 per cent because all its products are entirely locally made. This includes the packaging, which founder and owner Carolyn Creswell long ago decided not to source from China despite it being cheaper there. A lot of other Australian companies would have been able to increase production too, but “they just didn’t have the packaging” once supply lines from China were disrupted, Ms Creswell said.

Former NSW primary industries minister Niall Blair, now a professor of food sustainability at Charles Sturt University, reminded *SMH* readers of the possibilities of expanding processed food exports into Asia, when he’s “seen people in China pay \$11 for a litre of Australian milk”. The late Professor Lance Endersbee proposed the Asia Express—fast rail to northern ports then high-speed shipping of fresh produce to some of the world’s largest ports in Asia. It’s past time it was built.

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