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Capitalism and Crisis
The 1967 Referendum

Mantles of Fairness
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Mantles of fairness

Budgets are politics dressed up as economics. Perhaps the most widespread view of the 2017 Budget is the Turnbull Government trying to retrospectively fix why it almost lost the 2016 Election. These include admitting to the unfairness of the 2014 Abbott-Hockey Budget and coating the 2017 Budget as fair. As Michael Pascoe put it in the Fairfax media, the Government is fixing “Mediscare”, education, housing affordability, the banking royal commission proposal and One Nation and its fellow populists’. It is trying to blunt Labor with Gonski 2.0 and a guarantee on Medicare. But with enough to please the Abetz-Abbott conservatives in and out of the Liberal Party especially the measures directed at welfare recipients. And still enough in Dutton’s strong borders to at least get preferences from Pauline Hanson’s One Nation (PHON) voters.

A more substantial reading

The macroeconomics of the Budget are quite fundamental changes. ‘Small government’ is apparently gone. The language of fairness and harmony casts aside Tony Abbott. The Governments has broken with sureties of John Howard and Peter Costello especially about being ‘debt free’, reducing direct taxes and decrying almost everything Paul Keating stood for.

The use of government and infrastructure to stimulate jobs and growth is mild Keynesianism. The building of the Western Sydney Airport and Inland Rail as public assets plus the investment of billions in pumped-hydro signals that ‘government’ is back in fashion. The Treasurer stressed in the Budget speech that Snowy Hydro will have to remain in public hands.

Paul Keating remains an astute reader of political moods. He says the most significant thing about the Budget is ‘the Liberal Party’s final acceptance of the new community standards Labor set in the 1980s and 1990s: Medicare, superannuation, a system of minimum wage rates and a trebling of year 12 retention rates in schools’.

Voters want properly funded public services - not the American road

Opinion surveys after the budget show that all the major measures - increasing the Medicare levy, fully funding the NDIS, school funding, and the bank levy - have majority support. As repeated surveys and even elections prove, a substantial majority of voters want high quality universal public services including but not limited to health, education, aged and child care. They are also prepared to fund these services through general taxes and especially through hypothecated taxes. Labor seems to have missed how the Budget shift has been forced on the Coalition by mass opinion. And that paying for the NDIS via Medicare also locks Medicare into the DNA of the Australian body politic.

The cynical public-choice view of politics portrays the Budget as a calculated and ideology-free move by the Turnbull Government to rebuild its electoral fortunes. Labor and other commentators have made play that the Government has stolen Labor ideas and is not to be trusted. Both the latter are true; but neither really matters. The Turnbull Government has moved to guarantee a public health system with universal access; it has accepted needs-based funding in schools; it has provided more funding (and seemingly full funding) for the NDIS.

These should be acknowledged and celebrated - not because the Liberals have done it - but because they are the appropriate things to do. As Paul Keating also says, we have avoided the American road. ‘This is why Australia is a better society than the US. It’s a Labor-designed society, a design the Liberal Party has finally adopted’

Whither Labor?

Labor might be better off (and certainly more honest) by congratulating the Government rather than complaining about stolen ideas. It is germane to ask whether Turnbull has been able to move the Government to a “Labor-lite”
position because of the strength or the weakness of Labour. Put another way, has Turnbull adopted Labor’s policies on education, health and the like because they are compelling? Or has Labor been so vacillating that they have left the middle space to Turnbull?

Indeed, Labor might be covering its own weakness especially in education. The Gillard measures in 2012-13 were not the full adoption of needs-based funding - especially the curious acceptance that ‘no school should be worse-off’. Ken Boston the architect of Gonski says, Labor ducked the fundamental issue of addressing the relationship between aggregated social disadvantage and poor educational outcomes.

Writing for the TJ Ryan Foundation he argues that the present ‘quasi-market’ system of schooling, shaped by the Hawke and Howard Governments, has comprehensively failed. Moreover, we have a publically-funded school system in which fee-paying schools (including Catholic ones) add their fees on top of public funds that are almost as much (and in some cases more than) the per-student amount going to state schools. The recurrent costs of the majority of non-government schools are essentially funded by governments.

Labor and progressives need to be arguing that Australia has one of the worst and a still deteriorating relationship between educational achievement and low socio-economic status of the OECD. Fixing this should be at the front of school policies – not pandering to the likes of Catholic Education who desperately want to cling to system-based and not school-based funding.

The macroeconomics

The overall macroeconomics of the Budget relax the pressure to balance the Budget; rhetoric about debt disappears. The Government has followed the new IMF line. In late 2016, the IMF recommended that Australia should deliberately slow the pace of getting a balanced budget and increase spending on ‘growth-promoting’ infrastructure. The Treasurer’s clumsy ‘good debt-bad debt’ might come from this. So does the emphasis on using government to stimulate growth and jobs. For example, the claim that the Regional Growth Fund of $472m will ensure ‘all levels of government collaborate to create jobs’.

Is ‘nation building’ for the Nationals?

The regional funds need close scrutiny. Much of the ‘nation building’ seems to be manna for the National Party and part of their bulwark against PHON. The ‘Inland Railway’ is a prime part of this but so are the increases in regional development funds. They add to the $5 billion of concessional assistance in the Northern Australia Infrastructure Facility. It is archetypal National Party – roads, dams, defence facilities. And of course, it might well include public assistance for the railway from Abbott Point to the Adani mine in the Galilee Basin which Minister Kanavan strongly favours.

One Nation’s challenge to the National Party is especially strong in Central and North Queensland. The ALP faces a similar challenge marked by the failure to win Capricornia from the LNP at the last election. To deliberately pun, the Nationals are offering voters concrete. Labor, as evidenced by the appalling and aborted “Aussie jobs” commercial, proffers a crude populism and a Caucasian work-force. This needs to be called-out for its complete absence of cultural awareness. It is an insult to the radical history of
North and far-North Queensland which for much of the nineteenth and twentieth century was the most culturally diverse part of Australia.

**Where the budget is weak**

It is easy – the absolute lack of mention of climate change. No credible solution to the problem of housing unaffordability. The continued increases in defence funding. The cuts to overseas aid. The attack on the unemployed which is principally an attack on the young since over 41 per cent of the unemployed are young people.

The underlying economics of the budget are extremely questionable. The old link between economic growth and jobs is broken. Economic growth is occurring without proportionate increases in employment. The situation is compounded by the long-run problems of youth unemployment, high levels of part-time and contingent insecure employment and the new pressures for automation in driving, warehousing and computer machine reading and writing in health, law and journalism.

Australia, like the rest of the OECD has a serious problem with youth unemployment. The most recent OECD data on youth (15-24 year olds) unemployment puts Australia around the OECD average of 13 per cent. This rate has been persistent since the mid-1980s. A further 18 per cent are underemployed. What work is available for young people is more insecure – there are now more part-time than full-time young workers.

The projection that wages growth is going to increase from 2 per cent in 2016-17 to 3.75 per cent in 2020-21 and provide the taxes to balance the budget is heroic. It presumes either that employers (including the Federal Government) will suddenly become generous in wage bargaining or that workers and the remaining unions will gain industrial power. Yet as Greg Jericho shows underemployment, especially for men, is ensuring that the ‘reserve army’ is large and keeping wages down.

Progressives have got plenty to do. Accept a little win on health and education and get to work on how to achieve real and deep equality and how to balance economy, society and environment including climate change.
Unionists don’t live in a bubble

by Sally McManus

I want to pay my respects to the Ngunnawal people and their elders past and present.

The thing about being a union organiser, whether you are a workplace delegate or the Secretary of the ACTU, is that you don’t, and can’t, live in a bubble. You deal with tough situations every day. Often you take home people’s troubles and their despair. You don’t stop caring about justice when you go home.

A long list of things are keeping workers awake because they are in fear of losing their jobs and losing the income they need to support their families.

- 745,000 people are without a job in our country. It is particularly bad in regional areas and for young people.
- More than one million people are looking for more hours of work every week.
- 40 per cent of workers don’t have access to any paid leave.
- New jobs are almost entirely part-time or casual.
- Underpayment of wages in the retail, farming, food processing, and hospitality sectors are costing people tens of thousands of dollars in what amounts to stolen wages.
- Wage growth is at the lowest since records have been kept.
- The ability to have a dignified retirement is at significant risk, with an estimated $3.6 billion each year being taken from workers in unpaid super.
- Our health, education and tax systems are under huge pressure as a result of tax dodging by companies and the very wealthy.

The notion of a ‘fair go’ is under attack from the wealthy and powerful. We are now a country full of stressed people worried about our jobs and wondering why things have not turned out as we thought they should in Australia.

The Turnbull Government has just presided over decisions that will ensure some families have much more to worry about. Like Kylie from the Central Coast of NSW. She’s 22 and a single mum. She’s working in retail and she’s studying at TAFE. The penalty rates cut will cost her around $2,000 a year on her already meagre income.

She will have no choice but to work more hours to make up the difference. This will be time away from her son and time away from studying for TAFE. Life for her will become even harder.

Malcolm Turnbull’s government could choose to stop the penalty rate pay cuts. Instead he chooses to bash unions and union leaders, the very people who are standing up for Kylie. Instead, Malcolm Turnbull wants to distract Australians. He has drafted up laws to continue to demonise unions and at the same time he is ignoring corporate wrongdoing. He talks about corrupting benefits, but these proposed laws ignore the main source of corrupting benefits in society: payments to politicians, payments between corporations, payments designed to influence lawmakers, tenders, contracts.

The union movement will happily support laws with strong powers to investigate and punish corruption – so long as they apply to everyone. We have been demanding the Turnbull Government establish a Federal Independent Commission Against Corruption that applies to every section of society. Such laws should apply equally to all the members of the Liberal Party, their backers in corporate Australia, and the big banks.

There is no place anywhere for exploitation, corruption or the strong abusing the weak. Not in any workplace, not in any institution, not in any organisation, and not in any family – including the union family. Anyone who engages in that type of behaviour is not a unionist, they offend the very core of our values.

Our minimum wage once led the world. Now it does not, it has been slipping rapidly down the rankings. It has barely moved in real terms and has lost touch with the average wage. It’s $17.70 an hour or just less than $35,000 a year for a full-time worker.

In 1985 the minimum wage was nearly two-thirds of the average wage. Today it is well under half. This is dangerous since it creates a class of the working poor as exists in the US. A low minimum wage provides a big incentive for employers to destroy good, steady, fairly-paid jobs by outsourcing them, cancelling agreements and using labour hire.

The Australian union movement won the first living wage in the world. Australia in 1907 made a decision not to go down the path of the US, and the union movement will not stand by and watch this happen in 2017. The ACTU has made a claim to lift the minimum wage by $45 a week and bring it to $37,420 a year. This is much closer to the 60 per cent of the average wage the OECD says is needed to avoid low-paid work.

