

Chapter 7 Transformational cultural change in Australia: What will make it happen?

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Abstract

I have just returned from a three-week tour of Cuba and am struck by the despondency of most of the people to whom I have spoken since my return about the state of our nation and its future. The recent federal budget has helped to cement in place for now, a national culture of environmental and climate denial and market fundamentalism. That this has happened with such speed and clarity, says something about the state of Australian democracy and those who currently represent us. Many of us have been talking for years about the need for a transformational shift from anthropocentric thinking to eco-centric thinking and the requirement for a new national narrative. That promised land now seems further away than ever and because of my recent Cuban experience I am prompted to explore the factors which led to revolutionary change in that country in the 1950's and to ask the question, "how do radical cultural transformations occur? My conclusion is that they depend both on inspirational leadership and crisis opportunities. This presentation will also build on my experience of attempting to foster transformational change through three NGO's: SEE-Change ACT, Australia21 and Transform Australia, with which I have been actively involved since my retirement from academic public health in 2001. It is hoped that this could be an interactive discussion about the prospects for radical change in Australia within the near term future.

Slide 1. Transformational cultural change in Australia: What will make it happen?

2 . I have just recently spent three weeks in Cuba and thought that I would begin by talking about that experience. Then I will touch on what we understand about system transformations and move on to what has been my central preoccupation for the past six months:- understanding financial inequality in Australia and the world. I will then move onto a discussion of Australian culture in 2014, and a suggestion about the prerequisites for cultural transformation. I hope we will then have about 20 minutes for a two way discussion about what will make change happen of the kind that I, for one, consider that Australia urgently needs.

3. My own background is that I trained in medicine and worked as a physician in Papua New Guinea in the 60s. This led me to a growing focus upon public health rather than clinical practice and resulted in me coming to ANU about 25 years ago to lead the development of the National Centre for Epidemiology and Population Health. One of my biggest learning experiences in that post was from the Canadian Institute for Advanced Research with whom we worked on the issue of inequality. I learnt particularly the value of multidisciplinary activity and on my retirement was involved with others in the development of a national body called Australia21, which seeks to bring big thinkers from many disciplines together to think about the issues that confront Australia in the 21st-century. That experience in turn led me to a recognition that if transformative change is to occur, it must begin at the grassroots in the hearts and minds of ordinary Australians. In turn that led to the development of a community body, SEE-Change ACT, The S-E-E of SEE-Change stands for Society, Environment and Economy and all of these will need to change if Australia is to make the essential transformative change that I think is needed. In late January of this year, Australia 21 with collaboration from the Australia Institute and Dr Sharon Friel from the ANU and also the Shadow Assistant Treasurer and Parliamentary member for Fraser Dr Andrew Leigh, held a roundtable at Parliament house on the issue of inequality in Australia and the world. And much of today's talk deals with the report of that roundtable that was launched this week.

4. But let me say a bit about my recent Cuban experience. Cuba's modern history began in the early 1500s as a Spanish colony. The United States always had a real interest in the richness of Cuba and fought the Spanish in a war in the late 1800s. Throughout the 20th century until the 1950s, Cuba was theoretically an independent republic but its independence was dominated by US supported capitalism and Mafia style corruption. From the 1930s, a key contributor to the politics was a man named Batista who seized power in 1952 as a dictator with little interest in the welfare of the population, which was then about half its present

size of 11 million. The population is a mix of colour and background, the land having been previously populated by American Indians and then strong inter-marriage between African slaves brought in by French and Spanish landowners. There was a strong underlying resentment at the oppression of the poor by the rich which Fidel Castro, a brilliant young lawyer tried to capitalise on in a failed attempt to overthrow Batista in 1952. On trial for his life, he mounted an extraordinary defence in which in 2 1/2 hours he laid out all that was wrong with the Batista regime and presented in detail, his own plans for a revolution aimed at improving the lot of the average Cuban. He went to jail for 22 months but was released because of pressure from the community and escaped to Mexico where he conspired with an Argentinian doctor, Che Guevara who returned to Cuba with Castro and for several years worked with him in a mountain hideout to plan the revolution which came in 1959. Other events in Cuban history were the 1961 failed Bay of Pigs invasion by Americans supported Cuban-American forces and the 1961 missile crisis when the world came close to nuclear war as a result of the intention by the USSR to install missiles aimed at the United States on Cuban soil. Despite the USSR back down, Russia continued to provide great support to the development of the Cuban communist revolution, and the country prospered despite the antagonisms of the United States until the collapse of the Russian Empire in 1991. Since that time, Cuba has been in economic crisis, that has not been helped by continuing crippling US sanctions. Fidel Castro stepped down as President a couple of years ago and his brother Raoul is now the president and in his 80s. There are now modest efforts underway to introduce market forces to a centrally planned economy, while maintaining equity.

