

SAMBELL ORATION

The Case for an Emissions and Employment Accord

The Hon. Jenny Macklin

Melbourne, 21 November 2019

Introduction

I want to acknowledge the traditional owners of the land on which we are gathered, the Wurundjeri people of the Kulin Nation, and pay my respects to their Elders – past and present.

I also want to thank the Brotherhood of St Laurence for inviting me to deliver the Sambell Oration.

Let me begin with a thought:

‘Modern mass society produces massive ills well beyond the capacity of voluntary aid to cure.’

That thought is not mine.

It was spoken 38 years ago by Archbishop Sir Frank Woods in a speech that warned against hypocrisy and legalism – and argued for direct action.

At the time, Sir Frank was giving the inaugural G.T. Sambell Oration.

That first oration was delivered almost a year to the day after the death of Geoffrey Sambell:

soldier, archbishop, supporter of Aboriginal land rights, and pioneer of social-service work – among countless other achievements.

By any measure, Sambell was a giant.

He took over the running of the Brotherhood of St Laurence from its founder – Father Gerard Tucker – and laid the foundations for what is now one of our nation’s great social enterprises.

Of course, Sambell wasn’t perfect.

The Brotherhood's historian, Colin Holden, described him as 'lonely and gregarious, brusque and welcoming ... [and] driven both by a vision of the future and by an element of insecurity.'¹

Sounds like some politicians I've known.

But what mattered most – and what we are here to celebrate – is that Geoffrey Sambell demonstrated how progress can be achieved when we rise above our shortcomings and join a cause greater than ourselves.

When we – as Sir Frank suggested – put aside hypocrisy and legalism and become part of the mass movements that are required to overcome the massive ills that a modern society creates.

With that in mind, I want to adopt an unorthodox approach to this oration.

Normally, orations are straightforward, stand-and-deliver affairs.

The speaker tells you what they will say;

Says what they said they would say; then

Summarises what they just said.

I'm not going to do that tonight.

I cannot deliver a normal oration because these are not normal times.

The 'modern mass society' that Sir Frank spoke of in 1981 has thrown up a convergence of 'massive ills' – social, economic and environmental ills – beyond the comprehension of Sambell's generation ... and, so far, beyond the capacities of our generation.

Consider the evidence.

Globally,

18 of the past 19 years have been the warmest in recorded history² – and entire species, ecologies and civilisations are under threat;

¹ Holden, C, *Geoffrey Tremayne Sambell*, Australian Dictionary of Biography, 2002.
<http://adb.anu.edu.au/biography/sambell-geoffrey-tremayne-11606>

² *Unlocking the inclusive growth story of the 21st Century: accelerating climate action in urgent times*, The New Climate Economy, 2018.

The social gains of the post-War – when governments focused on job creation and poverty eradication and established a broad, egalitarian middle-class – have been rolled back;³

Technological change has broken the link between productivity gains and wages growth – accelerating inequality;

And these immense economic and social, technological and environmental changes are creating fears that are dividing nations against themselves – in Europe, the Americas and Asia.

Democracies around the world are struggling to find answers to these challenges – and Australia is no different.

We are like a child who has been blindfolded and spun around and around until they no longer know which way to go – and struggles to stay on their feet.

Tonight, I want to take off that blindfold.

I want to – by thinking aloud about the existential problems we face – come to a resolution that I hope you will, if not support, at least consider.

‘An Existential Threat’

Australia is not immune to the global environmental, economic and social threats I’ve just outlined.

We have always been – as Dorothea Mackellar wrote – a sunburnt land of droughts and flooding rains, not to mention bushfires, ...

... but all the scientific evidence tells us that our environment is becoming more extreme as a result of climate change.

We are – as Ross Garnaut points out in his new book, *Superpower* – in danger of turning part of the Murray–Darling Basin into a desert through mismanagement.

Economic and health inequality is growing – with people in regional areas more likely to live shorter, poorer lives.

And our education system isn’t preparing the next generation of Australians for the jobs of the future.