The ACTU agenda is to lead the fight to bring fairness
back to Australia. There need be no speculation about where I stand as Secretary of the ACTU. I stand for fairness. I stand for justice.

Like many people who strive to build a better future I’ve been involved in some of the key industrial battles of the past 20 years. I started early and I have had a lot of practice. In 1998 I was the youth representative on the ACTU Executive during the Patricks Waterfront dispute. With other young unionists we organised the phone tree for the community pickets. We were prepared to be arrested. The whole trade union leadership was prepared to be arrested.

But I had my best training from, of all people, John Howard. Soon after I became the leader of my union, the ASU, John Howard introduced WorkChoices. We determined our tactics and as a movement campaigned with our membership and together we defeated WorkChoices and we defeated the Howard Government.

At the ASU over 21 years there were countless disputes: negotiations and campaigns big and small with multinationals, large Australian companies, Labor and Liberal governments and even small community organisations. I am used to working with employers big and small and with people who did not see the world in the same way as I did, or in the way my members did. We managed to do this respectfully and very often with positive outcomes.

But unfortunately the greed of some has been allowed to get out of control. The Keating years created vast wealth for Australia, but it has not been shared with too much ending up in offshore bank accounts or in CEOs’ back pockets. Working people are now missing out and this is making them angry.

Big corporations and the wealthy are accumulating power and influence. They have reinforced the advantages they enjoy and have tried to weaken those who might try and shift the balance back towards working people. Particularly they have targeted unions. This is what the Trade Union Royal Commission, the ABCC and the laws that the Federal Government has pursued and will try to pursue are all about.

But the reality is that some industries are dangerous. Construction, truck driving, mining are difficult, dangerous jobs where people die. They leave their homes and they never return. Families lose husbands, sons, wives, daughters, aunts and uncles. Communities lose their neighbours and friends. Parents lose their children.

People’s lives are at risk. Union officials don’t prioritise paperwork or wait 24 hours when they learn a workplace is so dangerous a worker could be killed. They put saving lives first. The fact they have to break the law to do so is a national disgrace. Yet the ABCC is designed to make the job of union representatives much harder by tipping more power to employers.

And while the government talks tough on unions, it refuses to take on what is euphemistically called tax minimisation, which costs us billions of dollars each year. The stories of profitable household-name companies paying zero dollars in tax seem to come out every week. Yet under this government we cannot get a royal commission or a federal ICAC or even a properly funded and staffed Australian Tax Office to begin to look into the problem.

But it isn’t just large public corporations. Australia’s wealthiest individuals get in on the scheme too. According to the ATO, one in five privately owned Australian companies with more than $100 million in revenue paid no tax in 2015 – not one cent. And 40 millionaires paid more than a million dollars to minimise their tax bill. One million dollars each. And by the way, that million spend on dodging tax is also tax-deductible.

These corporations and the extremely wealthy are deciding that we shouldn’t have as much money for schools, hospitals, community services and pensions. This ‘find the loopholes, use the lawyers, squeeze the system or change the laws’ approach has proven so successful that it is now being used by some big businesses to shirk what most people have long considered their responsibilities to their workers. Underpayment of workers or forcing them to pretend to be contractors is now part of the business model of some Australian companies. The law is not stopping them. Workers in convenience stores are being exploited. Workers on farms are being exploited. Workers in restaurants, cafés and hotels are being exploited. Workers at our airports, at our construction sites and even in our charities are exploited.

If you’re 50 years old with no savings, and stuck in a casual job that barely keeps the heat on, then you’re not going to take a day off when you’re sick. If you’re a 23-year-old struggling to pay your way through a course or just paying the rent by serving drinks in a bar, you’re not going to complain if your boss doesn’t pay your super. A generation of workers have no idea what it’s like to be able to take a paid day off when their child is sick. Our tax system enriches real estate speculators at the expense of those who want to buy their first home. The Australian union movement could meekly accept the
taking away of rights that those before us fought for. We could say growing inequality and mass job insecurity are just inevitable and there is nothing much we can do. Or we could say, no more. Not on our watch. We will not be bystanders.

It was the power of working people, standing shoulder to shoulder and saying ‘no more’ to exploitation that ended the master servant act, indentured servitude, WorkChoices and bans on married women in the public service. The rules that should protect people haven’t kept up. Australian unions will lead a movement to rebuild them. We say this to people whether behind a desk, on a building site, in a classroom, a factory, at a hospital, in a café or a shop.

Changing the balance of power in this country requires some power to go from vested interests to working people who just want good steady jobs, the opportunity to buy their own home, a fair day’s pay for a fair day’s work, a good education, the knowledge that if they get sick they can get help and when they are too old to work they won’t be forced to die in poverty. But vested interests won’t let go of their nice things easily. They’re not just going to hand it over if we just ask, or if we send polite letters to our local MP. It takes a struggle to change unjust laws.

Those who seek to demonise unions do so because they want us to look scary and unappealing. It is also a veiled threat. Know your place, keep your head down, don’t ask for too much or we will come and get you too.

As ACTU Secretary, I will not keep my head down. I will demand more for working people and I am not afraid to take on the big challenges to build a better future. We will campaign to tip the scales back towards everyday Australians. We demand changes to the rules.

Sally McManus was elected as Secretary of the ACTU in mid-March, following the retirement of Dave Oliver. On 29 March 2017, Sally addressed the National Press Club, outlining her vision for unionism; the inequalities, inequities and injustices facing Australian workers, undermining Australia’s notion of the ‘fair go’; and the need to assert workers’ rights in the face of unjust laws. This is an edited extract of her speech, reprinted with her permission.
The crises inherent in capitalism – and what transitions might look like

by Hall Greenland

The old is dying and the new cannot be born: in this interregnum a great variety of morbid symptoms appear.
- Antonio Gramsci

The future confronting humanity is either socialism or barbarism.
- Rosa Luxemburg

The future is already here, it’s just unevenly distributed.
- Kevin Gibson

That most acute analyst of capitalism, Karl Marx, did not expound a unified theory of capitalism and its crises; his remarks on what leads to its periodic crises, expressed as recessions or depressions or even revolution, are scattered through his work.

The main theory, and the one that was popular among my parents’ generation – I came from a left-wing Labor family with catholic connections both to the Communist Party and the Trotskyists – emphasised over-accumulation/over-supply on one hand and inadequate demand/under-consumption on the other. This was the widely received explanation of the Great Depression of the 1930s and the 1890s. Simply put, workers have a contradictory role under capitalism – they must simultaneously be producers paid as little as possible and consumers purchasing as many commodities as possible. This recurrently leads to consumer demand falling short of the value of what is produced and capitalism – in the absence of new markets – stalling and/or falling over a cliff because it cannot sell what has been produced and realise a profit.

This explanation is relevant to the current stagnation in capitalist economies. Stagnant wages and austerity in the US, Japan and Europe are clearly a drag on those economies by depressing demand. Australia has joined the queue now – wages rose by next to nothing last year and now penalty rates have been cut. We are living with the first wage cuts in at least a generation.

The problem of inadequate demand was hidden for the past two or three decades by the astronomical growth in government, private and household debt that bolstered otherwise lagging demand. But, as we know, credit was extended to people and countries that couldn’t repay. To compound the damage, all kinds of financial products were spun off those loans until the revelation that the debts could not be repaid led to a banking crisis and brought on the GFC.

Long-run stagnation

We are now in the situation where the old policies of extending credit and growing indebtedness are not working, despite giving money away to the banks at record low interest rates. This easy money is being used by the 1 per cent to pump up the share market and fuel a property boom: it is not reflating the economy as a whole.

This thesis that capitalism has entered a period of long, even endless, stagnation is now approaching conventional wisdom. Wolfgang Streeck is perhaps the most persuasive of those putting this view. His picture of the current crisis is multi-dimensional revolving around stagnation, oligarchy, corruption, depletion of the public sector and international disorder. He argues that all the old remedies or escape routes are no longer available. His analysis starts from the basis of underpayment of labour, leading to inadequate demand, leading to stagnation.

Jim O’Neill, the former chief economist of Goldman Sachs, is now advocating wages growth as the key to ending stagnation. How that’s going to happen in the absence of a free and powerful union movement, god only knows. He was also canvassing helicopter drops of wads of free money into people’s bank accounts. As we know from the Rudd government’s response to the GFC, that stimulus works for a while but soon fades.

In the three decades that followed WWII - what the French call the trente glorieuses - the application of Keynesian economics, along with a powerful union movement, certainly bolstered wages, credit and demand and the economy went gangbusters in these decades. In Australia, for instance, real incomes trebled in the 25 years following WWII and, by the 70s, the wages share of National Income or GDP in Australia [and this was fairly typical] was over 60 per cent – it has dropped to under 50 per cent today.

That reality led to what has been dubbed ‘the full employment profit squeeze crisis’ of the 1970s when a powerful labour movement, in conjunction with the hikes in the price of oil, inflation and big sending/big
taxing governments, squeezed profit margins (and the rule of capital). It provoked a counter offensive by capital that drove labour’s power and share of GDP downwards in the 1980s.

Breaking the power of the unions was not the only thing that freed capital from this profit-squeeze crisis – globalisation, and the technological developments accompanying it, freed capital from some of its previous constraints. As Streeck says, the result was that markets were no longer within states but states within markets.

**Mechanisation and automation**

Marx also foresaw the increasing mechanisation or automation of production – what he called ‘the rising organic composition of capital’ – which would have pretty much the same results as the first theory of crisis. This spectre of accelerated automation appears to be haunting the world now, with many respectable economists and research institutes predicting a coming wave of automation allied with artificial intelligence wiping out swathes of semi-professional and professional white collar jobs. If this is right – and it is by no means certain – it will destroy the main social support for capitalism which is the careerist and consumerist middle class. They are the people who have bought the capitalist dream of ‘work hard and consume hard’ and for whom the system has formerly worked.

While crises cause misery and waste, they do not necessarily lead to revolution and the new society. In Marx’s view, revolution is a life cycle or birthing process. The new society would grow within the body of the old, and when a certain point arose when it could grow no longer in the host, it would burst forth and create its own new economy and society. Marx wrote about this in *Preface to A Contribution to a Critique of Political Economy*,

**The 1960s and ideas of revolution**

This theory of revolution was rediscovered in the 1960s. Even before the events of 1968, some thinkers held that capitalism’s own development would be its downfall - a crisis in success, if you like. Hence, by creating a workforce with a continuously rising educational and cultural level, prosperous and with expanding expectations, a workforce interested in quality of life as well as levels of consumption, capitalism was creating a working class of blue- and white-collar workers capable of taking over the running of society and re-orienting it to a new way of life.

