



Combating the two-speed economy

17 IDEAS FOR LABOR TO FIGHT INEQUALITY IN NSW



“Promoting shared prosperity means that we will work to increase the incomes and welfare of the poorer segments of society wherever they are, be it the poorest of nations or thriving, middle- or high-income countries.”

THE WORLD BANK



“We have reached a tipping point. Inequality can no longer be treated as an afterthought. We need to focus the debate on how the benefits of growth are distributed.”

**ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT (OECD)**



“We find that increasing the income share of the poor and the middle class actually increases growth while a rising income share of the top 20 percent results in lower growth — that is, when the rich get richer, benefits do not trickle down”.

INTERNATIONAL MONETARY FUND (IMF)

A MESSAGE FROM

John Graham MLC

A direct assault on inequality is the idea of our time. No idea could be closer to Labor's original purpose.

Labor's Leader, Bill Shorten acknowledged this recently when he spoke about this as Labor's "defining mission".

That's also how the issue is talked about by our sister parties. Inequality is an issue that unites Hilary and Bernie in the United States, Corybn and the Milibands in the United Kingdom.

It is in tune with the views of the world's key economic institutions. The International Monetary Fund, the OECD, and the World Bank have all stated the case against inequality and its stifling effect on growth.

Thomas Piketty's influential work "Capital" assembled an army of data to show that inequality was bad and getting worse.

When the Governor of the Reserve Bank is calling for workers to fight for pay rises, you know something is up.

Even Chris Bowen, the most articulate modern spokesman for the Labor tradition that prefers to emphasise the principle of equality of opportunity has moved on.



He recently gave a speech on the Case for Action on Inequality. He has acted too, championing restrictions on negative gearing and capital gains tax.

The Whitlam, Hawke and Keating tradition tended to emphasise opportunity. The dominant view was that if you gave our people an equal chance they would succeed. That view was right for the times.

Today we need to tackle inequality head on. That recognition globally and within Federal Labor reflects that after three and half decades of economic liberalisation, launched by Thatcher and Reagan, income and wealth disparities have become too wide, including in Australia.



"Inequality kills hope. Inequality feeds the sense that the deck is stacked against ordinary people..... it fosters a sense of powerlessness that drives people away from the political mainstream."

BILL SHORTEN Federal Labor Party Leader

The Sydney Morning Herald

NSW Labor splits over inequality

NSW Labor's economic policy committee, controlled by the Right faction, has rejected 13 of 17 inequality-related motions put to this weekend's annual state conference ...

SEAN NICHOLLS

JULY 26 2017

Not everyone in NSW Labor got the memo though.

At this annual conference the policy committee charged with setting Labor's economic policy has gutted an attempt to focus NSW Labor on this goal of fighting inequality. They have rejected platform resolutions with thirteen new ideas for NSW Labor to combat inequality.

They have preferred to defend a platform which remains largely unchanged since Labor lost Government in 2011.

What would it mean to make this change?

NSW increasingly has a two-speed economy. A globally integrated Sydney is growing faster, and its wages are growing faster, than in the regions that surround it. This is made worse by a government concentrating its infrastructure spending in Sydney. In NSW, tackling inequality means addressing the two-speed economy.

Why do we need to do this?

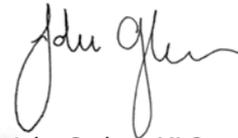
We can't close the gap for indigenous citizens, or include disabled citizens in work and society, or keep older blue collar men in useful work or address pay equity without declaring we will tackle inequality head on. Progress is simply too slow in these areas.

The following ideas are a start. They represent a modest attempt to arm Labor in the fight against inequality in NSW.

I intend to move this way at the conference. If the economics committee has its way, my resolution will be rejected.

That would put us out of step with our sister parties, with the Federal Parliamentary Labor Party, with the current economic consensus and with the electorate.

NSW Labor must commit to this fight.



John Graham MLC



Fighting inequality should be central to Labor's platform

The first step is to state clearly our determination to fight inequality. We should make it clear in Labor's economic platform that this is central to Labor's cause.

- 1** Amend Labor's platform to read:
"NSW Labor believes reducing inequality produces happier, healthier citizens and will boost economic demand and productivity."
Status: Rejected by the Our Economic Future Policy Committee
- 2** Amend Labor's platform to read:
"Creating a more economically equal society, which requires the redistribution of income, wealth and economic power.
Combating poverty and supporting disadvantaged NSW citizens with adequate welfare support and services."
Status: Rejected by the Our Economic Future Policy Committee



“At some point, one imagines that’s going to lead to workers being prepared to ask for larger wage rises, if that were to happen it would be a good thing.”

PHILIP LOWE

Governor | Reserve Bank of Australia

You can't fix what you don't measure

Labor should properly measure inequality in Government. This is especially important in NSW to combat the two-speed economy.

The current statistical measures of regional inequality are inadequate and infrequent.

