

Commentary: On the Bright Side: Covid-19, a Perverse Once-in-One-Hundred Year Opportunity

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Abstract

The Covid-19 pandemic, challenging as it is, provides an opportunity to rethink employment relations arrangements in New Zealand in a broader context of economic policy change, in circumstances which echo the challenges of the 1930s. Major transformation will require a combination of political imagination and will, novel economic policy initiatives, and strong commitment from the social partners.

Keywords: New Zealand elections, economic policy, employment relations, pandemic.

Introduction

As we approach the October 2020 General Election, the spectre of the Covid-19 pandemic hovers over New Zealand's politics and economic performance. Employment relations might seem to be small beer in this context, with labour market disruption and multiple emergency interventions notionally crowding out any interest in employment relations and bargaining arrangements. In terms of short term measures to mitigate the effects of Covid-19, support for the labour market is most important, but, equally, employment relations arrangements and labour market interventions will go hand-in-hand in the long-term post-Covid-19 recovery.

The corollary of Covid-19's impact is the opportunity that it creates for radical transformation of economic arrangements in general, and of employment relations in particular. This is the focus of this commentary. It suggests that a Labour-led government, should it be returned strongly to power in the 2020 election, might undertake simultaneously both the short-term recovery measures required by the Covid-19 pandemic, and the medium-to-long-term piloting of the economy, away from the siren calls of a renewed neo-liberal model, to a contemporary version of the 1930s "Keynesian Accommodation". Both phases require major innovation in labour market and employment relations settings.

The sub-text of this argument, though not developed in detail here, is that the alternative to a new accommodation is likely to be recourse to a renewed and stringent neo-liberalism, that is, a pervading emphasis on cutting state expenditures and reinforcing market-based measures for economic stimulus and employment relations. This discussion assumes, for historical and analytical reasons, a binary reality in current policy settings. In other words, the recent history, ideological strength and institutional power of neo-liberalism, domestically and internationally, is unlikely to permit "third ways". This view differs in some ways from that of, for example, Piketty, but draws on his and other recent analysts of contemporary Capitalism (Piketty, 2014).

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Employment relations is always a political consideration, for it lies at the heart of economic arrangements and political voice in the liberal democracies. It has the potential to contribute significantly to radical transformation as it will be the focus of reform and reconfiguration in the alternative model. It follows from this that a new Labour-led government, intent on radical change, would make labour market policy and employment relations a key facet of its interventions, and that the parties – employers’ representatives and trade unions – would be actively involved, by choice and by encouragement, in the formulation of a new accommodation.

As I discuss below, this expectation emphasises the combination of factors required to configure the labour market and employment relations dimensions of the accommodation – clear and well-developed policy, strong and energetic political leadership (especially at ministerial level), employer and union parties staffed and sufficiently grounded in the policy to make tripartism function effectively, institutions for engagement and dialogue that command loyalty and respect.

Before the Great Disruption: the lacuna around Industry Standards Agreements

The outcome of the 2017 General Election, understandably, surprised many commentators. The upsurge in Labour’s fortunes, following its change of leadership close to the election date, was striking, as was the assuredness with which the new Labour leader came to the role. Whilst New Zealand First’s decision to ally with Labour was more likely than not, given the relationship between New Zealand First and National, it could not be taken for granted. Equally, National’s performance in the election shocked its supporters and pundits. The outcome was a government, at best, modestly prepared for power, with relatively few senior politicians with experience of ministerial office, and simultaneously grappling with the complexities of a challenging three-party MMP arrangement.

Here one must also recognise the limitations of the three year term, especially in the context of an inconsistent policy and implementation capability in central government, variable expertise (particularly in employment relations) among public servants, and, in some cases, resistance to change they consider “radical”. Even a highly experienced, homogeneous and well-prepared government, coming to power after nine years in opposition, must work extraordinarily hard and successfully to make major legislative changes before the demands of the next general election impinge. Given the election outcome, and the three-party MMP arrangement that it permitted, the workload expectations of the incoming government were most challenging.

