

Historical lessons for a brighter tomorrow

Murdoch alumnus Andrew Wear (Grad Dip Applied Econ 2004) has a fair bit on his plate working as the Director of Economic and International Development for the City of Melbourne but has somehow found time to write two books.

The first, *Solved*, was an examination of how some countries have addressed some of the biggest global problems. He delves into the ways certain countries have led the way in achieving inspirational results. Countries such as Denmark, whose vision in energy production means they will reach 100 per cent renewable electricity by 2030. He examines the history of South Korea, whose residents are heading towards becoming the longest living citizens on the planet. The work examines the possibility of these pioneering initiatives being shared globally to help policy makers lift outcomes in their own corner of the world.

Andrew's latest book, *Recovery*, looks at how the world might build back better following the COVID 19 pandemic. Focusing on previous disease outbreaks, natural disasters and world wars, Andrew puts the spotlight on previous recoveries to illuminate how the current period may be a unique chance to create a better future. Placing his lens on the Spanish Flu pandemic, the Depression and the Second World War amongst others, Andrew brings a much-welcomed dose of positivity in detailing how prosperity can often be just a few steps ahead from catastrophe. We caught up to find out a little more...

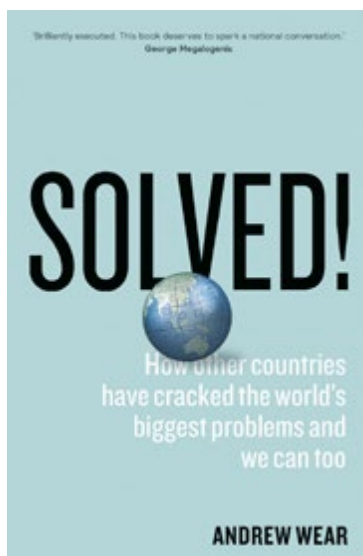
How was your time at Murdoch?

I studied at Murdoch University via distance learning, back when that involved hard copies of course materials sent in the mail. Whilst working full time, it was an extremely convenient way to study, meaning I could complete the coursework at a time of my choosing. With the course content in my Graduate Diploma of Applied Economics skewing towards practical applications, it was extremely easy to understand how what I was learning could be used in my work.

What were some of the major shifts in your thinking or key learnings you took from your time at Harvard Kennedy School?

Studying at the Kennedy School alongside students from all around the world – from the USA to Nigeria to Mongolia – it became clear to me that governments all around the world are grappling with similar problems. We learnt almost as much from each other as we did from the coursework.

Returning to Australia, it did seem as though we needed to do more to learn from other jurisdictions around the world, and to strive for global best practice. This can not only inform our practice, but can inspire us to greater ambitions. Because if other countries can solve the world's biggest challenges, then perhaps we can too!