This thinking echoed Marx’s classic formulation of revolution as flowing from the clash between the growing forces of production and the relations of production. The new confident, well-educated working class and the productive possibilities of an increasingly automated, science and technology-based economy would be at odds with the old hierarchical system of private ownership and management. The would-be revolutionaries of the ‘60s identified four key elements in this new society that a new, brighter working class would bring about:

- Grassroots democracy at every level of the economy and society. There was much talk of self-management, workers control and workers participation.
- The expansion of free time and alternative life styles.
- A just and egalitarian society. Women’s liberation, gay liberation and self-determination for the first peoples would be essential parts of the new dispensation.
- Environmental protection and reduced consumerism. Urban environmentalism, the Green bans and the campaign to save Lake Pedder in Tasmania arose in late 60s and early 70s.
Those familiar with Paul Mason’s recent writing work recognise the same approach. Mason detects the emergence of a new economy – thanks to the information technology revolution – within capitalism today. This makes an abundance of free or low-priced goods possible and expands free time which is essential for real human freedom. Likewise, the new information-driven technology encourages new forms of economic life which are collaborative and sharing. Where Marx saw the organised working class – produced by capitalism – as the force that would abolish the old and inaugurate the new, so Mason sees networked humanity, the product of this new stage of capitalism, as the agent, the midwife to the post-capitalist future.

In classical Marxism – though not in Mason’s work - this liberation of the new within the old would be via revolution. The argument about radical reform versus revolution is as old as the labour movement, of course, but in today’s conditions it strikes me that there’s a lot of truth in the argument that radical, genuinely social democratic reforms will be as difficult to achieve as revolutionary transformation.

**Eco-marxism**

Marx and Engels were periodically aware of the ecological dimension and provided some scattered insights. But a new school of eco-marxists has been more systematic, providing an expanded understanding of capitalism in which labour is seen as just one part of what capitalism sucks into its mode of production. In other words, labour is only part of nature which capitalism latches onto.

Capitalism is thus a way of organising nature. Just as capital pursues cheap labour, so it does with the rest of nature - with disastrous results. Its pursuit of cheap food has undermined the productivity of the soil. Ransacking the Earth for cheap raw materials has led to the serious depletion of our ecological treasury. The drive for cheap energy has resulted in dangerous universal carbon pollution. In other words, capitalism destroys the basis for its own ecological surplus or profitability, as well as destroying the liveability of the planet.

So it is conceivable that a working and middle class that is losing faith in the performance of capitalism, connected and networked, ecologically aware and awake to new technological possibilities, could provide us with the agency for creating a new society – a globally ecologically sustainable society of free and equal people.

**How might we mobilise for change?**

1. **An ethical problem**

As internationalists and egalitarians, we fight for a future in which all inhabitants on the planet have equal access to a good life. But we know that if our Western consumerist lifestyles were extended to the rest of humanity we would need the resources of three or four planet Earths.

In the 1970s, political economist J. K. Galbraith suggested that, with equal sharing, everyone on Earth could have a standard of living equivalent to an American household of 1941. It seemed an acceptable level of frugal comfort. More recent calculations are that everyone could – on the basis of solar power providing the same amount of energy as fossil fuels do today – enjoy the standard of living of a French or Japanese household of the 1960s living in, say, Lyon or Kyoto. As Benjamin Kunkel observes, ‘that’s a rather stylish utopia’.

Achieving this goal would require global sharing and material sacrifices in countries like our own. It was certainly part of the original Greens’ thinking summed up in the slogan popularised by Ted Trainer, ‘Live more simply so that others may simply live’.

Acceptance of a less materialist lifestyle cannot be over-emphasised. The availability of a universal basic income may lead to a less consumerist style of life for many and help us towards that globally egalitarian life. Large and generous increases in genuine foreign aid, opposition to wars and the reversal of the despoliation of the global environment can only help too.
2. Expansion of democracy
An enlarged democracy will be central to any transition. By enlarged I mean both the numbers of participants and the scope of democracy. One reason is that all revolutions are marked by a veritable explosion of democratic participation and mass confidence. That’s what revolutions are.

Another reason is that only mobilised public opinion can shift governments to limit the power of capital and regulate markets. The Bentley blockade on the North Coast of NSW that stopped fracking in 2014 is my favourite example of this in our recent history. A referendum established the will of the people. Then thousands of citizens at Bentley enforced it, overruling the rights of private property, the drive of the corporation, and the call of the markets – in brief, democracy over-rode capitalism.

We need the enlargement of participation and a widening of the subjects that democracy can decide. An aim of neoliberalism is to take economic decisions out of the realm of government and democracy. That’s the rationale behind deregulation, de-unionisation, privatisations, the independence of the central bank and global economic institutions. We need to champion the extension of democracy into these forbidden fields. The most heartening thing about the recent Australian penalty rates decision is the acceptance by Labor, under Greens pressure, that parliament and government have the right to intervene in the labour market.

As well as a right to general democratic control of the economy, we need to champion democracy in the firm or institution or locality, as against the boss, the bureaucrat or developer. A new and different economy is needed, such as democratic cooperatives and collaborative work as suggested by Paul Mason. Renewable energy and housing are distinct possibilities. Such a cooperative and participatory democracy is the spine of the emergence of the new within the shell of the old capitalism.

3. Enlarged public sector - an end to privatisation and start of re-nationalisation.
A reduction or elimination of the dominance of the market is an essential element in a non-capitalist or socialist alternative. The market and its inescapable imperatives – ceaseless expansion, price competition, increasing profitability and reducing costs - are at the heart of capitalism and its ills of ecological damage, increased inequality, instability and insecurity.

We live in a time of accelerated marketisation via privatisation of public assets and services. Hospitals, care for the disabled, forests, public transport, education, public housing – these are all being privatised in New South Wales and elsewhere. Goods and services which were rights, based on need, freely or affordably available and under some degree of democratic control, are now increasingly conditional on income, provided by private businesses, subject to the market and the bottom line.

This has to be stopped and reversed in the name of the equal worth of everyone. That will involve nationalisations. Professor John Quiggin has recently resurrected the notion in connection with the electricity sector, and columnist Van Badham has done so in regard to public transport in Melbourne. Senator Lee
Rhiannon will argue the case for [re]nationalisations in a forthcoming pamphlet. These nationalisations, or re-nationalisations, can start with education, public transport, electricity and housing, with the aim of making these goods free or, at the very least, abundant and affordable. As Paul Mason said about British Labour’s promise to re-nationalise the railways: ‘The point of privatisation is to make things dearer, the point about renationalising the railways is to make them free.’

4. Shorter working week
The time we spend at work is, under even the best of circumstances, something we are constrained to do. Marx was right to say ‘freedom begins where socially necessary labour ends’ and that ‘wealth is disposable time and nothing more’. The expansion of free time is essential to allow us to do what we want with our individual and collective lives. Throughout the 19th and 20th century, workers grasped this and the shortening of the working week was at the centre of the capital-labour conflict.

I suspect the aspiration is still deep in the hearts of the modern worker. Paradoxically, modern employees accept ‘flexible’ employment, even casual or part-time or precarious employment, because it holds the promise of more free time.

5. A degree of planning
We have at our disposal tools to ascertain what impact production or investment decisions will have on the economy and our ecological world. Modelling and computer power - and feedback mechanisms already in operation in social media and logistics - can quickly inform us about trends and impacts. A leap to quantum computing would only make this truer. So comprehensive and rapid human awareness about our interaction with the natural world – and rational guidance or planning – are now within our reach.

In a nutshell
The economic and ecological crises will continue. But new material possibilities will continue to ripen within the shell of the old. People will continue to probe for a way out of a capitalism that only offers increasing social polarisation, insecurity, hollowing out of democracy and ecological ruin. Success is not assured. Antonio Gramsci’s summation of his own time appears apposite to our own: ‘The old is dying and the new cannot be born: in this interregnum a great variety of morbid symptoms appear.’ Trump and the rise of the nativist reactionary Right is one of those symptoms. A blasé, consumerist fatalism is another. But to be a little hopeful, I end with this quote from Benjamin Kunkel:

More important than intellectual debates is a generational shift underway. Global capitalism or neoliberalism under US hegemony, or just the way things are going: call it whatever you like, it has inflicted economic insecurity and ecological anxiety on the young in particular. They emerge today from their schooling into job markets reluctant to accommodate them at all, let alone on stable or generous terms, and they will bear the consequences of planetary ecological disorder in proportion to the years lying ahead of them. In any genuine renaissance of Marxist thought and culture, it will probably be decisive that capitalism has forfeited the allegiance of so many people under thirty.

Hall Greenland is a long-time community activist and a prominent figure in the NSW Greens.

The references and citations for this article are in the online version on the Australian Options website.
Housing unaffordability is a matter of Inequality

by Isla Pawson

Australia’s major cities are widely understood to be experiencing a housing problem. However, the conventional understanding and portrayal of the issue suggests that housing is simply becoming more unaffordable for everyone. This oversimplified view – perpetuated in politics and the media – neglects the fact that housing (un)affordability is fundamentally an issue of inequality.

Housing issues in context

For most of the past decade, housing has been a central theme of popular political debate in Australia. Popular interest in housing grew in tandem with the property boom of the early 2000s, precipitated by the onset of ‘cheap money’ – or low interest rates – and resulting in the decline of home ownership affordability. In the lead up to the 2007 election, Kevin Rudd described the affordability problem as Australia’s real “barbecue stopper”, using John Howard’s pet phrase for electorally resonant issues.

At least judged by its media ‘column inches’, peak interest in housing has been reached in recent years. Indeed, it would be difficult for even a casual observer to overlook Australia’s housing problem, with the Australian Financial Review, the Australian, and the Sydney Morning Herald (to name a few) all providing regular coverage of house price inflation and its implications. This is arguably due in part to the Global Financial Crisis which has been widely recognised as precipitated by the bursting of the USA house price ‘bubble’ in 2006-07. In turn, the continuation of house price inflation in Australia has provided housing with an unusual salience in public debate, acknowledged by political leaders of all stripes as a pressing challenge for policy to address. While Treasurer Scott Morrison earlier this year travelled to the United Kingdom for special advice on tackling the affordability crisis, his party colleague and new NSW Premier Gladys Berejiklian has also embraced housing (un)affordability as one of her top policy challenges. Across the floor of the house, Labor made reforms of negative gearing a flagship commitment in the lead up to the 2016 election, recognising that ‘for most young families in Australia, the dream of purchasing and owning their own home is almost completely out of reach’.

Who is housing unaffordable for?