It is fair to suggest, also, that contemporary Labour-in-power has moved significantly from the democratic socialist perspective of its founders and Constitution. Its current broad configuration is less class-based, more interest-based, in line with a modern Social Democrat perspective. A view exists that modern Labour is, today, perhaps less a Social Democrat, and more a Social Interest, party. It may follow from this that employment relations issues no longer capture fully the attention and imagination of Labour’s policy makers, reflecting also a decline of influence of organised labour in the party.

In the complex post-election environment, labour market and employment relations issues were relatively small beer. The flagship employment relations policy for Labour was a commitment to Industry Standards Agreements, renamed, in a tetchy debate, Fair Pay Agreements. This

attempt to recast employment relations in New Zealand in a modern form of industry bargaining derived substantially from the efforts of the late Helen Kelly, then President of the New Zealand Council of Trade Unions (CTU), supported by affiliates. The Greens, in general, supported the idea; New Zealand First was much less enthusiastic. National and ACT were implacably opposed. A paucity of urgency and agreement across the governing parties resulted in the proposal languishing.

If the flagship policy drifted, there was important work undertaken elsewhere. Overall, global conditions and macroeconomic policy have contrived to keep unemployment low. Business advice has been given a nod in a Business Advisory Council. Labour market development has been promoted by tax credits for research and development, regionalisation of skills strategy, and abatement thresholds to promote the move from unemployment to work. The Equal Pay Amendment Act is a major initiative, as was the attempted reintroduction of collective bargaining for screen workers and contractors. Meal and rest breaks have been restored and the '90-day trial' provision has been significantly limited.

The Great Disruption

Government is a dialectic between what the ruling party (parties) seek(s) to achieve, and the contingent crises and attacks that seek to derail well-made plans. There is a traditional management problem of strategy and tactics, exacerbated by MMP. MMP tends to dilute ideological impact on policy implementation, making the agreed policy programme more contingent and piecemeal that perhaps was the case historically. Other factors drive this contingency, such as, in Labour's case, its evolution into a post-modern party of interests, rather than class. Notwithstanding this evolutionary change, government usually has a programme and, in any three year term, understands that it is likely to achieve a handful of major changes, and a penumbra of the minor. Depending on the balance of forces in parliament, government is more or less challenged by the opposition, which, as recent political cycles show, is often distracted and frustrated by its distance from effective power. Since 2017, numbers in the House have been tight, and the government alliance has required careful management. That challenge has a small silver lining, as tight numbers in the House permit the "we wanted to do X, but were stymied by our partners" argument to be used sparingly.

The 2017-2020 government has faced normal management challenges – ministerial performance, MP behaviour, rifts in the government alliance and so on – and has emerged reasonably unscathed. However, the terrorist attack in Christchurch was a major disruptor, as was the White Island eruption. These two events have now been complemented by the Covid-19 pandemic, a once-in-a-hundred-year crisis, the full ramifications of which are still to be understood.

Covid-19 is a comprehensive crisis, in scope as yet indefinable and fluid. It challenges the performance of New Zealand's political apparatus – government and Civil Service – in a way not seen since the Great Depression or the Second World War. It disrupts economic activity – production, distribution and international trade – at national and international levels in ways still emerging. It strikes at the fabric of social order in terms of security of employment, social cohesion and order, physical and mental wellbeing, and provision of support services (especially medical services).

For government, there was no blue-print for a response. The comprehensive challenge posed by Covid-19 required rapid and comprehensive action in a constantly evolving inchoate situation. The scope of the crisis marginalised significantly other government initiatives, which though continuing, faced reprioritisation in terms of primacy and budgets. It also recast the structure of political leadership in New Zealand, focussing de facto authority in a relatively small group of ministers, officials and advisers. We should recognise the pressure brought to bear by a crisis of this magnitude on leadership and decision-making.

Short-term Responses: Saving the Labour Market

Here, I address rather narrowly, and briefly, the immediate labour market responses to Covid-19 undertaken by the government. These nest within a wider range of health, social, educational and other interventions, some of which have indirect labour market consequences (NZ Treasury, 2020a).

At the heart of the labour market response has been expenditure of over \$12 billion on wage subsidies designed to cushion the employment impact of Covid-19 by sustaining the relationship between employer and employee. This includes sick leave provisions designed to support workers who might be forced to self-isolate (New Zealand Work and Income, 2020). Accompanying the wage subsidy have been measures to support leave taken from work, workers displaced as a result of Covid-19, and migrant workers.