5. Let me quote from Castro's trial speech of 1952. The words have some resonance for Australia in 2014. He said, "The future of the country and the solutions of its problems cannot continue to depend on the selfish interests of a dozen financiers nor on the cold calculations of profits that 10 or 12 elite think up in their air conditioned offices. The problems of the Republic can be solved only if we dedicate ourselves to fight for it with the same energy, honesty and patriotism our liberators had when they created it."

6. During my visit to Cuba we visited the Highland Forest headquarters of Castro and Che Guavara during the 50s. Here is a photo of them together in one of the huts that are now resored as a museum,

7. Here is the typewriter on which they prepared the new national constitution;

8. Here is the kerosene refrigerator that Castro's supporters carried in to his Forest headquarters under enemy fire from circulating helicopters and if you look carefully you can see the dent made by a shell.

9. Here in Santiago de Cuba is the balcony from which Castro announced the revolution and his plans for the nation in 1959. Cubans are immensely proud of their heroes and the picture I have shown you are something like sacred shrines to the people of Cuba.

10. Transformation occurred at breakneck speed. Within weeks, 100,000 teachers came to Havana to train as literacy teachers to illiterate farmers across the nation. There was massive development of primary and high schools, funded by nationalisation of banks and of land previously owned by Spanish capitalists. There was a centrally planned and managed food production and distribution system, huge housing development and investment in health and the training of doctors. All of this was assisted by Soviet supported infrastructure. This was a Communist one-party state but with what seem to be genuine democratic inputs from community delegates. There is no doubt in hearing and reading the history of the Cuban Revolution that Fidel Castro and Che Guevara were immensely important to its success. And success it undoubtedly was, even though Cuba bears many of the hallmarks today of a country in desperate need of new capital investment.

11. What brings about system transformations? Human culture is really a series complex adaptive systems each with their own feedback loops. Systems theory suggests that transformation occurs in systems when stimuli reach critical points and overcome the moderating capacity of the feedback loop. Extensive feedback loops are available to maintain and reinforce the status quo in our culture today. Think of the way the Minerals Council responded to the suggestion of a super resource profits tax Many of us have been arguing for many years about the need for a transformation in our culture from anthropocentrism to eco-centrism and a new respect for the limitations of nature. So how can we help to make it happen?

12 In my 77 years, the closest thing I have experienced to cultural transformation was the Whitlam era between 1972 and 1975. Gough Whitlam came to power after many years of Conservative government, with

a clear vision of the kind of Australia he thought we needed to become. I was working in the United States at the time of his election and returned to Australia in 1973 to find huge shifts taking place in the empowerment of communities and in government priorities. There was excitement in the air and huge new opportunities in my newly chosen field of public health as a result of the new priorities of the government. Whitlam had solid electoral support at first but incompetent management and clever politics from the Conservatives resulted in the blockage of supply and what has come to be known as "the great dismissal". I would say that since that time we have witnessed a much slower but relentlessly progressive transformation to self-interested anthropocentrism

13. Let me turn now to the issue that has dominated much of my thinking in the past 12 months and the report, which former Liberal leader John Hewson launched this week entitled "Advance Australia fair? What to do about growing inequality in Australia."

14. Around the world especially in rich countries the gulf between the very rich and the very poor has been increasing. Here is the distribution of mean household net worth in Australia in the financial year 2011-2012. The lowest 20% of the population in that year had an average net worth of \$31,000 with the highest 20% having an average net worth of \$2.2 million.