The rare consensus about housing affordability suggests there is real political appetite for tackling the issue. However, with few exceptions, the conception of unaffordability characterising much of the media and political debate neglects the underlying issue of inequality. While many political figures and media sources focus on how rising median house prices make housing less affordable across the board, they often fail to connect the issue with Australia’s growing inequalities and the implications this has for housing market access.

Acquiring a deposit for low-end metropolitan housing has become an increasingly punitive process for low income earners without access to familial wealth. According to the NSW Government, the average price of a lower end Sydney apartment rose to $533,000 in 2015; the required deposit would be around $110,000 assuming a lender requirement for 20 per cent down payment. A single adult on average wages would need 11 years of consistent saving – at quite an ambitious rate of 15 per cent - to accumulate a standard deposit on this basis.

A deposit of this size means that access to home
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Ownership is growing increasingly out of reach for those Australians without access to familial wealth in the form of inheritance, cash assistance, rent-free accommodation – or all three. Even if a deposit can be cobbled together through hard-fought saving, even this is likely to exacerbate inequality. Some low-income earners will experience the full force of housing costs while other aspiring first-home buyers will be partially cushioned by their connections and/or inherited wealth.

Moreover, housing acts as a cause of cyclical wealth inequality. This is because the demand for housing is based on two quite separate but related desires – the desire for secure and adequate tenure, and the desire for a safe investment. Fuelled by government tax-break incentives, recent investment in housing has been significantly driven by the demands of investors purchasing second or third properties based on the assumption that their value will continue to rise. Existing owner-occupiers have thus acted to inflate the demand for housing and contributed to the growing wealth threshold required to enter the market. At the same time, these homeowners have consolidated their own position by using their existing wealth (in part from the rise in property prices) as leverage to secure a new asset. As Greg Jericho shows these processes have contributed to the growing wealth divide whereby the wealthiest fifth of Australians own over two thirds of the country’s net wealth.

It is misleading to think about the ‘housing problem’ as merely expressed by house price inflation. For the wealthy owners of housing, house price rises are economic gains – as former Prime Minister John Howard playfully put it in 2003, ‘I don’t get people stopping me in the street and saying “John, you’re outrageous, under your government the value of my house has increased”’. Indeed, the streets where John Howard has lived throughout the property boom of the 21st Century – in the palatial suburbs of Kirribilli and Wollstonecraft – are arguably populated by beneficiaries of the ‘housing affordability problem’. For these reasons, the general conception of the affordability problem must always involve an acknowledgement of the disproportionate impacts of house price inflation and the underlying problem of inequality that housing both expresses and exacerbates.
Policy and practice

The above might seem like a banal point, were it not ignored or downplayed by large swathes of the media and often forgotten in political debate. The current proposals to address housing shortages are being drawn up on the basis of a narrow conception of the issue. This fails to recognise and tackle the inequalities that limit access to homeownership and entrench crippling, long-term housing costs for low-income groups.

One such proposal is to assist first-home buyers to fund mortgage deposits through drawing on their superannuation accounts. This proposal aims to enable people to more easily acquire a deposit so as to meet existing house prices. It can be a positive measure at least to the extent that it would mitigate the stress of saving for a deposit and so provide some, albeit short term, relief on the pathway to homeownership.

The problem with this proposal is that it perpetuates existing wealth disparities, and does little to solve the inequitable access to homeownership described above. Poorer Australians will still be required to surrender more of their earned income than their wealthy counterparts to make up a deposit, confounding any claim or implication that the measure could facilitate more equitable outcomes. In isolation from complementary initiatives, the proposal would actually drive continued house price inflation by propping up consumer demand, and, indirectly, fuelling investor sentiment that housing remains a profitable investment.

The proposal to give people access to their superannuation exemplifies a broader tendency within contemporary proposals for tackling the affordability problem of trying to enhance the purchasing power of first home buyers in the housing market while preserving investor interests. Measures such as stamp duty relief and first-home buyer loans, for example, purport to give ‘young people’ a leg up in the contest with competing house-buyers. In practice, all such measures simply pump the market still higher – rather than, for example, attempting to moderate demand by reducing the tax concessions enjoyed by investor landlords.

In Danny Dorling’s book *All That is Solid*, he argues that the housing crisis is one of distribution not shortage. One aspect is the large number of empty homes. In Sydney, according to Goncalve, as many as 200,000 homes were unoccupied in 2106. This should be heard loud and clear. Dorling points out that the growing perception of housing as primarily a means to store wealth – a position enabled by government policy – has to be challenged in order to distribute the existing housing stock in a more equitable and just way.

More broadly, Dorling sees the role of private investment in housing as driving a housing supply that is only accessible for the wealthy, with prices inflated indefinitely by investor demand. Policies that provide a temporary assistance for new home buyers to reach existing price levels only perpetuate the inequalities of the current system. They also reinforce the incentives that support a high level of investor activity. Paradoxically, policies to enhance the purchasing power of first-home buyers may put the eminently reasonable goal of affordable housing for all further out of reach.

As long as the government – and popular debate – downplay the underlying role of inequality in the affordability problem, their advocacy for ‘housing reforms’ to enhance social justice will prove ineffective and self-defeating. Instead, if the housing problem is to seriously be challenged, governments will have to address the economic forces that generate wealth inequality. Social justice and our cities depend on it.

Isla Pawson is a graduate of Political Economy at the University of Sydney. Her interests include the economics of housing, inequality, and the history of economic thought.
How to Solve our Housing Crisis

by Harold Levien

Housing investors have largely crowded out first-home-buyers from the Sydney and Melbourne markets. The Coalition Government has not only failed to address this problem; its policies have been the principal cause. This year it will contribute $12 billion of taxpayer-funds to well-off housing investors while virtually ignoring first-home buyers.

Despite large per capita income increases over the past 70 years, housing in Sydney and Melbourne is far less affordable than in the 1950s. Since 1985 median house prices have increased from three times median income to almost 13 times in Sydney and 11 times in Melbourne. The ABC’s Four Corners last year reported the ratio in some Sydney suburbs has risen to 30 times median income.

Since housing is the largest component in the living standards of the vast majority of families this declining affordability for first-home buyers and renters hugely impacts their quality of life.

This problem is primarily due to four government policies. First, despite growing unemployment the Government, until the recent budget, failed to increase borrowing to fund long-needed Federal and State infrastructure. This led the Reserve Bank to try stimulating the economy through repeatedly cutting official interest rates. Numerous housing investors responded by purchasing houses seeking capital gain from rising house prices which their purchases induce.

Last year retired Reserve Bank Governor Stevens recommended the Government borrow for infrastructure spending implying this would remove the case for interest rate cuts which attract housing investors. In past years most government capital spending was funded through borrowing — which is how the corporate sector funds most capital spending. Moreover, economists have long argued lowering interest rates has limited success in encouraging private sector investment since this is primarily dependent on growth in aggregate demand.

Second, the Government provides substantial tax concessions for housing investors through both negative gearing (allowing interest on borrowing to purchase housing, plus other related costs, to be deducted from taxable income) and discounted tax on capital-gains when selling. These concessions predominantly accrue to higher-income earners. Many investors pay little or no income tax through purchasing several houses while accumulating substantial capital gain. To accommodate those who’ve negatively geared one house this concession could be phased out over, say, five years.

Such tax concessions greatly increase housing demand and thus prices. The Grattan Institute estimates the current annual cost to revenue from negative gearing is $5 billion and from capital gains tax-discount on housing sales is $7 billion. This totals three times the Turnbull Government’s $4 billion annual saving from abandoning most of the original Gonski schools’ funding program. The recent budget annually restores $550 million of this saving over the next four years which the Government promises to increase over the remainder of the decade. (This will still leave the Turnbull Government’s Gonski spending $22 billion short of the Gillard Government’s promised spending over this period). This revenue could alternatively build around 34,000 houses annually for low income-earners or rapidly house the estimated 100,000 homeless.

Third, the Government permits substantial housing investment by overseas non-residents. A recent Credit Suisse analysis, quoted by Fairfax Media, following FOIs to State Governments concerning overseas investors’
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housing tax, discovered overseas purchasers spent $8 billion last year acquiring 25 per cent of the new houses sold in NSW and 16 per cent of those sold in Melbourne. Banning such sales would place Australia’s first-home buyers’ interests above those of foreign investors. We’re hardly reliant on foreign investment for housing funds considering our current annual $45 billion addition to superannuation savings.

Fourth, the Government supports our current rapid population increase. Last year this was nearly 1.5 per cent or over 349,000 — including 190,000 net migration — which almost equals another Canberra.

Australian governments have long provided essential facilities such as schools and hospitals where the market fails to meet community needs. The Turnbull government now drives policies which prevent the vast majority of young families from purchasing their most basic need, housing, and, in doing so, also escalate rents. The current annual $12 billion virtual subsidy to housing investors greatly increases inequality thus reversing the traditional role of government.

A National Housing Corporation

The Government could ensure greater protection of first-home buyers and renters by establishing a National Housing Corporation (NHC) to provide affordable housing. As a statutory corporation it would operate independent of the budget similarly to government corporations. It would be essential to prevent sales to housing investors, ensure houses are occupied by buyers or renters, and are sold back to the NHC.

The NHC would sell and rent housing, built by contractors, well below market prices. It could borrow at lower interest rates than the private sector and there would be no housing-investor driven profit when selling and renting at both development and sales levels. The NHC would be established as a community service rather than as a profit-making enterprise. If desired the Government could further assist low-income earners through subsidies.

These policies would greatly reduce housing stress defined as mortgage repayment or rent exceeding 30 per cent of household income. For many low-income families in Sydney and Melbourne rent currently reaches 65 per cent of income.

The NHC could also impose statutory requirements for architecture and urban planning particularly regarding proximity to employment opportunities and public transport. Many recent private developments have created traffic congestion; and frequent poor architecture and intensive development, with little natural surrounds, can seriously affect residents’ health. The NHC could thus eventually save Governments billions of dollars on new roads, expanded public transport and probably health spending.

Since mortgage repayments or rent represent the largest item in low- to-middle income budgets the NHC could make the single greatest contribution to reducing poverty.

Harold Levien is a freelance writer on political and economic issues who founded and edited the influential monthly review of current affairs, Voice, The Australian Independent Monthly.
South Australia reclaims control of its electricity grid

by Roman Orszanski

In September 2016, there was a complete blackout of the South Australian electricity grid. In February this year Australian Energy Market Operator (AEMO) called for load shedding when there was insufficient generation when Engie, the operator of the Pelican Point gas turbines declined to bid for peak supply. The September events led to immense controversy between the Federal and South Australian Governments about the role of wind and other renewable power. Federal Government Ministers were very critical about the high proportion of renewable electricity (wind & solar PV) in South Australia. There were also arguments about the capacity of AEMO and claims that energy companies were ‘gaming’ the market to maximise prices.