Business support, indirectly supporting employment, includes \$2.8 billion committed to tax changes to support business activity; \$600 million to support crucial supply chains and \$900 million to support Air New Zealand; \$6.25 billion in a Business Finance Guarantee programme to reduce debt pressure on companies; measures to support potentially insolvent enterprises.

There appears to be a consensus that the government has acted promptly and decisively in intervening to support the labour market and business operations. Fortunately, government books were healthy when the pandemic arose, government is spending heavily and holds considerable further spending potential in reserve. It remains to be seen whether the course of the pandemic, in terms of both epidemiological and vaccine development, will allow a “v-shaped” economic recovery (the most positive scenario modelled by Treasury) or will entail a much longer and potentially far more difficult adjustment. Current government modelling across three scenarios sees GDP declining between 13.5 per cent and 34 per cent in 2021; unemployment sitting between 4.4 per cent and 6.4 per cent by 2024; nominal GDP cumulatively down between 2020 and 2024, by between \$121 billion and \$150-217 billion. At the time of writing, thinking is towards the lower end of the estimates, but with government debt (core Crown debt as a percentage of GDP) forecast to grow from an actual 19 per cent in 2019 to a daunting 53 per cent in 2023.

The Longer Term: a New Accommodation or Neo-Liberalism “on Steroids”

The economic consequences of the Covid-19 pandemic, generally, and its impact on government books particularly, attracted ab initio significant attention in political and policy circles. Government’s application to the short-term human consequences was accompanied by a growing concern about the post-Covid-19 economy and its recuperation.

We can see the Covid-19 crisis in terms of two phases. The first is the immediate response to mitigate the impact of lockdowns, enterprise difficulties, unemployment and faltering global trade and connections. As the core Crown debt figures suggest, this has been addressed by massive expenditure, fortunately in an economy in good heart at the beginning of the crisis. Despite the usual search for political advantage, the current consensus seems to be that government acted swiftly and proportionately.

However, the focus will, in time, turn to a second phase – the rebuild phase. This has national and international dimensions. The international aspect relates primarily to rebuilding global trade performance, from transport systems to market recuperation. Competitiveness will become a key feature determining post-Covid19 success in international trade and must therefore play its part in the domestic rebuild.

The configuration of the domestic rebuild is heavily contested and quite different from the context in which domestic economies rebuilt after the Great Depression. Putting aside the argument that the Second World War was a key catalyst for growth between the 1950s and 1970s, the “package” of measures employed from the mid-1930s to mitigate economic crisis and provide a platform for growth, and its ideological underpinning (Keynesianism and the Welfare State), developed in a context different from current conditions. The defining difference is the contemporary strength and “hold” of neo-liberalism in politics and policy making after over 40 years of primacy. Neo-liberal orthodoxy has not been weakened by Covid-19, which can be presented, not as an economic crisis challenging that orthodoxy, but as an Act of God requiring the more fulsome application of neo-liberal precepts. Covid-19, unlike the Great Depression, does not challenge directly the neo-liberal position, and, indeed, for some may strengthen it. Moreover, the hold of neo-liberalism over key policy-makers and institutions cannot be underestimated. It may be that the leadership of the Reserve Bank displays greater heterodoxy than has been the case in recent years, but the staff cadre of both Treasury and the Reserve Bank is, in general, inured to orthodoxy by training and experience.

From a political and policy perspective, this poses a binary choice for government. The approach to rebuilding of national and global economies will be a contest between a neo-liberalism arguing for “more market” solutions, especially where government debt has grown massively. Pressure will be exerted to reduce that debt by cuts in public expenditure. The anticipated size of that debt will tend to inflate the proposed cuts. The dislocation faced by the business sector as a result of Covid-19 will be seen as a rationale to promote efficiency and competition, which in New Zealand has, since the 1980s, translated into a real decline in the labour share. The implications of this outcome for employment relations and labour market dynamics need little exposition.

