

## **Towards a just future podcast transcript**

### **Sharon Lee**

Welcome to Brotherhood Talks.

### **Jenny Macklin**

Eighteen of the past 19 years have been the warmest in recorded history. An entire species, ecologies and civilisations are under threat. 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. 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 right around the world.

### **Conny Lenneberg**

Jenny, in listening to your speech, I found that your analysis of the impasse in climate change being intimately entwined with growing economic insecurity that we see in the community to be incisive and persuasive. It's simply wrong to blame people who don't immediately see or act on the benefits for a low carbon future for themselves and their families and instead recognise that they do see it and that the choices they're making are rational and not simply being resistant to change without addressing inequality and insecurity as you argue. Those that see themselves as losing out in the transition to a zero carbon economy will logically oppose such moves as they weigh their immediate needs against future challenges.

### **Sharon Lee**

Former Federal Minister, Jenny Macklin, has been at the frontline of social policy debates for more than three decades. She presented the Brotherhood of St Laurence 2019 Sambell Oration. Jenny is now a Vice-Chancellor's Fellow at the University of Melbourne. She offers a frank perspective on key social and economic issues in Australia and Brotherhood of St Laurence Executive Director, Conny Lenneberg, responds with her own insights. Jenny starts by contrasting the factors at play when the Oration was first presented in the early 1980s with those at play now.

### **Jenny Macklin**

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 GT 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 Australia's great social enterprises. Of course, Sambell wasn't perfect. The Brotherhood's historian, Colin Holden, described him as lonely and gregarious, brisk and welcoming, and driven both by a vision of the future and by an element of insecurity. Sounds like some politicians I know.

But what mattered most and what we're 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, and then summarises what they just said. I'm not going to do that today. I can't 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. Eighteen - and I'm speaking globally - 18 of the past 19 years have been the warmest in recorded history. An entire species, ecologies and civilisations are under threat. 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. 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 right around the world.

Democracies around the world are struggling to find answers to these challenges, and Australia is no different. We're like a child who's been blindfolded and spun around and around until they no longer know which way to go, and then they struggle to stand 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.

Australia is not immune to the global environmental, economic and social threats that I've just outlined. We have always been, as Dorothea Mackellar wrote, a sunburnt land of droughts and flooding rains and 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 producing anywhere near enough graduates with science, technology, engineering and mathematic skills. Not only that, we will increasingly feel the impact of global change. For instance, it's been estimated in a new study that rising sea levels would submerge the homes of 150 million people by 2050 and 70% 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 has 70.8 million displaced people or refugees at the end of 2018. Climate change refugees could triple

that figure - triple that figure - in 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, and, just for the record, I am very proud of the work that Labor did to prepare Australia for a low carbon future. The carbon price but also establishing the Clean Energy Finance Corporation and the Australian Renewable Energy Agency. Unfortunately, those foundations have not been built on.

We've seen the bulldozing of carbon pricing and, as a result, 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 middle class, an industrial economy unable to compete in a carbon neutral world, and large parts of our economy either swallowed up by the sea or the desert, all of which begs the question, why can't we confront the climate change crisis?

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 and, 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 the acolytes of neoliberals such as Milton Friedman and Friedrich Hayek.

In turn, neoliberalism led to satourism and Reaganomics and the beginning of a dramatic reduction in the wages, entitlements and supports of working families, especially in the United Kingdom and the United States. The global financial crisis exacerbated that inequality.

Up until recently, though, Australia's middle class was protected. That's because, in the 1980s, Prime Minister Bob Hawke, with the then Treasurer Paul Keating, created a Prices and Incomes Accord with the Australian Council of Trade Unions and their Secretary, Bill Kelty. The Accord delivered improvements to people's living standards 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 it was that deal that 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 huge 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 and that they have endured for a generation underlines the imperative of good policy. The Accord turned what for Britain and America was a tough economic transition into a just transition here in Australia, and I'll 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% of Australian households now hold more than 60% of our nation's total wealth, and the bottom 20% hold less than 1% of Australia's wealth. Meanwhile, the top earning 1% take home as much in a fortnight as the lowest 5% earn in a year. Just take a minute to let those numbers sink in.

### **Sharon Lee**

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### **Jenny Macklin**

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 five and 10 years or more than 10 years doubled to 150,000 people. That's enough long-term unemployed people to populate Darwin. The lucky country is now 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've 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.