The South Australian government responded to these events with a plan for future electricity supply announced in March. Key components include,

- Setting up a $150 million renewable technology fund (RTF), for renewables and storage
- Building a new state-owned gas power plant for standby power
- Increasing the directive powers of the energy minister over the electricity market
- Using a bulk buying scheme to attract new generating capacity
- Providing a further $24 M for gas exploration
- Setting an energy security target to require more locally generated, secure, clean energy supply

The first project funded by the RTF is to be a 100 MW grid-connected battery. The fund is half grants, half loans. Large scale projects mentioned include solar thermal — one presumes the long mooted Port Augusta molten salt plant — biomass, hydrogen and pumped hydro as well as the battery storage.

Victoria has also announced a 100 MW battery project. According to media reports in April, SA has received 90 proposals from 10 different countries for the battery project. Investor interest is clearly very high; indeed, around the same time Victoria got 110 proposals for a similar scale battery storage facility.

The new gas power plant will be up to 250 MW capacity, with 200 MW of temporary supply sourced from existing local generators while it is being build. The estimated cost is $360m. We might well ask whether it would be better value to invest in another 300 MW of battery storage, at a presumed cost of $60m, saving around $300m.

Since the new gas plant will be ready for potential shortages in the summer of 2017-18, the SA government has talked about installing a series of temporary diesel generators. They may have changed their plans after the Premier and Energy Minister talked to Audrey Zibelman, the new CEO of the Australian Energy Market Operator at the end of March. Zibelman, who headed New York’s ambitious Reforming the Energy Vision program, suggested using demand response — signing up large energy users to an arrangement where they would be paid to curtail some load at critical times.

The effect could be substantial. As Giles Parkinson of RenewEconomy reports

“EnerNOC says it could source a 100MW “virtual power plant” in South Australia by December, by signing up commercial and industrial users to agree to reduce non-essential load when dispatched by AEMO or the SA government.

EnerNOC describes itself as the ‘largest demand-response aggregator in the world’. It specialises in managing the system-wide pattern of energy demand. The company’s head in the Asia-Pacific, Jeff Renaud, says that reducing usage at peak times can be done at a much lower cost than diesel generators. In effect, he says, ‘it will be smarter, cleaner, and cheaper. AEMO and the government can guarantee that it will show up exactly when and where it’s needed.’ This would provide for a more robust grid, along with the ability to provide frequency and ancillary services as well as power.

The bulk buying proposal is an extension of a previous called for interest in providing for 75 per cent of the government’s own electricity needs over the next decade. It was hoped this would attract a new low-carbon generator to the state; the remaining 25 per cent is to be met by dispatchable renewable technologies (i.e. renewables + storage).
The politics of the transition to renewables

The current conventional fossil fuelled electricity grid in mainland Australia uses coal-fired plants to provide ‘base-load’ supply. These are combined with peak-load generators brought into operation as needed to meet demand. These can be hydro or gas-fuelled generators (especially in South Australia) which are quick to fire but expensive to run. In the operating model of the current electricity market, the operating companies are usually able to get a higher price from the peak power from these gas plants.

The new future grid will be based on a range of renewables (wind, solar PV & thermal, wave and hydro) combined with storage. Renewables not only reduce the magnitude and number of peaks, but if there is spare renewable electricity it will be bought instead of gas-generated because of the “merit order effect” which gives preference to lowest fuel costs — effectively zero for wind and solar.

What about Gas?

Despite some excellent aspects of the SA energy plan, there are some questionable elements. One of these is the way in which it pushes for more use of gas while also providing for more renewables and storage. Gas was once considered a possible transitional fuel because it is not as carbon intensive as coal. However, the source of gas needs to be taken into account and the SA Energy seems determined to increase the supply of gas from fracking. The SA Government will have severe political problems if it continues to support fracking since surveys show that more than 90 per cent of people in the gas areas are against fracking.

Are renewables enough?

The rapid falling price of renewables and storage means that it is possible to move directly from fossil fuels to renewables. Beyond Zero Emissions, in their Renewable Energy Superpower report, have calculated the potential generation of wind and solar within 10km of the existing SA grid. They argue that the potential is about twice that of our known reserves of coal, oil, gas and nuclear. Excluding the dirtiest coal from the calculations renewables have four times the potential capacity.

The main problem with renewables is their variability. Yet, as University of Adelaide Professor of Electrical Engineering Derek Abbott notes, rainfall is also variable, but engineering works guarantee a continuous supply of potable water. The renewable grid can be similarly reliable using storage from batteries, molten salt or pumped hydro.

A New Industry

In a carbon constrained future there are opportunities for a state and nation so well endowed with solar and wind. US solar company SolarReserve wants to build six large solar tower power plants with molten salt storage to provide clean, dispatchable electricity to the state’s grid. This needs a supply contract and finance for the first plant near Port Augusta.

At least three other companies have proposals for solar developments near Port Augusta which is located near grid connections. The SA Energy Minister has announced plans to move towards a hydrogen export economy, using green energy to produce hydrogen fuels for export to Japan and Korea. Exporting green fuel (most likely in the form of ammonia, which stores more hydrogen per litre than liquid hydrogen) could well be the export industry to replace coal exports.

Hastening the transition

Rather than protecting the coal industry, the transition to renewables should be accelerated. This requires

- Ensuring that electricity from new renewables is dispatchable; this is part of the SA Energy Plan
- Ban unconventional gas and fracking — as Victoria has done.
- Provide a feed-in tariff for PV owners which reflects the actual savings being made.
- Facilitate sales of excess domestic PV power by aggregating at the local government level,
- Transport should move from road to rail.
- Establish a ‘right to solar access’ in planning schemes control or compensate for overshadowing by neighbouring skyscrapers.
- Support (and even mandate) electric or hydrogen fuelled motor vehicles
- Structure land taxes to reward house owners for insulating homes and set insulation and glazing standards in building codes
- Introduce a carbon price (or as the SA Govt suggests, an ‘Emissions Intensity Scheme’) to encourage the retirement of fossil fuels

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Basic Income: an idea whose time has come?

by Troy Henderson

Basic Income (BI) is currently enjoying a resurgence of public interest on the back of the Swiss BI referendum in 2016 and the Finnish trial of the policy that commenced in 2017.

To increasing numbers of people around the world, BI seems like a solution to persistent poverty, inequality, job insecurity and punitive workfare. It is a radical reform with the potential to underpin a fairer society with enhanced levels of personal freedom. But BI has its critics on both Right and Left who cite various economic, political and cultural barriers to its implementation and who put forward their own preferred policy alternatives.

BI supporters need to tackle these criticisms head-on. At least in part, this means learning some lessons regarding the failure of BI to move from ‘good idea’ to ‘political reality’ since it was first put forward by Tom Paine in 1797. Before turning to the implications of BI’s history for the BI movement today, let me briefly describe the main variants of this idea.

What is Basic Income?

Broadly speaking, BI falls into four main categories:

1. **Capital Grant**

First proposed by Tom Paine, a capital grant would be a one-off universal payment to all individuals at the age of maturity. In Australia we could, for example, pay $50,000 to all 21 year-olds at a cost of roughly $15 billion per annum.

The grant would obviously do little to address income insecurity and without a range of complementary policies to address housing affordability it could easily become another subsidy to property owners.

2. **Social Dividend**

This idea has been proposed by many individuals, including Keynesian economist James Meade and former Greek Finance Minister Yanis Varoufakis, and can be understood as a universal shareholder model of BI.

It currently exists in the form of the Alaska Permanent Fund dividend based on the reinvested profits of the state’s oil industry. The dividends are paid to all Alaskan residents, including children, and vary considerably from US$2,072 per person in 2015 to US$1,022 last year.

Australia could examine this model in relation to the current LNG export boom, and the resources sector more generally.
3. Pension

This is the most radical form of BI and entails paying all members of a given society (potentially above a certain age) a regular, unconditional income.

In Australia, this might mean making Newstart universal and unconditional for all those 18 and over. The cost of such a scheme would likely necessitate Scandinavian levels of taxation.

4. Negative Income Tax (NIT)

The NIT or tax credit model of BI could be designed as a regressive voucher scheme that replaces the welfare state or as a progressive policy that exists alongside the welfare state and achieves similar redistributive ends as the pension model with substantially less ‘churn’ in the tax and transfer system.

Under this model you would not pay Jamie Packer and Gina Rinehart BI through the transfer system and tax it straight back, as would be the case under the pension model.

Obstacles to achieving Basic Income

While there are numerous obstacles to achieving BI, I will limit my comments here to four areas.

1. Cost

Cost is usually the first objection raised regarding BI. The fiscal impact of different BI models – and levels – will obviously vary widely, but there is no point downplaying the very substantial budgetary impact of the most progressive BI schemes.

Social scientists have an important role to play in modelling a wide variety of BI scenarios. This work will provide material around which BI advocates and activists can build campaigns, and information on which individual members of society can make their own assessments of the reform’s merits.

For example, there was some criticism of Swiss activists in 2016 for proposing a BI level (2,500 Swiss francs per month, AUD$3,200) that was too high – and therefore too expensive – even though it would have been up to legislators to set the BI level had the referendum passed.

2. Cultural Construction of Work

Wage labour is the lynchpin of capitalist social relations and its cultural primacy is reinforced by the work ethic. BI’s radicalism lies in its potential to institute a partial rupture between wage labour and income for the entire working age population.

Such a shift would obviously face opposition from business and the wealthy, but also from segments of the working class. As sociologist Brian Steensland observed in relation to Richard Nixon’s campaign for a Guaranteed Annual Income in the 1970s, ‘the working poor themselves did not lobby on behalf of GAI proposals, despite the fact that the plans were in their material interest.’

They did not see themselves as belonging to the same category as welfare recipients. This distinction between the deserving and undeserving poor, expressed in Australia in the form of antipathy towards ‘dole bludgers’, is a major cultural barrier to implementing BI.

This makes it all the more important to frame BI as a ‘universal right’ as opposed to a ‘selective benefit.’ It is the economic analogue to the political right to vote.

3. Ideological Promiscuity

The early advocates of BI in the UK, the US and Belgium (1790s-1850s) embodied a petit-bourgeois radicalism concerned with appropriating the benefits of unearned privilege (landed property, inherited wealth) for some form of BI.

In the UK (1920s-1950s) BI was advocated by Quakers, Fabians, Keynesian economists and the Liberal peer Juliet Rhys-Williams. Rhys-Williams pitched her proposals to the Liberals, Labour and the Conservatives but had an antipathy towards trade unions that cut off one avenue of potential support.

