



# What's the story? Nation-building narratives and climate politics

Climate change: the challenge for Australian social democracy

David Hetherington and Tim Soutphommasane

policy network essay

Policy Network  
Third floor  
11 Tufton Street  
London SW1P 3QB  
United Kingdom

t: +44 (0)20 7340 2200  
f: +44 (0)20 7340 2211  
e: [info@policy-network.net](mailto:info@policy-network.net)

[www.policy-network.net](http://www.policy-network.net)

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## Climate change: the challenge for the Australian social democracy

Climate change politics in Australia has been defined by incendiary rhetoric and increasing public disillusionment. Debate has been slipping into the partisan arena of the “culture wars”. Social democrats can learn from the Australian experience, which underlines the need to move away from cosmopolitan ethics and towards muscular nation-building. Climate change action requires broad coalitions of support and an acknowledgement that reform will be costly.

In 2007, staking his claim to become prime minister of Australia, Kevin Rudd famously described climate change as “the greatest moral, economic and social challenge of our time.” Climate change was, for Rudd, one of his defining concerns as opposition leader. If the Labor Party were elected, it would ratify the Kyoto Protocol and introduce an emissions trading scheme (ETS). A Rudd Labor Government wouldn’t be waiting for the rest of the world to act on climate change; it would ensure Australia was leading it.

Some three years later, Rudd is indeed Australian prime minister. His government’s first formal act was to ratify the Kyoto Protocol. Yet Rudd’s attempts to introduce an ETS have thus far failed. Once a sure vote-winner for Rudd and Labor, climate change has now become something of an electoral yoke. The public mood has shifted. Bipartisan support for an ETS has disappeared, with the replacement of former Howard environment minister Malcolm Turnbull as the leader of the Liberal-National opposition. The new leader, Tony Abbott, a well-known climate sceptic, has gained considerable political traction by dismissing an ETS as just “a great big new tax.” The Rudd Government, once so sure-footed on climate change matters, is now reluctant to fight the next general election on the issue.

Australia may, on the face of things, appear an atypical case study for social democrats seeking to recapture the political initiative on climate change. After all, the fortunes of the Australian economy are tied to fossil fuels: primary commodities including coal and natural gas account for the bulk of merchandise export income. During the last decade Chinese demand for raw materials has fuelled a resources boom that will continue for decades and whose windfall is expected to be the largest of its kind ever.

Moreover, the climate change debate in Australia has had something of an exceptionalist character. For it has been arguably subsumed into the so-called “culture wars” that have raged in Australia in recent years. Although a majority of Australians believe in anthropogenic climate change, some of the language of climate change scepticism has been expressed in the familiar cadences of right-wing populism. With echoes of previous debates about the Australian republic, multiculturalism and Aboriginal reconciliation, the scientists who compose the body of the IPCC are portrayed as pernicious, rent-seeking “elites” attempting to capture the state. The so-called “climategate” incident involving leaked emails from the University of East Anglia’s Climatic Research Unit, and the controversy surrounding the IPCC’s findings about the melting of ice glaciers, have only lent credence to accusations of elite scientific conspiracy.

Yet one shouldn’t dismiss the Australian experience on account of its peculiarities. In various ways, it reveals a good deal about the underlying challenges for progressives elsewhere. On the one hand, Australia’s vulnerability is a reminder of the truly grave threat global warming poses to biodiversity and ecosystems. The Great Barrier Reef, for example, has experienced unprecedented bleaching over the last twenty years. Rising temperatures could mean that the kind of firestorms that engulfed

Victoria that Black Saturday of 7 February 2009 will become more common. On the other hand, the political journey of the Rudd Government highlights the pitfalls of climate change reform. For all of Rudd's belief in the urgency of climate change action, he has failed thus far to score a decisive reform victory. This is because his Government hasn't yet convinced voters that structural reform demands hard choices, nor has it offered a compelling political narrative about climate change action.

In this paper, we outline three lessons progressives can draw from Australia's climate change debate: (1) that the task of structural reform necessarily incurs high costs; (2) that the case for climate change action is more persuasive when supported by a nation-building story; and (3) that the politics of climate change require progressives to build broad coalitions of support.