15. And here are a few quotes from the new report. Pope Francis last year in his first policy statement said among other things "While the earnings of a minority are growing exponentially, so too is the gap separating the majority from the prosperity enjoyed by the happy few. This imbalance is a result of ideologies that defend the absolute autonomy of the marketplace and financial speculation". In its submission to the Davos conference of the World Economic Forum, held in January this year Oxfam pointed out that "The richest 85 people on the globe – who between them could squeeze onto a single double-decker bus – control as much wealth as the poorest half of the global population together (3.5 billion people.)"

16. And here is my favourite quote from the Nobel laureate economist, Joseph Stiglitz in his book "The price of INequality. He says "Inequality is a choice. I see us entering a world divided not just between the haves and the have-nots, but also between those countries that do nothing about it and those that do. Some countries will be successful in creating shared prosperity – the only kind of prosperity that I believe is truly sustainable. Others will let inequality run amok. In these divided societies, the rich will hunker down in gated communities, almost completely separated from the poor, whose lives will be almost unfathomable to them and vice versa. I have visited societies that seem to have chosen this path. They are not places in which most of us would want to live, whether in their cloistered enclaves or the desperate shantytowns".

17. The local parliamentary member for Fraser, Andrew Leigh, is a former professor of economics at ANU and last year he published his analysis of inequality in Australia. Which was the stimulus for Australia21 to move into action to bring together a group of 35 experts including 5 federal parliamentarians and explore what should be done about it. Let me quote from Leigh's book. "To see the full extent of inequality today, imagine a ladder on which each rung represents \$1 million of wealth. Now imagine the Australian population is spread out along this ladder with distance from the ground reflecting household wealth. On this ladder, most of us are just a few centimetres off the ground. Half of all households are closer to the ground than they are to the first rung. The typical Australian household has a wealth of about half \$1 million, placing it halfway to the first rung. A household in the top 10% is 1 1/2 rungs up at about the knee height. A household in the top 1% is five rungs up at about thigh level. The mining billionaire Gina Rinehart is nearly 10 km off the ground".

18. Here's another analysis of the percentage share of Australian household disposable income and net worth in 2011-12 for each tenth of the population, lower to upper. What this reveals is that the upper 10th of the Australian population in that year had 45% of all Australia's net worth whereas the lower 10% had none of it.

19. In January of this year, a Frenchman named Thomas Pikety published what many see to be a game changing economics book on the relationship between inequality and capitalism. This graph taken from his book shows the time trends of a measure of income inequality that is widely used as a marker for the USA, United Kingdom, Canada and Australia. The vertical axis represents the share that the top 1% of the population receives of total income for the nation.. During the past 100 years, there was a dramatic decline in income inequality following the Second World War in all four countries with a dramatic rise beginning in

the mid-1980s. Australian income inequality is not yet as severe as that for the United States or Britain but it is rising very fast. The prediction of course is that it will rise even faster in the context of the recent budget.

20. Here is a graph of tax paid as a percentage of national GDP for OECD countries in 2010. You might be surprised to find that Australia is the fifth lowest taxing country in this list, with Italy, Belgium, Sweden and Denmark taxing their populations a good 15% more of their GDP than we do in Australia.

21. And this graph shows that our tax levels have been well below the OECD average for the past 30 years. It also reveals that our principal taxing agent is the Australian government and that by comparison, state governments and local governments collect relatively little of our tax.

22. Here is another graph taken from our inequality report, which shows over time, the relationship between unemployment benefits and the poverty line. You may recall Bob Hawke's assertion that by 2000, no Australian child would live in poverty. Between 1987 and 99 the unemployment benefit ran above the poverty line but since that time it has been declining and is declining quite drastically, running now at 20% below the poverty line.

23. This Histogram is the result of a survey conducted by the Australian Institute recently. In 2012 the actual New Start unemployment allowance was \$245 per week. The minimum wage at that time was \$589. The Australia Institute survey indicated that the perceived cost of living was about \$454 a week and that most Australians believed that the New Start allowances should be at least at \$329 per week.

24. So why does Inequality matter? There has been a huge literature on this in recent years. It is clear that as inequality of income and wealth increases there is greater stress on the community with adverse impacts on trust, self-image and equality of opportunity for disadvantaged groups. This in turn has negative effects on health and social stability. There is growing evidence including from the International Monetary Fund, that increasing inequality impedes economic productivity and economic growth as well. An unequal society also has very unequal health outcomes. What you see on this graph is the socio-economic gradient for the prevalence of four health outcomes among people aged 45 years and older in New South Wales. The people on the right of the graphs are the people in the upper strata of income and the people on the left are in the lower strata. There is a clear gradient for heart disease, cancer, diabetes and depression across the socio-economic spectrum.