In the US (1960s-1970s) figures as diverse as Milton Friedman, Martin Luther King and John Kenneth
Galbraith expressed support for BI. As already mentioned, it was Republican President Richard Nixon who led the main push for GAI as part of his Family Assistance Plan.

We hear echoes of this ideological promiscuity in BI debates and developments today, from the centre-right coalition government implementing Finland’s BI trial to excitement over tech billionaire Elon Musk’s support for the idea. Prominent BI advocates frame the idea as ‘not left or right’ but ‘forward.’

The hard facts are that any progressive BI would necessitate a substantial redistribution of wealth that would be opposed by most of those who are negatively impacted. It is therefore unlikely that a pan-ideological approach to BI will meet with success.

4. Lack of Mass Social Support

This leads me to final point regarding the glaring absence of mass social support for BI since the idea was first proposed. Until very recently, social democratic parties and trade unions have exhibited little, or no, support for BI.

The UK debate in the 1940s was led by policy entrepreneurs like Rhys-Williams with no connection to a social base. Similarly, the GAI proposals and experiments in the USA were driven by progressive bureaucrats, rather than any social movement.

In light of this history, the significance of the Swiss referendum, is not that only 23 per cent voted in favour of BI but that the referendum was the result of a grassroots activist campaign. This ‘failed’ campaign is probably the main reason why politicians, from French socialist presidential candidate Benoît Hamon to Greens leader Richard Di Natale, are suddenly interested in BI.

It should be noted that 35 per cent of those aged 18-30 in Switzerland voted for BI and 70 per cent of the Swiss people expect a second referendum. This suggests that a bottom-up organising-based strategy may offer the best way forward for the BI movement today.

Basic Income falls well short of the alternatives to capitalism that fired the imaginations and inspired the politics of earlier generations. But it has greater emancipatory potential than traditional social democratic prescriptions, including a Job Guarantee.

For Australia, implementing some form of BI could restore our long-lost reputation as a ‘social laboratory’ and put some flesh on our ‘fair go’ bones. But a worthwhile BI will not be gifted to Australians by our political class. Like most progressive reforms, it would have to be won.

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Basic Income: Political Economic Considerations

by Frank Stilwell

Introducing a universal basic income in Australia would be a significant change in public policy. It would impact on how individuals relate to work and welfare and it would have broader implications for economic security and distributional equity.

Advocates of the policy (let’s call it BI for short) recognise various forms that the policy might take. The most general form, however, is where the government pays every person over a specified age (say 21 years) a regular income. It would be rather like a pension, but would not be means-tested and would be payable whether the person does waged work or not.

At first sight, it might seem odd to propose a payment that goes equally to both wealthy and poor people. Indeed, in an ABC radio interview I did recently on the topic, the interviewer seemed totally stuck on this point. He couldn’t seem to see that BI is about more than poverty-alleviation. Yes, it is about income adequacy but it is also about rights and social responsibilities. It is about shifting social priorities from unsustainable economic growth to more secure and equitable arrangements. It is about achieving better work-life balance. So let’s look more carefully at the broader political economic rationale.

Why bother with BI?

There are at least six political economic reasons for considering the introduction of a BI.

First is the recognition that we live in an affluent society. The total Australian national income is higher than it has ever been, comparable to other affluent nations and enough for everyone in the country to have a reasonable standard of living. But we now need to distribute it more equitably and use it for enhancing human progress, rather than relentlessly pursuing yet more economic growth. We can collectively afford social policies, such as a BI, that would probably have been impractical for previous generations.

Second, technological change is continuing apace, challenging conventional structures of employment. The advance of more capital-intensive production and robotisation is causing traditional jobs to diminish in many industry sectors. This creates anxiety about the future of work and the prospects of technological unemployment. It raises questions about how the enhanced productivity can be used for public social benefit and what will be the source of demand for the goods and services produced. The BI proposal has resonance in this context as a means of adjusting to the new conditions of a technologically sophisticated economy.

Third, we need policies to reduce the increasingly unequal distribution of income and wealth if we are to maintain some degree of social cohesion and avoid the myriad social problems that are exacerbated by economic inequality. Thomas Piketty’s blockbuster book has documented the growing wealth inequality that prevents further economic growth benefitting the bulk of the people. Recent research by the Evatt Foundation also shows that wealth inequality in Australia is large and growing. ‘Trickle-down’ economics has failed: we need more actively interventionist redistribution such as BI to create a broader spread and common stake in economic well-being.

Fourth, there is a case for simplifying the arrangements by which a social safety net is provided. The welfare state has grown over the last six decades to meet a variety of social needs and intentions. This has produced complex provisions, usually means-tested, for determining entitlements and payment levels. Australia has one of the most targeted social policy arrangements in the world. The question now arises as to whether a BI might provide a means of creating some desirable simplification of these complex arrangements.

Finally, economic freedom could be enhanced by providing a basic income that enables people to pursue their personal interests and inclinations. This is a view propounded on the libertarian right by the notoriously right-wing economist Milton Friedman, for example. However, it has also been advocated by social scientists on the political left, such as Erik Olin Wright, who regard a BI as a key instrument for ‘eroding capitalism’ because it would give people more freedom and allow them to choose alternatives to conventional waged work.

Can we afford a BI?

To be set against the above reasons for putting BI ‘on the table’ are two obvious concerns. One relates to its monetary cost: at a time of growing government fiscal deficits, could the nation afford to pay a BI? The other relates to its potential implications for the amount of economic activity: would a BI have a big cost in terms...
of national output because people might decide not to work?

The exact monetary cost would depend on the level at which a BI is set and the extent to which it would replace existing welfare payments. Whatever the precise form though, it would comprise a very large share of Australian government spending, probably at least a quarter of the total. So it would have to be accompanied by a major strengthening of government revenue. That means serious tax reform - getting more tax from the rich and from corporations that currently use every trick in the book to minimise their contributions. An effective tax on the profits made by exploiting the nation’s mineral resources would help. So would a tax on inherited wealth, which has been conspicuously lacking in Australia for the last four decades.

The consequences of a BI for fiscal outcomes is also closely linked to the cyclical character of capitalism. Because the government BI payments would have to be on-going whatever the macroeconomic conditions, volatility in revenue would create a potential problem of funding it. BI would certainly be an excellent short-term ‘Keynesian’ cushion against recessions that occur in a capitalist economy. Less positively, the funding problem in a cyclically unstable economy could create uncertainty about the longer-term sustainability of a BI expenditure commitment.

The second question – of whether a BI would impact adversely on national economic output – is similarly complex. Orthodox economists predictably warn of adverse work disincentive effects. However, as previously noted, the availability and nature of jobs is changing anyway: many more people are in precarious jobs and there are big questions around what types of work are actually productivity-enhancing.

One may reasonably expect that most people would want to supplement a modest BI with wages from whatever paid work is accessible to them. For others, there is much socially useful work to be done anyway, e.g. caring for children, the elderly and infirm, community organising, etc. Early advocates of BI, such as Bertrand Russell, argued that it would give creative and artistic people freedom from ‘wage-slavery’ and thereby benefit the nation. Looked at from the perspective of social progress and work-life balance, therefore, we should not be too alarmed if a BI were to drive some behavioural changes. It is part of adjusting to the opportunities created by economic and technological progress.

**Weighing Pros and Cons**

Weighing threats and opportunities is seldom simple. In the case of BI, the level at which it might be set would be crucial. At the official poverty line, or lower? Means-tested or payable to all ‘as of right’? Replacing other welfare entitlements or not? The more universal the scheme the more clearly established would be the underlying social principles but the higher would be the expenditure commitment and the uncertainties about work incentive effects.

The overall public cost would also depend on whether some of the expenditure would be ‘clawed back’ through the rest of the tax system. If the BI were paid to all citizens irrespective of their income from other sources, the initial gross outlay would be offset by the GST component in the additional consumer spending. If BI were included in taxable income, there would also be substantial offsets through higher income tax revenues, thereby reducing the net cost. The unsympathetic radio interviewer I mentioned earlier could perhaps have been assuaged if I’d stressed this latter point more, but would then have asked ‘why give with one hand and take back with the other?’ Well, it is ultimately all about rights and obligations - the universal right to a basic income and the obligation on wealthy people to pay substantial tax. The public benefit arising from a BI would hinge largely on its creating a more egalitarian society, with a lower
incidence of the socio-economic problems that are linked to inequality, as documented by social scientists such as Wilkinson and Pickett. Some increase in the socially-beneficial unpaid work undertaken could be a secondary benefit. To the extent that these effects would contribute to a healthier and more flourishing society, they are what orthodox economists would call ‘positive externalities’. They need to be considered in any broad social cost-benefit analysis of a BI, set against any negative impacts of the policy on the budgetary balance and the incentive to paid work.

Finally, it is pertinent to note the opportunity cost of the high level of expenditure on the BI. All forms of public (and private) expenditure have costs in terms of the opportunities thereby foregone. If the introduction of a BI were to be at the expense of public spending on infrastructure, public housing, public education or other public services, the net social benefit could well be negative. My personal preference would be for the opposite. We need to strengthen the social provision of public health, education, housing, transport and utilities as a top priority. If these public goods were plentiful and inexpensive, then a BI set at a quite modest level would be sufficient for people’s individual expenses.

**Conclusion**

Is it time for some utopian thinking and for some radically reformist policies? Many people evidently seem to think so. Disappointed, dispirited and depressed by the short-sighted and class-biased policies of the Turnbull government, we need to be formulating an alternative ‘big picture’. The BI proposal deserves serious consideration in this context. The Greens are starting to talk about it and the labour movement and Labor Party need to do so too. Discussing the pros and cons of a BI directs our attention to the all-important questions of ends and means: ‘what sort of society do we want?’ and ‘how should we restructure our economy so that the desired social outcomes can be achieved?’

*Frank Stilwell is Professor Emeritus of Political Economy at the University of Sydney*
VIEWPOINTS: BASIC INCOME

Basic Income or Job Guarantee: What is to be Done?

by Neale Towart

Official unemployment in Australia is at 5.9 per cent, youth unemployment is increasing in full-time and part-time labour markets, the number of hours worked is declining each month, and the labour under-utilisation rate at 14.6 per cent. Is it time to start implementing a universal basic income because there is simply not enough work? Or is it time for a job guarantee so that we can do all the work that we need done to create a fairer, sustainable society, fully automating as much useless toil as we can, and allowing us as humans to reach our full potential?