In this world of never-ending technological advancement where artificial intelligence is set to replace millions of jobs, we keep churning out lawyers and doctors – but are not

³ *Under pressure: the squeezed middle class*, OECD, May 2019. <https://doi.org/10.1787/689afed1-en>

producing anywhere near enough graduates with science, technology, engineering and mathematics skills.

Not only that, we will increasingly feel the impact of global climate change.

For instance, it has been estimated in a new study⁴ that rising sea levels would submerge the homes of 150 million people by 2050 – and 70 per cent of those people will be in China, Bangladesh, India, Vietnam, Indonesia, Thailand, the Philippines and Japan.

To put that in perspective, according to the United Nations the world had 70.8 million displaced persons – or refugees – at the end of 2018.

Climate change refugees could triple that figure in just over a generation.

And most of this unprecedented humanitarian crisis will happen on Australia's doorstep.

We are not prepared for the future.

Instead, our carbon emissions continue to increase every year and have done so since 2015 – ever since the Coalition scrapped Labor's carbon pricing scheme.

For the record, I'm proud of the work Labor did to prepare Australia for a low-carbon future – such as establishing the Clean Energy Finance Corporation and the Australian Renewable Energy Agency.

Unfortunately, the Abbott–Turnbull–Morrison Government has not built on that foundation.

All they've really done is bulldoze carbon pricing.

As a consequence, we are not on track to meet our obligations under the Paris Agreement.

This is a recipe for social, economic and ecological disaster.

Unless action is taken we are heading for a future with millions of working Australians locked out of the middle class, an industrial economy unable to compete in a carbon-neutral world, and large parts of our country either swallowed by the sea or the desert.

All of which begs the question:

Why can't we confront the climate change crisis?

⁴ 'Rising seas will erase more cities by 2050, new research shows', *New York Times*, 29 October 2019, <https://www.nytimes.com/interactive/2019/10/29/climate/coastal-cities-underwater.html?searchResultPosition=15>

My thinking is that our policy failure on climate change is connected to our policy failures on social inequality ...

... that is – an undeclared war on the quality of life of working Australians.

To understand the connection – and properly define the problem – we must first understand our history.

It's generally acknowledged that – in Western democracies – the golden age of the middle class ran from the end of the Second World War until around 1980.

During that time, working people saw their share of national income and wealth expand – in the process creating the Baby Boomer middle class.

That golden age of the middle class was possible because there were enough stable jobs with fair pay and entitlements.

Not only that, huge investments in education gave more people the skills they needed to work their families into middle-class prosperity.

But the crises of the 1970s – from stagflation to the oil crisis to multiple recessions – put an end to Keynesian thinking and opened the door for acolytes of neoliberals such as Milton Friedman and Friedrich Hayek.

In turn, neoliberalism led to Thatcherism and Reaganomics – and the beginning of a dramatic reduction in the wages, entitlements and supports of working families in the United Kingdom and the United States.

The Global Financial Crisis – or GFC – exacerbated that inequality.

Up until recently, though, Australia's middle class was protected.

That's because, in the 1980s, Prime Minister Bob Hawke and then-Treasurer Paul Keating created a Prices and Incomes Accord with the Australian Council of Trade Unions secretary, Bill Kelty.

The Accord delivered improvements to people's standard of living – and opened up our economy to the world.

These dramatic changes were backed up by major social reforms – such as the introduction of Medicare.

And the benefits of those major reforms were understood by working Australians because we had leaders able to describe the vision they had for our country in plain language.

As a result, working Australians backed the Accord deal.

And that deal became the cornerstone of the Hawke–Keating reform era, preparing the ground for 28 years – and counting – of uninterrupted economic growth ...

... because – at a time of economic transition – the Accord protected and enhanced the standard of living of working people.

The fact that Australians still benefit from the Hawke–Keating reforms – that they have endured for a generation – underlines the imperative of good policy.

The Accord turned what was for Britain and America a tough economic transition into a just transition for Australia.

I will come back to the Accord.

For now, though, let me say this: the golden age of the Australian middle class is over.

Since 2014, rises in median full-time earnings for people earning middle-and-lower incomes have fallen behind rises in inflation.