25. I have talked about the distribution of wealth and income but most economists agree that the most important variable in terms of the future of society is equality of opportunity. Here is what is called the Great Gatsby curve, which shows that more inequality is associated with less social mobility across the generations. What I mean by social mobility is the possibility of a child, on reaching adulthood moving into a higher income bracket than their parents. Without going into the technicalities of the Gini coefficient and generational earnings elasticity which are shown on the horizontal and vertical axes of this graph, you will note that the countries which have lower income inequalities such as Sweden Finland Norway and Denmark also tend to have greater equality of opportunity. At the upper extreme of the graph is the United States which has great income inequality and low equality of opportunity or social mobility. Note where Australia stood on this issue prior to the budget.

26. So much for inequality, which I submit is now a very important part of Australian culture and will worsen significantly as a result of the recent budget initiatives. Coming back to the question of transformation and where we now stand in Australia in June 2014. I think there will be little disagreement that we have a government that is in climate and environmental denial and that market fundamentalism now rules our nation. It's also true that the current government is deeply unpopular at least among the chattering classes. Inequality is growing rapidly and will worsen in coming months. National policy is driven by the wealthy elites specifically in their interest. Our report on inequality points out many of the economic changes that have been made in the past 20 years by both Liberal and Labour governments have disproportionately favoured the very rich and favored little, if at all those at the lowest end of the income scale. So I put it to you that transformation of our culture to equitable eco-centrism has never been more urgent and I hope that in the discussion that follows we can consider what will be needed to bring about transformative change.

27. Going back to the earlier discussion of Cuba and the elements, which led to massive transformative change in the culture in that country in 1959. There was a deeply corrupt dictator in power. There was a

visionary and determined leader who had been planning the revolution for about 10 years. There was a brilliant military strategist and a profoundly oppressed population ready for change. When change came, rapid action occurred. My reading of the mood in Cuba is that the centrally planned government still commands wide and deep support, despite the economic difficulties that are evident.

28. So, what is my take-home message about transformative change and its feasibility in Australia in the near future. The first is that feedback loops are powerful reinforcers of the status quo. And that to generate transformational change will require a combination of a supportive population, leadership, vision, strategy and quality implementation. I think that if we agree that transformative change is needed in Australia we will need to recognise the validity of Castro's words in his "History Will Absolve Me" speech. "The problems of the Republic can be solved only if we dedicate ourselves to fight for it with the same energy, honesty and patriotism our liberators had when they created it.

So let me hear what you think about all of this.

Q&A

Outcomes of the discussion following the presentation resolved into these ideas:

The need to generate a political conversation, to open discussion for us to listen to the futures that people might want; but we lack the dynamic leader with the vision of how we can move forward, we lack the progressive narrative,

The role of the media in maintaining the dominant narratives was recognised. Therefore to get new narratives out requires activating people at the community level.

Previous transformational shifts have actually occurred because the mechanisms were already there for them to emerge; eg slavery was replaced by waged labour when capitalist found it cheaper to pay than keep slaves, and waged labour stimulated the economy, and more efficient machinery became available. Rejigging the economy for war was possible because we are practiced in preparing and undertaking war, we have standing armies, but we have little practice in ecological sustainability. So we are asking of modern society a novel undertaking: to self-impose limits even as we butt up against the existing biophysical ones. However the impending biophysical limits society is now approaching is a game changing situation.

Finally Bob Douglas suggested the need to establish a Public Interest Council with resources to propagandise society and government, to advocate and communicate the current situation, the new vision and the means to go there. Groups (yet to be defined) need to build a framework for a Public Interest Council.

THMs

The lesson of Cuba in the 1950s is that rapid transformational change occurs with a visionary, determined leader, supported by a brilliant strategist, balancing the feedback loops to overcome the resilience of the entrenched system, garners popular support against a deeply corrupt government. Growing inequality in Australia, may be a reflection of a deeply corrupt government, which may provide the impetus for the popular support required for such leadership to bring about change. What we lack is the visionary, determined leader. Once in power, the new leadership needs to rapidly implement the needed changes.