Hence, the striking question for the future of economic and social development in New Zealand, and particularly for its employment relation system, is whether or not there is a commitment by government to an alternative to neo-liberal orthodoxy. One cannot stress enough the challenges involved in making that commitment. There are five challenges that arise immediately. First, it requires the intellectual foundation able to challenge nearly a half century of neo-liberal orthodoxy. Second, it requires the political will to challenge that orthodoxy and, also steer an alternative through the democratic process. And MMP is a model for compromise, not radical change. Third, populist voices broadly consistent with neo-liberal orthodoxy are, in the era of social media and opinion-based journalism, powerful opponents. Fourth, it requires important sectors of Capital to see the value in a new accommodation. Fifth, it will require several consecutive terms in government to establish a new accommodation, and,

at some point, all major parties in parliament seeing some merit in its future. In sum, in the binary clash in train, an effective alternative to the resurgence of neo-liberalism “on steroids” is a challenge.

One should also note that the challenge is made all the more difficult because, in practical political terms, it may be better to pretend that the accommodation *per se* does not exist, and, instead, seek coherent, long-term change by means of apparently unrelated, contingent measures, which over time aggregate to the required outcome. This “change by stealth” approach mirrors the way the 1930s Accommodation was introduced, but differs in two ways. The first has already been mentioned – the contemporary undiminished power of neo-liberal orthodoxy. The second is more prosaic. Reading contemporary documents about Labour-in-power from 1935, there was a simple contingency at play. Labour did not innovate with reference to a guiding blueprint, for, then, there was no Keynesian Accommodation. Equally, Treasury was less ideologically driven and more open to supporting what seemed to work, and inter-party political antipathies under first-past-the-post arrangements were less pronounced and more amenable to consensual “national” solutions.

A New Accommodation: Key Elements

The idea of a comprehensive, indeed radical, overhaul of economic thinking in New Zealand has emerged as a result of Covid-19 (McCrone, 2020). Here are, laid out simply, the six key elements of an alternative to neo-liberalism, before considering their implications for employment relations.

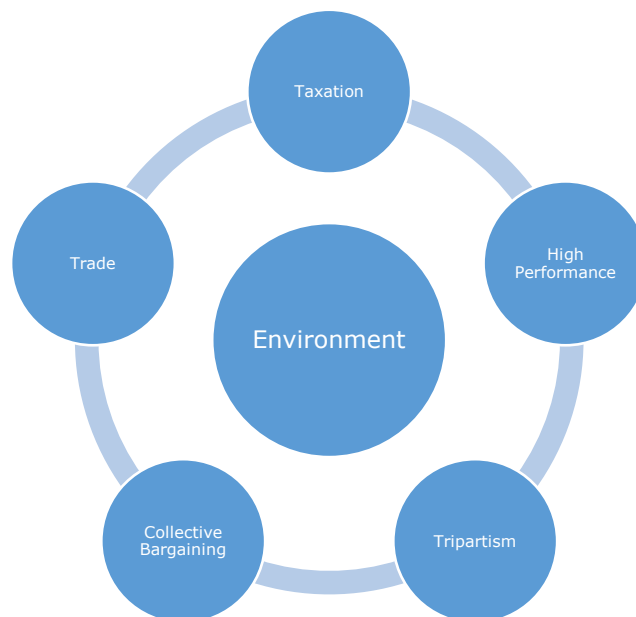


Figure 1 The components of accommodation.

One might agree that we are in an epoch in which economic recovery can no longer be considered outwith its environmental context. For now, let us accept that any alternative economic settings must conform to environmental standards that sustain life on Earth. The implications of this commitment permeate production, consumption and trade.

Wealth and taxation are a second fundamental focus of a new accommodation. Growth in wealth inequalities, especially since the early 1970s, has been noted by a shift from Labour to Capital in the Capital-Labour share data.