In short, working Australians are going backwards.

According to the ABS, the top 20 per cent of Australian households now hold more than 60 per cent of our nation’s total wealth – and the bottom 20 per cent hold less than 1 per cent of Australia’s wealth.

Meanwhile, the top-earning 1 per cent take home as much in a fortnight as the lowest 5 per cent earn in a year.

Take a moment to let those numbers sink in.

Unsurprisingly, life is toughest for Australia’s unemployed.

Between September 2014 and March 2019, the number of Australians who have been on Newstart for between 5 and 10 years or more than 10 years doubled to 150,000 ...

... that’s enough long-term unemployed people to populate Darwin.⁵

The Lucky Country is becoming the Segregated Country.

The International Monetary Fund’s latest *World Economic Outlook* found that – among developed nations – Australia has some of the widest gaps between our wealthiest and poorest areas.

We have become socially and economically segregated – with wealth and opportunity often concentrated in the inner cities and disadvantage often confined to outer suburbs and regional areas.

And that gap can be measured in more than dollars.

⁵ Henriques-Gomes, L, ‘Newstart analysis reveals huge leap in amount of time people spend on dole’, *Guardian Australia*, 21 October 2019, <https://www.theguardian.com/australia-news/2019/oct/21/newstart-analysis-reveals-huge-leap-in-amount-of-time-people-spend-on-dole>

New research has found that, in Australia, the wealthier you are the longer you live.

The life expectancy gap between the richest and poorest Australians – those in the top 20 per cent and lowest 10 per cent of the population for wealth – is 10 years.

Between 2001 and 2015, health poverty increased in Australia.

And, frankly, the health poverty rates of Indigenous Australians are a national disgrace.

Between 40 per cent and 50 per cent of Indigenous Australians live in health poverty – roughly double the rate of non-Indigenous Australians.

Not only that, socioeconomic inequality actually increased while Australia was enjoying the greatest mining boom in our history.

In summary, Australia is one of the wealthiest nations in the world – but more and more of that wealth is going to our wealthiest citizens ...

... and people earning median or low incomes are being left behind.

If you want to know why many working Australians voted against climate change action, there's your answer.

After all, how can we expect people to confront the threat of climate change tomorrow if they're struggling to survive today?

Australia will keep going backwards on climate change until we start going forwards on social inequality.

'Voting Against Insecurity and Fear'

Take the 2019 federal election for example.

Analysis commissioned by the ALP National Secretariat found that economic insecurity was a significant factor in the result.

Seats with high rates of unemployment and low levels of income were more – not less – likely to swing away from Labor.

And the swings against Labor were strongest in coal-industry regions.

Four of the seats Labor lost – Longman and Herbert in Queensland, and Braddon and Bass in Tasmania – have high unemployment.

And – across income bands – the largest swing against Labor – 2.8 per cent on a two-party preferred basis – was in the lowest income quintile.

Think about that: the income group who stood to gain most from Labor's policies was more likely to vote against Labor.

In addition, there were swings of 4.7 per cent against Labor in seats with concentrations of so-called ‘blue collar’ workers – technicians, tradies, machinery operators, drivers and labourers.

Most of the votes that Labor lost in those seats went to One Nation and Clive Palmer.

This loss of Labor votes to the right is in keeping with global trends – where the more secure voters feel, the more likely they are to vote for progressive candidates; and the more insecure they feel, the more likely they are to vote for populist candidates.

In the aftermath of the election, there was a knee-jerk reaction against the parts of the country that rejected Labor’s progressive platform.

Much of the vitriol was directed at regional Queenslanders – and much of that vitriol was unfair and ignorant.

The hard truth is that the working Australians who voted against Labor’s policies – especially its policies on climate change – knew what they were voting against.

They were voting against insecurity and fear.

These are voters who have been on the losing end of the long boom in the Australian economy – and are losing their share of the nation’s wealth.

These are voters who – if they are unemployed – are systematically bullied and abused by a labour market that uses them as a buffer to control inflation and monetary policy.