## The cost of reform

It was not that long ago that a resounding majority of Australians supported an ETS. Many observers would say that popular desire for action on climate change helped contribute to Labor's election victory in 2007;<sup>1</sup> polls conducted around the time showed that a clear majority of Australian voters regarded climate change as a serious and pressing problem to be addressed, even if it should incur significant costs.<sup>2</sup> And yet, today, majority support for the proposition has disappeared.<sup>3</sup> Why has public support in favour of climate change action proven so fragile?

The answer lies in the limited nature of the Rudd Government's policy response. Though the arguments in favour of action were outlined in existential terms – climate change is a threat to the planet and we must act for the sake of future generations – the proposed reform offered such generous concessions to affected parties that its core objectives became compromised. The stated emissions reduction target of 5 per cent was widely considered to be too low and electricity generators were offered compensation that effectively offset the impact of carbon pricing.

This left the Rudd Government open to attack on two fronts – from the Greens and the far left for not doing enough, and from conservatives for imposing a set of costs that would make little difference anyway. So began the Australian public's spiral into climate change disillusionment.

In placing the weight of emphasis on the moral, intergenerational equity arguments for climate change action, and in offering such large concessions to carbon polluters,

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the Rudd Government left the impression it was reluctant to embrace the full costs of mitigation. This isn't to deny that the Government failed to spell out these costs – ministers did so repeatedly over two years leading up to Copenhagen. However, they didn't explain effectively the pace of transformation, the distribution of costs, and the value of the benefits of reform. The dominant tone of the Government's approach was to suggest that genuine reform could be achieved without incurring significant costs.

One reason for this may be that over the last decade, Australian governments have repeatedly promised the public that "nobody will be worse off" under major reforms: the Howard Government used this refrain to sell both its goods and services tax and its WorkChoices industrial reforms. Moreover, the Rudd Government could be forgiven for believing it had made its case well: opinion polls were favourable, most of the key interest groups supportive of its ETS and the opposition remained shambolic.

1. Hartcher, P. (2009) *To the Bitter End: The Dramatic Story Behind the Fall of John Howard and the Rise of Kevin Rudd*. Allen & Unwin.

2. Hanson, F. (2008) *Australia and the World: Public Opinion and Foreign Policy*. The Lowy Institute Poll 2008.

3. Hanson, F. (2009) *Australia and the World: Public Opinion and Foreign Policy*. The Lowy Institute Poll 2009.

But it is a damaging conventional wisdom to believe genuine reform can be costless. Reform on this scale requires deep foundations, among the public and key sectional interests alike. It is now clear that the case for climate change mitigation through an ETS was something the Rudd Government didn't explain carefully enough.

Ultimately the climate change predicament boils down to a question of costs – the costs of action versus the costs of inaction.

First, consider the costs of inaction – the consequences of accepting anthropogenic climate change. The Stern Review concludes that a do-nothing business-as-usual approach to climate change would reduce social welfare by the equivalent of a 5-20 per cent cut in global per capita consumption, and that the best estimate is likely to be in the upper part of the range. Australia's Garnaut Report finds that unmitigated climate change will cause domestic real wages to be 12 per cent lower by the end of the century than they would otherwise have been.<sup>4</sup> Yet such economic imposts don't capture the whole impact. When one considers factors such as insurance value, adverse health impacts, displacement of peoples and the destruction of biodiversity, the costs of inaction are clearly catastrophic.

The costs of mitigation are easier to quantify. Both the Stern and Garnaut Reviews have modeled the costs of stabilising atmospheric CO<sub>2</sub> at 550 parts per million. Stern concludes that the global costs would equate to one per cent of world GDP, while Garnaut finds that a reasonable Australian contribution to this global outcome would involve an initial cost of 0.8 per cent of national GDP in year one, with ongoing costs of 0.1 per cent of GDP p.a. thereafter until 2050.

On the costs of action, there are three points to make.

First, they are significant. If we are to have a genuine debate about how to move forward, we must acknowledge that mitigation costs are real and large. Using the Garnaut Review figures, mitigation against climate change would cost Australia A\$12-13b p.a. at the outset, falling to A\$1-2b each year until mid-century. By contrast, the Federal Government currently spends A\$43b p.a. on health and A\$18b p.a. on education.