The current Government's approach is to turn a blind eye to this problem. Labor has to do better.



3 Add to Labor's Platform - measuring wellbeing

"That NSW Labor will ensure that NSW budget measures will include both the traditional budget measures such as the Gross State Product, as well as broad measures of the community's economic, social and environmental wellbeing."

Status: Rejected by the Our Economic Future Policy Committee

4 Add to Labor's Platform - measuring inequality

"NSW Labor will implement an annual report into the state of inequality in NSW."

Status: Rejected by the Our Economic Future Policy Committee

5 Add to Labor's Platform - measuring regional inequality

"NSW Labor supports more detailed and more frequent reporting by the Australian Bureau of Statistics of state and regional economic data. Key state data is currently only available annually. Regional data is essential to measuring difference in economic conditions in cities and the regions where parts of the state are increasing integrated into the global economy."

Status: Rejected by the Our Economic Future Policy Committee



“Inequality in Australia is at 75 year highs.... The three richest Australians have more wealth than the one million poorest. We as a Labor Party have to take some lessons from this inequality.”

TANYA PLIBERSEK MP

Deputy Opposition Leader

“

We know that the system isn't working for the majority of people at the moment and it needs to be addressed.”

ANTHONY ALBANESE MP

Shadow Minister for Infrastructure,
Transport & Regional Development



“

I want to make the case for an activist policy to counter rising inequality.”

CHRIS BOWEN MP

Shadow Treasurer

Building the machinery of government to fight the two-speed economy

Even when NSW Labor makes this a priority when it comes to power, the machinery of government to combat inequality isn't strong enough.

An Economic Development Council, regular jobs forecasting study, and a renewed commitment to a state plan would all help fix this.

6 Add to Labor's Platform – State Plan

“NSW Labor will implement a state plan with measurable targets and priorities, as a way to drive government performance and the rapid implementation of Labor's Platform.”

Status Rejected by the Our Economic Future Policy Committee

7 Add to Labor's Platform – Jobs forecasting

“NSW Labor will implement a jobs forecasting study to indicate what the areas of growth are expected to be over a medium term horizon, including an analysis by region.”

Status Rejected by the Our Economic Future Policy Committee

8 Add to Labor's Platform – NSW Economic Development Council

“NSW Labor will establish a NSW Economic Development council, comprised of key employers and trade unions which will focus on productivity growth and significant state infrastructure.”

Status: Rejected by the Our Economic Future Policy Committee. Note: the Committee has supported a change to the Platform to establish an Office of Future Industry and a Future Industry Taskforce.

Funding the **fight against inequality**

We should launch a broad review of taxation measures in NSW. It should examine options in relation to stamp duty. Housing is the source of the greatest divide in wealth today.

One of the major gaps in regional development is still financing for job creation. Labor should examine the Clean Energy Finance Corporation model to assist to leverage private sector investment into our regions – combatting the two-speed economy. The British Labour party has a much more developed discussion about overcoming financing gaps to drive regional development.

State funding, especially in the sports and the arts, should be tied to improving gender equality outcomes.

9 Add to Labor's Platform - Reviewing taxation measures, including stamp duty

“Add to Labor’s Platform: “NSW Labor will review taxation measures in NSW, including consideration of a shift from stamp duty to a broad based land tax.”

Status: Similar wording supported by the 2016 NSW Annual conference

10 Add to Labor's Platform

“NSW Labor will adopt measures to finance economic development including manufacturing, through the introduction of a NSW Development & Innovation Investment Fund or Bank along the lines of the Clean Energy Finance Corporation. Such a bank will have a mandate to seed fund key job opportunities within the state of NSW.”

Status: Rejected by the Our Economic Future Policy Committee

11 Add to Labor's Platform - Arts funding tied to equality “...and gender equality.”

Status: Supported by the Building Sustainable Communities Policy Committee

HILLARY CLINTON

went to the 2016 election promising to implement a Buffet Tax and expand and increasing estate and inheritance taxes.



“

The issue of wealth and income inequality is the great moral issue of our time, it is the great economic issue of our time, and it is the great political issue of our time.”

BERNIE SANDERS



Inequality in the information age

In the information age, if you can't read, you can't keep up. Whether it's reading an article or a map, literacy is more important than ever, and government needs to play a more hands on role giving people support to read.

Libraries are engines of equality in the digital era. Labor should boost their funding.

We should tip the balance in favour of consumers and small businesses by supporting an open data agenda.