These are voters who – if they work in the coal industry – fear they will be the first casualties of any efforts to shift to a zero-carbon economy.

And their insecurities and fears are very real.

Speaking of insecurity, something I read in the latest *Monthly* resonated with me.

The journalist Lech Blaine travelled through regional Queensland to the place where my grandmother was born – Clermont, west of Mackay.

One of the coalminers Blaine interviewed was very insightful.

This miner, Steve, said:

‘I know people think that we’re dumb coalminers. Bogans and the rest of it. Which is how the media portrayed us when Labor lost. But lots of people I work with hate coalmining.

‘We’re trying to set ourselves up, so when we have kids we can send them to uni in Brisbane. So they don’t have to be a shitty coalminer.’

Steve said he didn’t see the Coalition’s win as a triumph. It’s more like a reprieve from existential insecurity ...

... because Steve instinctively knew what the data tells us – that there is a reckoning coming on climate change.

And people on lower incomes – together with disadvantaged people and those living in regional and remote areas or working in carbon-intensive industries such as coal – will be hardest hit by this reckoning ...

... unless we face up to the urgent need for policies that prevent this impact on those individuals and families, and their communities.

Steve is facing facts.

He hates coalmining, but knows it is the path to education – and education is what will unlock middle-class security for his family.

We need to face facts, too – and give the Steves of the world a way to work their way out of climate-change impacted industries without falling into poverty.

Unless we give people like Steve a path to prosperity we are, in effect, telling them their pain and suffering is for the greater good.

And that kind of austerity-speak – and the contempt it often masks – didn't work in Europe and the US during the GFC ...

... and it won't work here.

We have to give people a reason to trust change.

We need to work to ensure that the path to a carbon-neutral future has a just outcome for working people – especially people like Steve.

'Give People a Reason to Trust in the Future'

Does that mean we should slow down or stop climate change action?

Does that mean we should stop talking about inequality?

Of course not.

The closer you look at the challenges of climate change the more you realise this moment is an opportunity to solve the intertwined challenges of sustainability and inequality.

As a recent report by The New Climate Economy states,

'We are on the cusp of a new economic era: one where growth is driven by the interaction between rapid technological innovation, sustainable infrastructure investment, and increased resource productivity.'

‘This is the only growth story of the 21st century. It will result in efficient, liveable cities; low-carbon, smart and resilient infrastructure; and the restoration of degraded lands while protecting valuable forests.

‘We can have growth that is strong, sustainable, balanced, and inclusive.’

And, as Ross Garnaut writes in *Superpower*, Australia has an opportunity to use this transition to become a global power in renewable energy:

‘I have no doubt that intermittent renewables could meet 100 per cent of Australia’s electricity requirements by the 2030s, with high degrees of security and reliability, and at wholesale prices much lower than experienced in Australia over the past half dozen years.

‘More importantly, I now have no doubt that, with well-designed policy support, firm power in globally transformative quantities could be supplied to one or more industrial locations whenever it is required in each state, at globally competitive prices.’

But, first, we must find a way to earn back the trust of working people, because ...

The problem is not just the environment,

The problem is not just the economy,

The problem is not just Keynesianism or neoliberalism or populism,

The problem is insecurity.

Think of insecurity as a chasm.

On one side of that chasm is the industrial economy we have now – with rising social inequity and rising carbon emissions.

On the other side of that chasm is the ambition of creating a zero-carbon economy by 2050.

The promises of a zero-carbon economy are alluring.

For instance, the International Labour Organization has projected a global decarbonisation of the energy sector could create about 2 million new jobs in the Asia-Pacific region.

That’s the opportunity of tomorrow.

The challenge of today is to build a bridge across that chasm of insecurity for working people.

Without that bridge you cannot expect people with mortgages and families to take a leap of faith on the promise that – somewhere over the rainbow – they, their children or grandchildren will be better off.

You have to give people a reason now to trust in the future.

If you give Australians a reason to trust in a just transition and a just outcome they will show remarkable courage and fortitude.