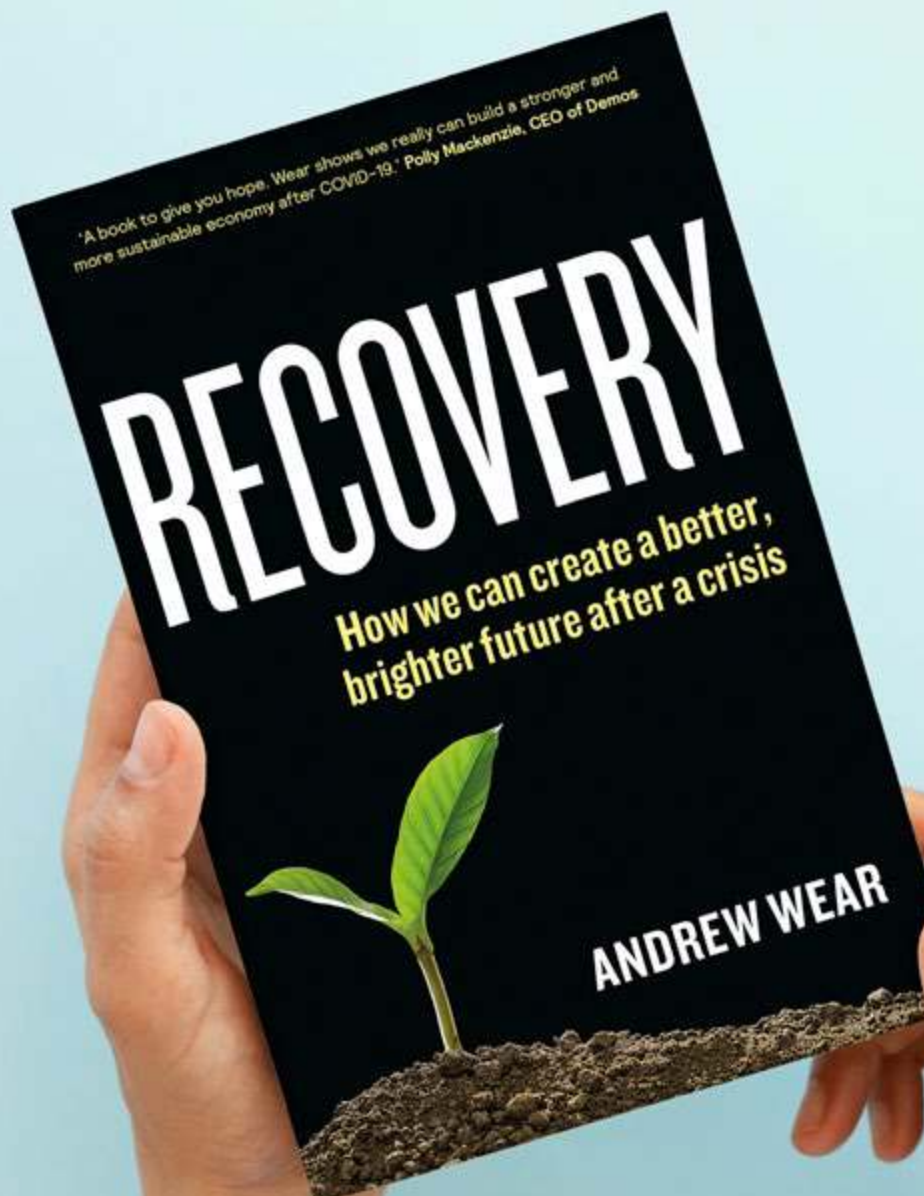
Why isn't there a greater attempt across the developed world to mirror other nation's successes in various sectors?

As Australian public servants, there is an opportunity for us to do a better job of policy transfer – looking to other jurisdictions for policy inspiration, systematically reviewing what other things they are doing, and transferring that where relevant into our system.

Travelling overseas to observe how other countries respond to big problems is incredibly useful – but in the Australian context, sensitivity over the use of public funds makes this difficult.

In some other countries, this is different. Singapore, for example, has a real drive to learn from the other countries and the notion of 'policy transfer' is deeply embedded into the fabric of its public sector. Public servants are routinely sent overseas to learn from the world's best.

Australia's thinking has been to some extent held back by its position in the anglosphere. Where it has engaged internationally, it has tended to look mainly to the UK and the USA for inspiration. Yet, in many domains – health, climate, education, equality – countries in places such as Northern Europe or East Asia are leading the way. Developing an openness to learning from countries beyond the English-speaking world will enable us to expand our thinking.



With Singapore dominating education standards globally, do you think their model shows Australia could have a dominant Government school system if it so chose or is our love for private education too embedded?

Singapore is achieving educational outcomes that far outstrip most developed countries. The average fifteen-year-old Singaporean reads at a standard a year and a half ahead of their Australian counterpart and is roughly three years ahead of their American peers in maths.

While there are undoubtedly some cultural factors at play, Singapore's success is fundamentally a result of valuing teachers and the work they do, investing in government schools, using assessment meaningfully and focussing on careful improvement.

At the centre of Singapore's success is its government school system. 98.5 per cent of Singaporean students are enrolled in a government school (the Australian equivalent is just 61 per cent). This focus on government schools is sensible and consistent with the evidence from around the world. While Australian parents make their choices about what is right for their children, there really is no evidence that private schools help to raise the overall level of performance. Countries with more private schools do not achieve better educational outcomes.