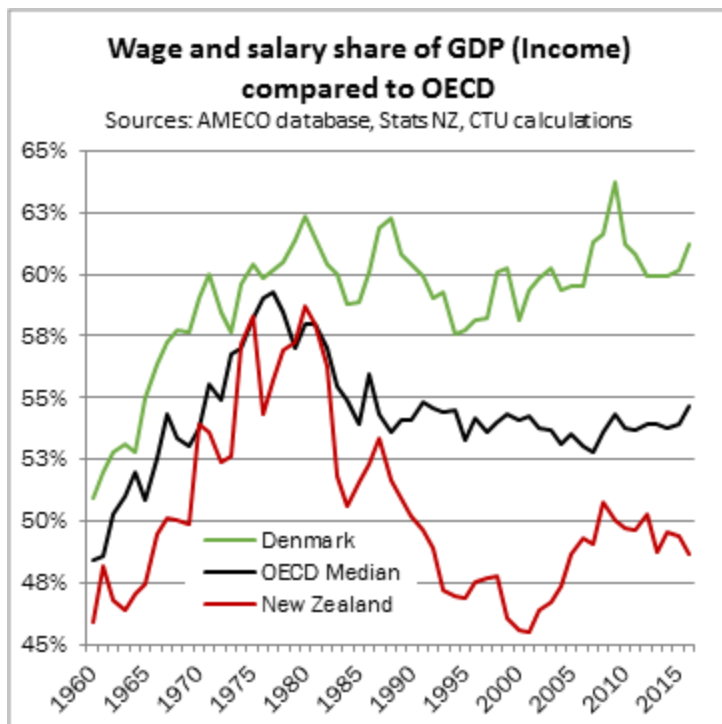


Figure 2: New Zealand Wage and Salary Share of GDP compared to OECD
(Rosenberg, 2018)

Wealth inequality not only represents a growing unfairness in rewards distribution, but also may threaten social cohesion in potentially dangerous fashion. A sustainable accommodation would include taxation arrangements that reverse the post-1970s income advantage assumed by Capital. Wealth taxes, carefully positioned, are the obvious means to achieve this rebalancing.

Tripartism is a fundamental aspect of any accommodation. It transcends bargaining arrangements, in contemporary terms now involving partnership from the enterprise to national economic strategy, as well as its extension into social and trade settings.

Important is the reassertion of collective bargaining – traditional and innovative - to rebalance rewards to Capital and Labour. The Employment Contracts Act (ECA) triggered the shift of rewards from Labour to Capital seen in the 1990s, a shift that has not been rectified since (see later discussion). This is why the standing commitment to Fair Pay Agreements, and the anticipation of their enactment, are important.

Just as the Keynesian Accommodation of the 1930s was intimately linked to a commitment to growth in trade, so must a modern accommodation be associated with a continued commitment to fair trade. Fairness in trade is a powerful modern condition of acceptable trade relations, as is trade conducted to appropriate environmental standards.

The final building block is high performance work and a wider suite of productivity-related measures, involving up-skilling in the delivery of both goods and services, and support from training and active labour market policies.

Underpinning these key elements of an accommodation would be other macroeconomic measures that, particularly, deal with the accumulated debt created by Covid-19 related government expenditures. Contemporary heterodox economic thinking on policy responses to the long-term adverse consequences of the pandemic takes many forms, but is broadly united in rejecting neo-liberal arguments for austerity and “small government” responses. For example, the economic consequences of Covid-19 have given life to the debate around Modern Monetary Theory, which inverts much contemporary economic thinking, and makes a strong case for increased government spending whilst there is under-used economic capacity and unemployment. In the same vein, Adair Turner (2016) has argued strongly for quantitative easing based on direct transfers to private or government consumption (rather than into private sector financial or commercial operations). Such arguments are challenging, yet demand attention in a situation in which economic orthodoxy appears increasingly ineffectual.

A New Accommodation: Implications for Employment Relations

The implications of a new accommodation for employment relations and labour market policy are many, and here I will discuss only some of the most salient.

Government measures taken post-2017 in relation to Taranaki and its energy sector illustrate the steps along the “green transformation” path, which all modern economies are considering to a greater or lesser extent. Similarly, new approaches to rural land-use are seeking to deal with the politically-sensitive emissions issues associated with rural production. The trade union movement has committed to a “Just Transition” approach to climate issues (Huggard, 2019). Powerful voices within the business community are also speaking clearly about climate change (see, for example, the Sustainable Business Council, 2020). At the heart of this growing pressure for change is the reconfiguration of production, distribution and consumption practices in tune with sustainability goals. This carries with it major long-term implications for investment decisions, production and distribution systems, local and national labour markets, training provisions, work organisation practices and accountabilities. A positive initiative is the proposed industry policy with its commitment to Industry Transformation Plans (MBIE, 2020). These plans are relevant to the subsequent discussion of tripartism and industrial democracy.