12 Add to Labor's Platform - The right to read

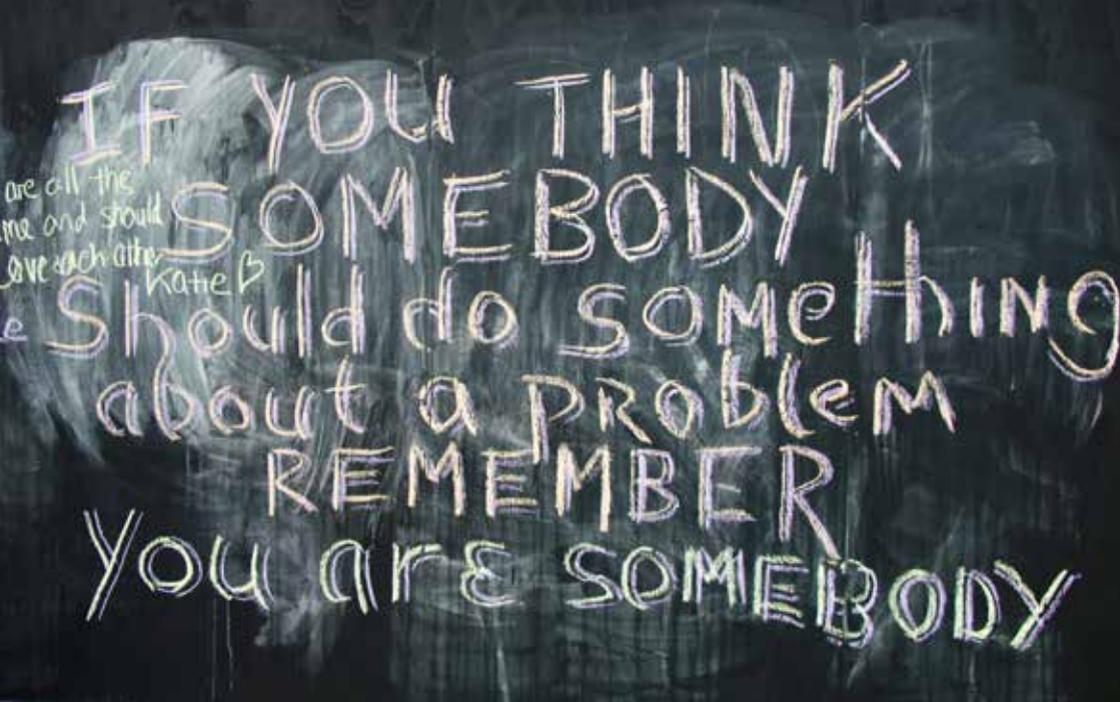
"NSW Labor believes that literacy is one of the keys to be able to participate as a full citizen in society in the digital era. NSW Labor supports the principle of the right to read - a guarantee to NSW citizens that they can expect support to learn to read, regardless of their age. NSW Labor supports a massive lift in our literacy effort, with stronger programmes in schools and TAFE, and an outreach program in our public libraries."

Status: Rejected by the Building Sustainable Communities Policy Committee

13 Add to Labor's Platform - Library Funding

"NSW Labor recognises that local libraries have a vital role to play in getting books and information into the hands of people regardless of their wealth. NSW Labor notes that the state share of library funding has fallen to under 10% from 23.6% in 1979/80. NSW Labor supports adequately funded NSW Libraries and will increase the current state share of library funding."

Status: Supported by the Building Sustainable Communities Policy Committee



14 Add to Labor's Platform – Open Data

“NSW Labor supports the role of a Data Custodian at state and federal level to guide and monitor new data access and use arrangements, including proactively managing risks and broader ethical considerations around data use.

NSW Labor supports a new Comprehensive Right for consumers that would give individuals and small/medium businesses opportunities for active use of their own data and represent fundamental reform to Australia's competition policy in a digital world. This right would create for consumers: i) powers comparable to those in the Privacy Act to view, request edits or corrections, and be advised of the trade to third parties of consumer information held on them ii) a new right to have a machine-readable copy of their consumer data provided either to them or directly to a nominated third party, such as a new service provider.

Status Rejected by the Our Economic Future Policy Committee

Federal measures to combat inequality

Federal Labor can, and is, taking steps to address inequality - **but we can do more.**

**HEAL THIS
NATION**

END INCOME INEQUALITY

15 Add to Labor's Platform - Buffett Rule

"NSW Labor supports the principle of the Buffett Rule - that is a tax principle that a minimum level of taxation should be paid by all individuals, set at the level of the average wage earner."

Status: Currently in the National Labor Platform, rejected by the Our Economic Future Policy Committee

16 Add to Labor's Platform - Expand Reserve Bank Role

"NSW Labor supports the Reserve bank of Australia offering low cost, internet delivered financial products direct to Australian consumers."

Status: Rejected by the Our Economic Future Policy Committee

17 Add to Labor's Platform - Petroleum Resource Rent Tax review

"That NSW Labor supports a fair share being paid by resource companies under the Petroleum Resource Rent Tax. A future federal Labor government should review the legislation to ensure this is the case."

Status: Supported by the Our Economic Future Policy Committee

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The only thing
required for the
triumph of
EVIL is for good
people to do
NOTHING!

Edmund B...

I welcome your thoughts and comments on this plan.

John Graham MLC

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