"About half a million Germans enter the workforce through apprenticeship schemes every year. There is a lot of prestige attached to vocational education."

This is not the case in say Australia or the UK, so where does the prestige come from?

Germany offers vocational training programs that offer advanced and prestigious training that leads to well-paid jobs with excellent career prospects. Germany is particularly strong in manufacturing. While it's easy to name large companies such as BMW, Volkswagen, Siemens or Bosch, there are literally thousands of German manufacturing companies of all sizes, leading the world in their particular niche. If you want a career in mechatronics (which combines electronics and mechanical competencies) or as an IT technician, the German vocational training system offers very practical training that prepares you for a successful career.

Unlike in Australia, there's a long history in Germany of providing apprenticeship pathways for all sorts of occupations, not just the standard trades. For example, German apprentices in manufacturing companies learn a variety of roles, from machine and systems operator to technical product designer to industrial clerk.

And while training is done on the job, students don't just acquire company-specific skills, they develop skills and qualifications relevant to an industry or occupation. This means that if their employer goes broke, they have an easier time finding a new position.

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In your recent article you said, “We need to be confident that we’ve captured the lessons of the pandemic.” Do you think there is common agreement on what the main lessons are?

I think it’s important to remember that the pandemic is not over. While signs are positive, it’s critically important that we don’t get complacent – the pandemic potentially has more that it will throw at us.

Before we eventually move on, we really do need to be confident that we’ve captured the lessons of the pandemic, so we can be ready for next time. Almost certainly, there will be new infectious diseases that threaten us, or a brutal new variant of an existing disease such as flu.

And there will be other crises too. In a country such as Australia, climate change-induced crises such as fires, floods, droughts, heatwaves and storms are becoming increasingly frequent. COVID-19 has taught us many things about our governments, our institutions and ourselves, and it’s important that we harness these insights.

In due course, we will need to establish a robust process to assemble and document the lessons. This will need to drill deep into the capacity of the health system, but also explore the broader institutional and political context. A Royal Commission is one way to do this. The Victorian government did this quite successfully after the 2009 Black Saturday bushfires.

While we’ll need a careful and methodical process to assemble the lessons, I think it’s possible to sketch out some of the top line lessons revealed by the pandemic:

- Health is not just a private matter; it is a public concern. What happens in the community impacts all of us. All the private health insurance in the world can’t protect us if the public health system is not up to the task of containing the virus, or if significant numbers of people fail to comply with public health directions.



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- What happens around the world impacts us at home. How well we cooperate at a global level is critically important – whether through the sharing of early intelligence on emerging infectious diseases, developed nations lending support for global vaccination or even sharing approaches to post-conflict reconstruction. Getting it right at the global scale benefits us all.
- Some parts of our existence are more fragile than we thought. While globalisation has contributed to enormous growth and price reductions, it has been accompanied by long and complex supply chains, with components being shipped back and forth across the globe. Disruption to air and sea freight movements means that shortages in even one component can disrupt supply.
- At times like this, it’s actually quite important to have a competent government. It’s a boring concept and largely invisible much of the time. Competent governments rely on the existence of institutions that have the capacity and authority to do things properly.
- Governments and citizens have a symbiotic relationship. During a crisis, people need to trust experts, governments and one another. But the incompetence of government likely to undermine trust. Trust and capable public sectors are national assets that need to be nurtured over many years.

“After 1918 flu the recovery and boom were due to invention of the production line, expansion of electricity and technological changes.”

Will we need a similar technology breakthrough if we are to replicate some of the results of that period, or can it just be a case of doing things smarter?

Following a crisis, successful places look to go forward, not return to the way things were beforehand.

Following the Spanish Flu, some countries sought to return to conditions that existed in 1913, prior to the pandemic and war.


But during this time, the United States was embracing new developments such as the internal combustion engine, mass electrification and a surge of investment in science and new technology. This forward-looking mindset set the country up for a decade of growth. The Roaring Twenties saw improved life expectancy, greater involvement of women in work and in politics, and the rise of consumer culture.