The magnitude of this challenge, and an attached urgency, confronts the tripartite parties inescapably. One must be concerned about the current scope and quality of thinking about these issues. Taking into account the reducing timeframes for effective change predicted by science, one anticipates increased urgency and application in this policy area.

Central to a new accommodation is a renewed commitment to tripartism. This is a looming challenge, for tripartite institutions and practices in New Zealand have been sorely weakened since the 1980s. The three parties are each, in their different ways, inexperienced and tentative about renewed tripartite arrangements. The relative weakness of the trade union movement since the ECA was introduced challenges its authority as a tripartite party, as do some forces within the CTU membership, which are at best chary of such engagement. Employer associations are both inexperienced in and questioning of tripartism. The Labour-led government maintains cordial relationships with the CTU, and engages consistently at high

level with employers and employer associations, but has not taken advantage of the opportunity for strategic tripartite arrangements. In this situation, the reemergence of tripartism as an effective form of decision-making and enforcement depends on government taking a strong lead. Again, the proposed Industry Transformation Plans are a promising initiative as is the Future of Work programme.

The reemergence of collective bargaining, central to a new accommodation, should be considered in conjunction with a complementary focus on a wider industrial democracy. As mentioned previously, Labour has a model for reformed employment relations in the Fair Pay Agreements, but it has found it difficult to progress this initiative. This blockage has to be overcome if an accommodation is to be achieved. However, such agreements are perhaps a necessary but not sufficient condition for a sustainable accommodation. There is an opportunity, even necessity, to develop appropriate forms of industrial democracy, in particular to embed necessary high performance production arrangements. New Zealand's dalliance with partnership since the early 2000s has been unconvincing. Clearly, a renewed interest in industrial democracy would have to be fostered energetically, in the context of an extant employment relations model with little previous experience of modern, high-performing industrial democracy.

A renewed focus on industrial democracy and workplace voice speaks also to the need for continuing support for workplace reform. High performance initiatives in New Zealand have been attempted for at least two decades, with Labour-led governments taking the lead with the creation of agencies such as the Partnership Resource Centre. Since 2016, Labour currently has had a central policy theme in the "Future of Work", with an associated Future of Work Tripartite Forum (NZ Treasury, 2020b). This workstream has been sustained since 2017, but impacts consequent on its outputs are more difficult to determine. A post-Covid-19 recovery strategy would, one suggests, place renewed emphasis on high performance systems, if only because of the trade advantages they would foster.

There is much to be done in the area of labour market development. It is trite to restate the importance of high-quality training arrangements, and their integration with the compulsory education system. However, given the importance of "green transformation" and "Just Transition" and the emphasis on high-performance work arrangements, active labour market policies associated with multiple pathways into training and retraining will be vital. Tripartism should provide a supportive platform to support the creation of those pathways.

Sovereign states have the responsibility to manage immigration policies in an open and transparent fashion. Reasonably, these policies must enjoy the confidence of the community. This becomes more complex and challenging in periods of economic distress, especially in terms of labour market disruption. Governments must strike a balance between active labour market policies to promote the engagement of domestic labour, and the continued use of migrant labour. Some forms of migrant labour – for example, that which is associated with long-established seasonal work and/or with an aid component – may be unscathed by post-Covid-19 arrangements. Equally, constraints on general migration may be appropriate when major labour market disruption arises. Effective planning – perhaps through Industry Transformation Plans – coupled with an unequivocal, transparent statement of the rationale for regulation are important.

What is to be Done?

It falls to government to manage both the short-term impacts of Covid-19, in themselves oppressive, whilst also charting the long-term recovery for New Zealand. It is a daunting task, made all the more challenging by little political consensus about how that course should be laid. Unity in recognising the Covid-19 challenge is not immediately reflected in agreed ways forward. Aspects of that course are less contentious. For example, most agree that a renewed focus on trade is a vital component of recovery. But not only is there little agreement about a new accommodation or an alternative thereto, there is also little public debate to date about the options for the future.