I am personally in favour of the latter. There is plenty of work, just an unwillingness to pay people a real wage to do it. My inspiration for this view comes from over 130 years ago, with William Morris’ Useful Work versus Useless Toil. Morris was aware of automation and where the power and motivation for its introduction comes from. In his words:

They are called ‘labour-saving’ machines - a commonly used phrase which implies what we expect of them; but we do not get what we expect. What they really do is to reduce the skilled labourer to the ranks of the unskilled, to increase the number of the ‘reserve army of labour’ - that is, to increase the precariousness of life among the workers and to intensify the labour of those who serve the machines (as slaves their masters).

Michael Kalecki in Political Aspects of Full Employment made the same point as to how capitalism used the threat of unemployment to discipline workers into accepting the useless toil and on how threatening full employment was. He stressed:

Industry leaders...dislike of the social and political changes resulting from the maintenance of full employment.’

His contemporary J M Keynes, from a different perspective, was aware of the need to have decent work for a decent society, rather than servant work (waitering, cleaning) to keep us in harness.

Recently the useless work we do has been highlighted by David Graeber writing about Bullshit Jobs:

In the year 1930, John Maynard Keynes predicted that, by century’s end, technology would have advanced sufficiently that countries like Great Britain or the United States would have achieved a 15 hour week...Instead technology has been marshalled, if anything, to figure out ways to make us all work more.

Work: workers control or technocracy?

In the 1960s, Andre Gorz developed a strong position on these issues, one that many on the left saw as a betrayal of the principle of the working class as the agents of historical change. My reading of Gorz was that he recognised the drudgery and mindlessness of much paid employment, saw that automation was not a threat to workers but a means of liberation, given worker control. In A Strategy for Labour (from 1964) Gorz stated clearly that the development of a technocracy was not a necessary condition of increasing automation of work. A technocracy saw itself as being outside class. This mentality can be seen in the neo-liberalism of all major political parties today.

Worker control reinserts people into the centre of technological change. A job guarantee would help this process because it means that all who can work are able to so for a real living wage, as in the notion ‘from each according to their ability to each according to their needs’. Combined with workers control, they would have agency at workplaces to determine how work is done, what is produced and when they will produce it. The role of worker organisation (i.e. trade unions) is central here, with workers able to organise around a common interest in decent material living standards and decent environmental and social standards in what they produce and distribute.

A universal Basic Income (BI), determined by the experts of the state apparatus (the technocracy), leaves little room for contestation of that income or social and economic policy. As Gorz put it, a new agenda and new purpose for unions must come from moving from ‘the self-management of work to the self-management of life’.

More recent work on job guarantee ideas in Australia has been driven by the tireless Bill Mitchell, whose Billy Blog gives a daily dose of modern monetary theory (an approach to political economics that a job guarantee marries to). He has been a fearless champion of those who are unemployed and cut off from society, and his
work with colleagues at the Centre of Full Employment and Equity at the University of Newcastle has put a solid research focus on how to develop full employment, why it is not only possible but necessary, and why ecological sustainability is at the heart of full employment policy.

Internationally, Robert Pollin in *Back to Full Employment* and Heidi Garret-Poltier in *Creating a Clean-Energy Economy* have outlined how the USA can develop full employment via the creation of a sustainable green economy. Pavlina Tcherneva has pointed out that a job guarantee gives a sound basis for a good society and ensures full participation (without coercion) to women and ‘minority’ (i.e. less powerful) social groups. Stephen Hail, another economist working on this in Australia (in Adelaide) and who regularly promotes the idea on his facebook page *Green Modern Monetary Theory and Practice*, argues strongly that a BI promotes the division in society between unemployed and employed, despite providing an income to all unemployed. This division excludes and does not seek inclusiveness.

As Hail has expressed it:

> We need never run out of useful things people can do for each other or for the eco-system, so we need never run out of potential paid occupations. Automation frees us up from doing some things so we can spend our time on others.

A job guarantee would define a minimum living wage, as opposed to a BI that would provide a state-sanctioned allowance and thus most likely act a subsidy for employers. A BI would allow employers to get cheap labour because those workers will be getting a certain level of income from elsewhere. Moreover, BI does not act in a countercyclical economic way, as the job guarantee would in providing a ‘buffer’ to the unemployed, thus reducing the power of management over those dependent on a wage.

Recent work by scholars on labour market transitions (e.g. Gunder Schmid and Bernard Gazier in Europe, John Buchanan and Ian Watson in Australia) emphasizes the need to provide income and thus health and security to people as they transition through life. A flexible labour market that workers want would allow people to easily move in and out of jobs into training, sabbaticals, child birth, child care, general study, other types of work without the stresses we all face in trying to find new jobs if we drop out of paid employment.

**Ongoing controversies and lessons from labour struggles**

The BI has thoughtful and influential supporters, not least Philippe van Parijs, Robert Skidelsky, Paul Mason, Yanis Varoufakis, Guy Standing, Daniel Raventos and Julie Wark, for example. All these thinkers have strong egalitarian and social justice standpoints from which they approach the issue. As Navarro has argued, there is no uniform interpretation of a BI, just as Bill Mitchell notes that the job guarantee idea is not a locked-in program.

Navarro points out that the reason Keynes’s idea of the 15 hour working week (or Gorz’s 1,000 hour year) are not in place is because of political variables, particularly the power of capital versus labour. It is not technology that holds back reducing the work week. High unemployment and social deprivation are not the result of technological advancement or the lack of need from humans, but a deliberate political choice by conservative forces who hold the power of the state and corporations in their hands. Organising against these forces can be done via work which remains central to humanity, and provides shared feelings, experiences and assumptions at a collective level, and allows local development of alternatives and local power.

Small examples may be seen in the Spanish cooperatives of the 1930s and the Spanish town of Marinaleda today (see Dan Hancox: *The Village Against the World*). Hilary Wainwright writing in *Red Pepper* recently has set out the great potential of the Lucas Aerospace example:

> We are in new times for trade union organisation but interest in democratic economics is increasing, with the spread of green and solidarity economies and commons-based peer-to-peer production. All of which has deepened ideas about connecting tacit knowledge and participatory prototyping to the political economy of technology development....
The Green Ban movement and worker control on some building sites in Sydney in the 1970s were other examples of the assertion of worker and community power at local levels that challenged employer/government technocratic assumptions. How work was organized is central to these struggles and victories:

The current state of the labour ‘market’ is not technologically driven, inevitably eliminating work, but a function of capitalism’s drive to accumulate more wealth for the few. To accept this state of affairs and to ameliorate it by paying a BI does not challenge that inequality or the power structures. It depoliticizes, just at a time when the need for political economic opposition and alternatives are more crucial than ever for planetary survival. A BI seems an acceptance of the oft repeated Thatcherism ‘there is no such thing as society’.

The Maoist notion of contradiction (it is not either/or but both/and) indicates a way forward. My conclusion from the current discussion is that the job guarantee provides a superior political economic approach as a way of attacking unemployment, a situation caused by politics not technological advancement. Providing jobs that are constructed for and created by workers who are able to use their imaginations and creativity together provides us with a way to shape an ecologically sustainable future ourselves, rather than having a technological state apparatus imposing its form upon us.

Neale Towart works for Unions NSW and is a long-time member of the editorial collective of the Journal of Australian Political Economy. The on-line version of this article includes the full references.

The 1967 Referendum in Wollongong and the NSW South Coast

by Mike Donaldson

2017 is the 50th anniversary of the successful Constitutional Referendum on Aboriginal matters. The referendum provided a vehicle for change by empowering the Commonwealth to intervene in Aboriginal affairs and take responsibility away from the states, which had a terrible history of protectionism and assimilation. The Communist Party and left unions were vital forces supporting Aboriginal people. Mike Donaldson acknowledges their part in the struggle.

When Joe Howe, a white communist, was working on the waterfront in Cairns, he met Joe McGinniss, a charismatic Kungarakan man from Darwin who was also a WWF activist. Joe McGinniss was the inaugural secretary of the Cairns Aboriginal Advancement League and the National President of the Federal Council for Aboriginal Advancement. Joe was so fired up by that encounter that when he returned to Wollongong he got in touch with Fred Moore, a militant coal miner, and with his friend Bobby Davis, a local Dharawal man, with whom he had worked on the waterfront. They established a branch of the Advancement League in Wollongong. As Fred has said, ‘We just couldn’t stand by any longer and watch the White Australia policy treat the people like second class citizens. It was terrible, shocking, what they did’.

In 1961, the same people, with other unionists and the support of the South Coast Labour Council (SCLC) undertook a study of the living conditions of seasonal vegetable pickers on the NSW South Coast. They were all members of the Communist Party (CPA) and the experience fed into their concerns about the treatment of Aboriginal people. White farmers grow beans and peas for the Sydney market and many Aboriginal workers travelled and worked at farms along the 350km coastal strip between Nowra and Nerrigundah. This pattern of seasonal movement and work was consistent with the Dhuga’s long-established and not forgotten cycles.

The survey about housing and working conditions of the seasonal workers is probably the first sociological investigation undertaken in Illawarra. The results were a shocking indictment of inequality, discrimination and poor treatment. For example pickers were earning £5
for a week of twelve hour days while the minimum weekly wage was £14 for eight hour days. The study also reported that when a family travelled through a town, since they weren’t permitted to stay in boarding houses, the women and children would routinely sleep in the railway station and the men in the park.

The report on the survey was presented to the SCLC. The Introduction stated that Australia’s Aboriginal peoples had been made ‘second rate citizens’ kept ‘deliberately in a humiliating condition’ by both Liberal and ALP governments who had tried unsuccessfully to destroy ‘a National group with a nationality, history, and culture in their own right’.

Our Aboriginal people have been hampered in their just fight to be treated as human beings in accordance with the Charter of Human rights, as endorsed by the United Nations. Through bitter experience they see governments and employers as their enemies. They are unionists, some of them, they are part of the Australian Labour movement. We in our Unions, do not practice discrimination. Our Aboriginal people are fighting for freedom in common with the African people, American negroes and others. Greet our Aborigines as friends. Your co-operation will end discrimination.

While the report was titled Survey into Living and Social Conditions of Aboriginal People from Wollongong to the Victorian Border the concerns of the people they spoke with had shifted the investigators’ initial focus away from work and living conditions to land. They found the residents at Wallaga Lake very worried that the Welfare Board would sell their land, just as it had done in 1949 with a large chunk of the reserve called Akolele, desecrating the burial grounds there.

At Nowra, they found that the reserve at Roseby Park established in 1900 was under direct threat. The Aboriginal people they met with at Nowra insisted that land, particularly the retention and protection of the reserve, was the issue of greatest importance to them. Even after 60 years as a reserve, they still had no security of tenure. In a country that was all theirs, they still had no land at all. The Report noted,

At Roseby Park, a road has been surveyed through the property and the people fear that the Aboriginal Welfare Board is planning to sell a part of their land. The Aboriginal people everywhere are proud of the land where they live and strongly resent the repeated moves by the Board, to sell or lease the land. One of their main needs is to ensure that the last remaining pieces of land that are now Stations or Reserves are kept intact and become the property of the Aboriginal people themselves. They ask for support from all people in this struggle to retain these areas of land, that they have for so long regarded as their property.