Following a crisis, it's tempting to focus on the short-term response. But it's important to also keep a focus on the medium to long-term future too.

It doesn't really matter whether it's new technologies, the adoption of new ones or a relentless focus on productivity improvements – and all of the above are probably required.

You say in your book it took until 1954 for the US stock market to recover to 1929 levels – what's to say the recovery won't be as slow this time?

A robust economic recovery after a crisis is by no means guaranteed. Back in 2008, for example, Australia's response to the global financial crisis was among the best in the world. We were one of the few developed countries to avoid recession. But we then experienced a decade of stagnant economic growth, negligible improvements to productivity and median incomes that went backwards. We responded well to the crisis, but then squandered the recovery.



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This time around, it's essential that we nail the recovery. The next decade needs to be less like the one following the GFC, and more like the Roaring Twenties that the United States experienced after the Spanish flu, or the post-war periods in Germany and South Korea.

As we move past the acute phase of the crisis, it will be time to steer our stimulus away from cash support towards initiatives that contribute to long-run economic growth and help us to tackle intersecting challenges, such as climate change or inequality. South Korea, for example, has built its stimulus response around a massive investment in decarbonisation.

A renewed focus on industry policy will be important too. Recoveries throughout history have been fuelled by new technologies and a deliberate focus on the emergence of new, globally oriented industries. Germany is backing a new green hydrogen industry. It's critical that Australia, too, identifies and supports emerging industries that will underpin its long-term growth.

Who are the surprise nations rising to the situation and leading the recovery and how?

There have been some impressive responses around the world. South Korea, for example, through its 'Korean New Deal' has used its pandemic response to 'set the foundation for the next 100 years'. It involves large-scale investment in digital infrastructure, grants and subsidies to expand adoption of artificial intelligence, and strengthening of cybersecurity.

Similarly, Germany is endeavouring to ensure that it will emerge from the crisis in a more climate-friendly manner. It is spending billions on public transport, railways and charging infrastructure for electric vehicles. It is also investing large amounts of money towards research into 'green hydrogen' – a clean, energy-intensive gas made with water and renewable electricity. This is aimed at developing a next-generation export industry that will enable it to store and sell surplus renewable energy in the form of hydrogen and become a global market leader in associated production machinery and equipment.

You have studied recoveries from war, and natural disasters such as bushfires and tsunamis. Are these good examples to examine when in a sense they are 'localised', and we are assessing how the whole globe will recover from a disease?

Many of the most successful responses to crises are deeply embedded in local communities and in the years ahead, community needs to be central to recovery. This was certainly the experience of Aceh, recovering from the 2004 Boxing Day tsunami, when the government determined that recovery would be community driven. Although this approach perhaps took longer, the resulting public support for rebuilding efforts yielded long-term dividends. Bottom-up participatory approaches are more likely to bind stakeholders together under a common purpose, ensure project outcomes are tailored to local needs and build the capacity to better respond to future disasters.

Similarly, in New York City – the epicentre of the global financial crisis – the recovery process was driven by local government. Rather than return to the way things were, the team at the city set out to diversify the city's economy, looking to grow different sectors that could be important to the future – such as biotechnology, fashion, media, technology, tourism. They did things such as establish a new, world-class graduate school of engineering on Roosevelt Island in the middle of the East River. They also worked with a private real estate firm to develop an enormous bioscience centre on land owned by the city. They established a new investment fund for fashion. In the decade after the financial crisis, New York City's economy diversified and added more than 700,000 jobs – the longest and largest expansion since World War II.

While there are some big policy challenges ahead of us, the good news is that crises do not have to leave a long-term legacy. We can recover. Countries and cities rebuilding from devastation have gone on to create prosperous, exciting futures. The people living in New York, or Aceh or South Korea now enjoy a quality of life that far exceeds that pre-crisis. In many cases, countries which experienced a shattering crisis have not merely recovered but have gone on to lead the world. This should provide us with the confidence that we too can recover and thrive.