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% and the lowest 10% of population for wealth, is 10 years. Between 2001 and 2015, health poverty increased in Australia, and, of course, the health poverty rates of indigenous Australians continue to be a national disgrace. Between 40 and 50% 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.

So 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. So if you want to know why many working Australians voted against climate change action, in my mind 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.

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 seats. Four of the seats that Labor lost - Longman and Herbert in Queensland and Braddon and Bass in Tasmania - have high levels of unemployment, and across the income bands, the largest swing against Labor - 2.8% on a two party preferred basis - was in the lowest income quintile. Think about that. The income group who stood to gain the most from Labor's policies were more likely to vote against Labor.

In addition, there were swings of 4.7% against Labor in seats with concentrations of so-called blue-collar workers - technicians, tradies, machine operators, drivers and laborers. Most of the votes that Labor lost in these seats went first to One Nation and Clive Palmer. The 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 kneejerk reaction against the parts of the country that rejected Labor's progressive platform, and much of that vitriol was directed at regional Queenslanders. I think it 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'd 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're 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 coal miners Blaine interviewed was very insightful. This miner, Steve, said, and I quote him, "I know people think 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's 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 he knows it's a 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 that it often masks didn't work in Europe and the US during the global financial crisis 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.

Now, does that mean that we should slow down or stop climate change action? Does it mean that 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're 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 for the 21<sup>st</sup> 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. He says, "I have no doubt that intermittent renewables could meet 100% 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."

He goes on, "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 Organisation has projected a global decarbonisation of the energy sector could create about two million new jobs in the Asia-Pacific region alone. That is the opportunity of tomorrow. The challenge of today is to build a bridge across that chasm of insecurity for working people, because, 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 Keltj 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. So 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.

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 2 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 to work could find a job. Today, inflation and wage costs are managed through a buffer stop 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 is not enough. For instance, the OECD has said that taking 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. According to the International Labour Organisation, a just transition requires social dialogues, clear plans and productive 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.

The more I study the size and scope of the challenge of climate change, the more I'm reminded of Hawke, Keating and Kelty's inclusive and creative response to the opening up of our economy and all the risks that that entailed in 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, so 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 in Newstart, that protects the quality of life of working people. We need a new Accord, an Emissions and Employment Accord, and I don't make that statement lightly. 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 can be done, and, in the case of climate change in equality, it must be done.

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 have 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 across the country, not just in Sydney in 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 that blindfold off and really look at where we're 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.

Thank you.

### **Sharon Lee**

Jenny Macklin. Brotherhood of St Laurence Executive Director, Conny Lenneberg responds to the points Jenny raises and outlines the Brotherhood's approach to addressing them.

### **Conny Lenneberg**

Thank you, Jenny, for being our Sambell orator for 2019. We really value your very astute presentation that was very thought-provoking and it's certainly very prescient with the challenges that we're facing in this season as summer is approaching in 2019. You have a reputation for taking on the tough issues and I thank you for your thought-provoking speech tonight addressing one of the most pressing questions we have in this nation and globally.

How do we secure a thriving future where both people and planet can flourish and where no one gets left behind? Your assessment that we will keep going backwards on climate change until we begin to go forward on social inequality certainly resonates with the research of the Brotherhood of St Laurence. We know that from our work that economic insecurity is the growing threat to the wellbeing of many Australian communities, especially in outer suburbs and regions. We know that prosperity's gains are deeply uneven and poverty is becoming more deeply entrenched in place, and this is almost inconceivable when we remind ourselves that we're living in one of the world's richest countries and yet one in eight Australians are living below the poverty line, some 3.2 million people.

To add some further perspective on this number, I wanted to share some of our recent research into women's over-representation in the poverty statistics, our research with single mother headed households and with older women, who we know are the fastest growing cohort in homelessness today and who face deep discrimination in finding sustainable employment.

Sandra is a job seeker on Newstart living in regional Victoria. She recently told us that she was starting to think that living in her car might be a better option than trying to sustain paying for a house. Despite all her challenges, Sandra, who's in her 50s, has not given up on the Australian dream and hopes that she might find economic stability again with a secure home and a job. A single mum, Sandra moved to this country town when her son left home and she's now covering rent and all expenses on her on in an old house with lots of maintenance issues, she says.

She tells us that she pays \$240 a week for a house with absolutely no insulation and, when it rains, the whole back part of the house leaks so she has to put towels everywhere to soak it up, and the house is freezing, yet she hates putting on the heater

because she knows that that will mean no food. It's a shocking thought. Sandra's been on and off Newstart as she juggles part-time and casual jobs and is part of the new disturbing growing narrative in our community, which is one of insecure work and indeed food insecurity.