The report had its intended effect, galvanizing Aboriginal and white unionists into action. Mary Davis, Olga Booth, Gladys Douglas, Bob Davis, Dolly Henry, Linda Kennedy, Rhonda Delaney, Joe Howe and Fred Moore founded the South Coast Aboriginal Advancement League (SCAAL) in November 1961. With Bobby Davis, a grandson of Jane Duren, as its spokesman and Jock Delaney as his white chauffeur, it set about campaigning for equality and
decent housing and to put an end to racial discrimination in the Illawarra.

While land was a high priority, everyday racism occupied most of SCAAL’s attention. State laws determined where people could go, what they could do, and how they could live. With the help of communists Joe Howe and Joe Davis and other militants of the Waterside Workers Federation, the right for Aboriginal workers to drink in Port Kembla and Wollongong hotels was won and enforced. Uncle Fred Moore says when they heard that a publican would not serve someone, they would threaten to cut off their beer supply. ‘We just wouldn’t deliver any more kegs, that was it.’

But where the strength of the unions was considerably weaker, things were very different. An Australia-wide survey in 1960 had found that 22 per cent of the population approved of the South African system of apartheid, and that 19 per cent were undecided about it. On the South Coast, people were excluded not only from pubs and pools, but also from schools, and had to deal with discrimination in shops and picture theatres. ‘They couldn’t get a haircut in any town, they weren’t allowed to touch or try on clothes in a dress shop’, according to Uncle Fred Moore. ‘They couldn’t be served in a cafe and they weren’t allowed to drink alcohol. A publican could lose his licence if he dared serve an Aboriginal person an alcoholic drink.’

Dolly Henry remembers the first and last time she shopped for shoes in Huskisson. ‘A white woman would pick what she wanted to pick for you, you couldn’t pick your own.’

Graham Moore, a Garrangutti man from Nowra, never forgot how as a child,

*I had to stand outside with my mum holding her hand while other people were getting their hair cut, or being in a shop getting served and we’d have to wait. I thought it was natural.*

*When I got older, I felt within me that it was shameful to be Aboriginal, because of the legislation and the way people treated us when we came to town.*

Before television, people went to the movies as often as they could. At Batemans Bay Aboriginal and whites were supposed to sit on left and right sides of the picture theatre. Lou and Jane Duren and others simply refused, and sat where they liked. Aboriginal people were fenced off to the front in the Nowra and Bega theatres and not allowed upstairs. They could only buy a drink in the Nowra cinema in their own cups.

‘It was the first time I had ever seen anything like it’, said Esma Cruse from Bundaberg when she and her husband whom she had met doing seasonal work in the area, were ordered to the front in Bega cinema. Accustomed to the Whiteway in Port Kembla, Joan Wakeman ‘got the shock of my life when I went to Nowra and had to sit right down the front with my head tipped right back. At Port we could sit anywhere we liked’.

Dossie Henry’s mother, Dolly

*...went wild about it. She said ‘I’ll go with you tonight’. We went in and they came over with a torch and said, ‘Sit over there’. Mum said, ‘Look, I paid my money. I’m*
for they had not sat down in a café before. So I got up and said ‘What’s your problem mate?’ The man said he did not want the custom of the women because if he served them he’d get no more business from other people. He said he would serve us if we moved to the back of the café, out of sight. We refused. Racism was pretty rampant in Nowra then. Well we left and put out the word that if anyone refused to serve an Aboriginal person again we would ban all deliveries of food to their business.

The women returned about a week later, and were served politely. By 1964, action by the Nowra League had ended racial segregation by Nowra’s businesses. A year later, when renowned U.S. Black Muslim leader Malcolm X commented that ‘the Aboriginal Australian isn’t even permitted to get into a position where he can make his voice heard in any way shape or form’, the Federal Council for Aboriginal Advancement, with branches throughout the country, including three on the South Coast, and with 52 organisations affiliated to it, had already been campaigning for several years for equality, equal pay, housing, medical care, education, ownership of the reserves and for a referendum to change the Australian Constitution.

In 1965, the year after Nowra’s desegregation was completed, Charles Perkins, school kids from Walgett and elsewhere, Ann Curthoys and other white student Freedom Riders from Sydney, began desegregating municipal swimming pools in Western NSW. Outback country radio hardly played protest songs like ‘We Shall Overcome’, and the kids at Moree sang Little Pattie’s ‘Stompin’ at Maroubra’ as they went into action. But while the protestors were abused, punched, pelted and run off the road at Kempsey, Moree, Walgett and Bowraville, Sue Henry was having a whale of a time at Port Kembla pool.

I spent most of my time at Port Kembla pool. We were there from the time we got out of bed until nearly dark. We didn’t have to pay back then. The manager was really good to all the Koori kids. He’d even bring us some food during the day if we had nothing to eat.

Further south, things were particularly hard for the fifty or so people living at Stoney Creek, a camp outside Bega now mainly used by former bean pickers. There was no sanitation, bathrooms or kitchens at the camp and children did not attend school. Matters came to the crunch in mid-1966 when the Aborigines Welfare Board began negotiating with the Anglican Church to buy land for houses in the middle of Bega. The Mayor of Bega, expressing the view of many of those who elected him, said he was ‘surprised, disappointed and concerned’ about the plan, for the ‘hereditary characteristics, instinct, established habits and behavior common to their race’ had not yet been ‘thrown off’ by the people at Stoney Creek. ‘They are nomadic, they won’t settle down’, he said.

Margaret Dixon, Eileen Pittman and others were hard at
work in the housing battle at Bega became caught up in the Referendum campaign. The national referendum was about changing the Australian Constitution to give the Federal Government power to override discriminatory State laws which restricted whom people could marry, where they could travel, how much they could earn and whether or not they received social welfare.

The referendum itself had been achieved by agitation by the Federal Council for Aboriginal Advancement. In its drive to achieve 100,000 signatures on its petition calling for the referendum and an end to discrimination, Fred Moore was named ‘champion signature collector’ in 1963 by *Smoke Signals*, the journal of the Advancement League, for collecting 2,500 signatures. ‘If we had a hundred Mr Moores we’d probably have this problem solved’, said campaign organiser Shirley Andrews. ‘It was easy’, said Fred. ‘My workmates at Nebo, all 1,000, signed, which was a pretty good start’. The miners at the other South Coast pits followed suit, and many of their Lodges gave donations to the Advancement League. Monica Chalmers, Melva Merletto and Irene Arrowsmith were particularly active around the petition, collecting signatures at stop-work meetings in Wollongong Showground, and counting, bundling and dispatching the signed petitions that were rolling into the South Coast Labour Council office.

The referendum was about removing from the Australian Constitution two references that discriminated against Aboriginal people. The first reference was Section 51:

*The Parliament shall have the power to make laws for the peace, order, and good government of the Commonwealth with respect to, clause xxvi, that the people of any race, other than the Aboriginal people in any State, for whom it is necessary to make special laws.*

The second was Section 127:

*In reckoning the numbers of the people of the Commonwealth, or of a State or other part of the Commonwealth, Aboriginal natives should not be counted.*

The ‘Vote Yes’ campaign was in favour of removing ‘other than the Aboriginal people in any State’ in Section 51 and the whole of Section 127.

The task of winning a ‘Yes’ to constitutional change by referendum was a big one, for of the twelve referenda for constitutional change held since 1901, only four had been successful. ‘Vote Yes’ committees sprang up around the country, under the able direction of CPA member, Faith Bandler. Bob Brown the first Aboriginal Justice of the Peace, and Harry Hesse in Nowra were heavily involved. With white Anglican minister Frank Woodwell, Margaret Dixon and Eileen Pittman established the Bega Valley Aborigines Advancement Association (BVAAA). The ‘Vote Yes’ committees, SCAAL, the Nowra Advancement League, BVAAA, the churches and the South Coast Labour Council worked hard to roll out the vote, and in May 1967, 91 per cent voted ‘Yes’ nationally. Narrowly second to Kalgoorlie, 22 per cent of Bega residents voted ‘No’, and subsequently only one house for Aboriginal people was built in the town. The Bega District News warned that this would encourage ‘imported Aborigines to squat nearby’.

While the result in Bega was disappointing, nonetheless, the referendum was ‘a real victory,’ according to Uncle Fred Moore. Chicka Dixon, also in the CPA, who had grown up at Wallaga Lake and Wreck Bay and worked on the Port Kembla waterfront as a teenager during the War, had played a leading national role in the campaign as an organiser with the Waterside Workers Federation. In his view, ‘The 1967 Referendum ended seven years of frustration of trying to force the Feds into changing the Federal Constitution’.

The 1901 Australian Constitution had made Aboriginal people a State responsibility, and the referendum gave the Federal government the power to override discriminatory State laws and practices. Without this capacity, the Whitlam government would not have been able to pass the Racial Discrimination Act, as it did in 1975, which at last proscribed racism in the provision of goods and services and in accessing public places and accommodation, effectively ending discrimination in theatres, pubs, schools and shops. At this point, the Advancement League shut itself down, having done, as Uncle Fred Moore put it, ‘a pretty reasonable job over about twenty years’.

In the early 1970s, Fred was initiated into the Gerrinja clan of the Dhurga people. In 1988 he was named Koori Citizen of the Year in recognition of his services to the South Coast Aboriginal community.

Mike Donaldson, for many years the Head of the Sociology Department at the University of Wollongong, is a life member of the South Coast Labour Council and the National Tertiary Education Union.
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Phone (B) ..................................................... (H) ................................................... Mobile ...................................................
Email ....................................................................................................................................................................................

Gift to (if applicable)

Name (please print) ............................................................................................................................................................
Address ...............................................................................................................................................................................
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Postcode..........................................................................................................................................................
Phone (B) ..................................................... (H) ................................................... Mobile ...................................................
Email ....................................................................................................................................................................................
Send renewal notices to: □ me    □ the gift recipient (Message: .................................................................)

Payment Options □ Receipt required

□ CHEQUE / MONEY ORDER (payable to Australian Options) is attached

□ ELECTRONIC FUNDS TRANSFER (our preference), as bank charges are much lower than for credit card payments

Australian Options  BSB 805-007  Account Number 0070 7401  Reference your surname and postcode

If you do an EFT, please let us know by email (include mailing address), to secretary@australian-options.org.au

□ PAYPAL
PayPal payments can be made via link on “Subscription” page of our website. Credit card can be used via PayPal.

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