Government has publicly recognised the need for a long-term response, as it has also highlighted the crushing public debt that is being accrued. Details of that response are sparse. Political savants will have marked the absence of Labour's usual election manifesto, which might normally be expected to give some clues about Labour's longer-term thinking. That said, the magnitude of the Covid-19 crisis is such that government might reasonably expect some flexibility in demands made of it.

Will a new version of the 1930s Keynesian Accommodation emerge? Much depends on four factors – the will of government, voter choice, employer commitment and trade union recovery. These factors interplay in the difficult context of contemporary populism and weakened liberal democracy.

Government will be the first mover on a new accommodation. Its support is fundamental in terms of leadership, resources and political authority. The current government has manifested strong leadership and authority across several crises, and, in the context of its Covid-19 response, has released significant funding. That strength of response, impressive as it is, has still to be translated into a post-Covid-19 vision, in which the vision of an accommodation, explicit or otherwise, is lodged. Noting a point already made, that is, too explicit a formulation of a road to accommodation may threaten politically its emergence, the jury is out on the strategic direction the government is plotting for the next three and more years.

However, a note of concern has been sounded above. Accommodation requires strong tripartism and a firm political will to move away from the binary option of intensified neo-liberalism. I do not discount the impact of core civil service ideological preferences, more confident and empowered than, for example, in the 1930s. Labour, the dominant party in the government coalition, has in recent decades moved to the political centre from its founding democratic socialist principles. If it has, indeed, become a party of social identity, then it is unlikely that an historic accommodation is imagined. This points unerringly to the stark option facing Labour. It has been both blessed and cursed to be in power in an epochal crisis. To it falls the choice of effective transformational change or the status quo as it plans for the next decade or more.

Were that government choice to be truly transformational, then the role of the social partners comes into play. Overall, this is also a challenging prospect. In general, employer associations have for 30 years or more eschewed tripartism as a fundamental economic and social building block. When Labour is in power, a nod to tripartism is usually offered, but that commitment is easily parked when National is in power. There are individual (large) employers, and some employer associations (e.g. in the environmental context) who are more open to tripartism and partnership. I suggest that this is a minority presence in comparison with the general tenor of

Business New Zealand, regional employer organisations and Chambers of Commerce preferences.

Trades unions have not recovered from the impact of the ECA. Union density remains at 18 per cent, and is centred in large private sector organisations and in the state sector. In this sense, union voice is doubly unbalanced – in terms of the vast layers of unorganized small and medium enterprises (SMEs) in the New Zealand economy, and in terms of the growth of state sector unions versus the flat-lining of private sector voice. The CTU remains a strong and creative voice, but, Janus-like, must face inwards to the internal pressures within the union movement, and outwards to the challenges facing New Zealand, whilst managing on a modest budget.

In sum, a new accommodation would require the Covid-19 crisis to galvanise both employer and trades union partners into, in the case of the former, very different, pluralist thinking about the oversight of New Zealand's future, and, in the case of the latter, significantly greater coherence in terms of industrial democracy, broadly defined. One might speculate on the potential role of government in driving those changes.

The other important condition is the political process and voter behaviour, in a context in which liberal democracy's hold over the voter is weakened, in part because of new technology's capacity to "manage" voter behavior, in part because of a cynical denigration of the liberal democratic process under neo-liberalism. The short three-year electoral cycle plays against the establishment of a new accommodation, requiring a Labour-led government to be in power for at least two further cycles. In a period of instability such as we face, and where Labour's prominence is markedly dependent on its leader, that requirement is not guaranteed. One should also recognise that the vagaries of MMP may intervene to qualify or derail radical policy directions.

A Final Word

The Covid-19 pandemic has delivered, internationally, a body blow to communities and nations. We are still to experience the full extent of its harm. Commentaries already speak of a decade of recovery. New Zealand has, to date, responded successfully to Covid-19's immediate depredations and must chart its course through an extended recovery phase. This commentary argues, first, that there is a powerful alternative to a return to neo-liberalism available to government and policy makers. That alternative rests on a new, domestic accommodation binding together the social partners. A modern accommodation will be driven by the same motivations as that of the 1930s, but will take a different form, primarily because of the impact of climate change. Second, if that alternative is to be realised, it will be driven by a government committed to fundamental transformation, and willing to forge the bonds that unite the tripartite parties in that endeavor.

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