Jenny, you've acknowledged that an increase in Newstart is needed as part of a package for a new social wage. Indeed, we say it's time to urgently reclaim our social security system from a growing narrative of the deserving and the undeserving poor. It's evident when we just look in our streets that it's increasingly difficult for some groups of people in our society to live a life of dignity where they can contribute to and share in our nation's remarkable prosperity.

We actively support the poorest voices calling for an urgent increase in Newstart but also go further to say that we need to step back and re-examine the underlying principle of our social security system. It's a profoundly different labour market that we face today, where insecure work has become the hallmark and our society, and economy has changed too, so our social security system constructed last century on the premise of the male breadwinner, needs to also change with it. Jenny, you spoke of a critical need for an inclusive social protection system as the fundamental plank for allowing us to move forward with addressing climate change and other social policy issues.

The Brotherhood has proposed five principles to reframe and underpin our social security system in the 21<sup>st</sup> century. Some of the key words that underline those principles we propose are adequacy. Economic security is a human right and a precondition for wellbeing. Dignity and autonomy of individuals to live the life that they choose needs to be enabled. Equity, a fair and impartial system; and accountability. If work is held to be the best form of welfare, then the government must ensure that there is decent sustainable work available and the education system and social safety net must support people into those sustainable jobs. Mutual obligation needs to be truly mutual.

A final principle we propose is solidarity. The social security system is there for us all. Professor Peter Whiteford's analysis of HILDA data a little while ago has shown that 70% of working age households included someone who received an income support payment at some time between 2001 and 2015. So in that 14-year period, 70% of working age households had someone who depended on an income support payment, and that did not include people receiving the age pension or a family payment. So this is a truly a system for us all.

Jenny, in listening to your speech, I found that your analysis of the impasse in climate change being intimately entwined with growing economic insecurity that we see in the community to be incisive and persuasive. It's simply wrong to blame people who don't immediately see or act on the benefits for a low carbon future for themselves and their families and instead recognise that they do see it and that the choices they're making are rational and not simply being resistant to change without addressing inequality and insecurity, as you argue. Those that see themselves as losing out in the transition to a zero carbon economy will logically oppose such moves as they weigh their immediate needs against future challenges.

We do need bold initiatives that set a path forward for a just transition and we must identify and welcome and test new ideas to break that policy impasse. The younger generations are demanding no less from us in leadership roles today. There is no doubt that climate change will affect every Australian and that many of its impacts will hit the low income households the hardest.

Older people, babies, people with disability are particularly at risk during heatwaves, like today, which are predicted to become even more severe and frequent in south-eastern Australia, and our research over the past decade into the effects of climate change on low income people has found consistently that those who have the least pay the most and the highest proportion of their income for energy, and we also know that there are some immediate actions that we can take to provide better protection for those most vulnerable.

Your proposal, Jenny, for a new Employment and Emissions Accord gives us much food for thought tonight and we support the call for a deeper social dialogue about overcoming inequality and disadvantage in Australia today together with an exploration of the policy settings we require to move to a low carbon future, a just future where growth isn't at the expense of the poor and which magnifies climate change impacts going forward.

Your image of the bridge across the chasm that we need to build in order to allow ordinary Australians and those most likely to be impacted to see a way across, to see that they won't fall into that abyss, is very compelling. You argued that, if we can give people a reason to trust in a just transition, they will show remarkable courage and fortitude in taking the steps with everyone to get us there.

We very much welcome that idea of future prosperity where we can share and create that prosperity together. We can also draw great comfort from the sentiment that you expressed that, although good policy is never inevitable, it is always possible, and, with that hope, in one of the richest countries, we know that to do nothing is a policy choice and it's not an inevitability and we agree that it's a choice that we cannot afford to engage in for the sake of our people and our planet.

Thank you, Jenny, for a very thought-provoking oration tonight and we look forward to continued dialogue about how we can contribute to making a change in Australia.

Thank you.

### **Sharon Lee**

The Sambell Oration took place in November 2019. Brotherhood Talks is a podcast by the Research and Policy Centre of the Brotherhood of St Laurence working for an Australia free of poverty. Find us online at [bsl.org.au/brotherhood talks](https://bsl.org.au/brotherhood-talks), and join the conversation on social at hashtag [bsltalks](https://twitter.com/bsltalks).

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