I know they will, because that's what they did when Hawke, Keating and Kelty gave them a reason to trust in the future through the social wage promises of the Accord.

In summary,

Australians fear climate change;

Australians battle social inequality;

Australians worry that their jobs and families will be the collateral damage of any response to climate change;

And, unless and until this existential insecurity is bridged, our nation will remain unable to make social, economic and environmental progress.

What, then, is the answer?

For me, the answer can be found in our history – in the promise of full employment and in the just transition of the Accord.

'Australia needs an Emissions and Employment Accord'

A few years ago, Per Capita's Warwick Smith wrote a very interesting research paper on the history of unemployment policy in Australia.

What Smith tracked was a shift in government priorities.

Between the end of World War Two and the end of the 1970s – during the golden age of the middle class – full employment used to be a top priority for Australian governments.

As Smith says in his report:

'Involuntary unemployment was once effectively eliminated in Australia, meaning that anybody who wanted work could find a job.

'Today, inflation and wage costs are managed through a buffer-stock of the unemployed. This shift is as profound in impact as any in our political history.'

Adopting a policy of pursuing full employment would go a long way to reducing, if not eliminating, the anxiety faced by working Australians.

But a policy of full employment alone is not enough.

For instance, the OECD has said that making the transition to a carbon-neutral economy is an opportunity to reduce inequality, strengthen communities and eradicate poverty, ...

... but market forces alone will not create a just transition.⁶

According to the International Labour Organization:

‘A just transition requires social dialogues, clear plans, and proactive policies ...

‘The more inclusive the social protection system, the more likely disenfranchised and displaced workers will feel empowered to move into new jobs, and the better communities will be at supporting economic diversification.’⁷

The more I study the size and scope of the challenge of climate change, the more I am reminded of Hawke, Keating and Kelty’s inclusive and creative response to the opening up of our economy and all the risks that entailed – the Prices and Incomes Accord.

The Accord worked because it gave working people a reason to trust in the future – and that trust gave Hawke and Keating the chance to lay the foundations for almost three decades of uninterrupted economic growth.

We need to follow that example.

If we want to lay the foundations for future prosperity – and break Australia’s deep-rooted connection between economic growth and carbon emissions – we must give working people a reason to trust in the future.

We must protect working people from the worst of the shocks that will come as our economy weans itself off carbon.

We must create a new social wage – including an increase for Newstart – that protects the quality of life of working people.

And we must develop and implement nation-building plans to give communities that rely on resource-intensive industries, such as coal, a pathway to future prosperity.

We need a new Accord – an Emissions and Employment Accord.

And I don’t make that statement lightly.

⁶ Martinez-Fernandez, C, Hinojosa, C & Miranda, G, *Green jobs and skills: the local labour market implications of addressing climate change*, OECD, LEED Programme, Paris, 2010.

⁷ International Labour Organization, *Guidelines for a just transition towards environmentally sustainable economies and societies for all*, ILO, Geneva, 2015.

I haven't forgotten how hotly contested – and recontested – the reforms of the Hawke-Keating era were.

But one of the lessons of those years is that although good policy is never inevitable, it is always possible.

It can be done.

And – in the case of climate change and inequality – it must be done.

Conclusion

Finally, let me quote from the concluding remarks of the inaugural Sambell Oration.

In 1981, Sir Frank Woods spoke of the need for our actions to be guided by an 'ultimate motive' – to, as he put it, look 'beyond the boundaries of earthly space and time'.

Sir Frank was right.

To come to terms with the social, economic and environmental reckoning of climate change and inequality we need to look beyond the boundaries of our own interests and time.

We need to have an ultimate motive that addresses the social anxieties that are holding back Australians from tackling these huge challenges.

We need to find a way to give people from across the country – not just in Sydney or Melbourne – a reason to once again trust in the future.

We need to put an end to the undeclared wars on our environment and working families – and stop our descent into a confederacy of warring tribes.

We need to, once and for all, take the blindfold off and really look at where we are going.

Because only then will we begin to heal our divisions.

Only then, with our eyes wide open, will we find the path to a just transition – and a just and sustainable future.