Second, the costs won't be evenly distributed. They will fall disproportionately on two groups: workers in trade-exposed, emissions-intensive industries (TEEIs) and low-income households. Jobs will be lost in the coal, steel and aluminium industries. This will particularly hurt regional communities dependent on these industries – the Hunter Valley in New South Wales, the Bowen Basin in Queensland and Victorian smelter towns.

In addition, any rise in the cost of living as a result of mitigation will be magnified by at least four times for lower-income households relative to wealthy ones. According to one study, in a low-income household, expenditure on living costs will rise by 2.3 per cent under a \$25 carbon price while in a high-income household, this increase is only 0.4 per cent.<sup>5</sup>

However – and this is the third point – any costs of mitigation are much lower than the best estimates of the costs of business-as-usual. It is forecast that mitigation will cost around 1 per cent of world GDP, while Stern's most optimistic estimate of the cost of doing nothing is 5 per cent of world GDP, stretching to 20 per cent in the worst case. And this is before we begin to count species, refugees and human lives.

4. Garnaut, R. (2008) *The Garnaut Climate Change Review*. Cambridge University Press. See [www.garnautreview.org.au](http://www.garnautreview.org.au)

5. Sullivan, D. (2008), *Distributional Effects of an Australian Emissions Trading Scheme on Low-Income Households*, Brotherhood of St Laurence



If one accepts that man-made climate change is a reality, and not fiction, the equation is a no-brainer. Even if one is unsure, it appears a fairly prudent insurance policy.

So why haven't politicians around the world been able to make these short-term sacrifices in order to avoid enormous long-term damage? Arguably, they have failed to build public support for accepting the short-term, albeit significant, costs of mitigation. The Australian experience mirrors political reality around the world. So where do we go from here?

## A nation-building narrative

It should be clear that resorting to the moral case for action isn't enough. Rather, any compelling argument for climate change mitigation must be integrated into a national story and reformist agenda. The failure of Copenhagen – to a large extent reflecting an unwillingness of the large polluting countries to subordinate short-term national interest to global responsibility – has only underlined the need for progressives to reframe climate debates in more nationally-focused terms. There are grave problems with resting the climate change argument on appeals to cosmopolitan ethics.

Some social democrats may decry this as a form of nationalistic retreat. Yet there are clear limits to what appeals to global solidarity can achieve. It does little good to build castles in the air. For the most part, the prose of democratic politics remains that of national interest. Reform agendas, where they are successfully pursued by governments, are based on broad public support. Progressives can't afford to rest their case on cosmopolitan poetry.

In the case of Australia, building broad public support for climate change around a national story isn't necessarily straightforward.

Part of the problem relates to the relationship between the environment and Australian self-understanding. Australians often express their patriotism in terms of a love of the physical aspects of their country, not least its remarkable landscape. At the same time, the national imagination has always regarded the physical environment as something to conquer: the Australian nation was built by felling trees, cultivating land, damming rivers, and laying roads and railways through mountains and across deserts.<sup>6</sup> Australians have historically made their living from the land and treat the environment as an economic resource to be exploited much more than an endowment to be protected.

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Social democrats are faced as well with the challenge of overcoming increasing social fragmentation. Historically speaking, the broad left in Australia has stood relatively unified on environmental questions. The working-class left and middle-class inner-city professionals have enjoyed aligned interests.

Such unity has been broken as it becomes apparent that the costs of climate change adjustment fall disproportionately on low-wage industrial workers. Sections of the union movement have either resisted the introduction of an ETS, or withheld their full-blooded support, on the grounds that it would cost Australian jobs.

Meanwhile, sections of the green movement in Australia have also hardened their political stance on the environment, perhaps sensing an opportunity to build the Australian Greens into a third force

6. Archer, M & Beale, B. (2004) *Going Native: Living in the Australian Environment*. Hachette.

that could rival the Labor Party as the leading left-of-centre electoral grouping. The upshot, though, has been to make a political coalition more difficult to realise. It is notable that the Australian Greens refused to endorse the Rudd government's ETS scheme, claiming that it didn't go far enough in its goals of reducing carbon emissions.

Fragmentation is compounded by the transformation of parts of the old working-class into an "aspirational" lower-middle class concentrated in the outer metropolitan suburbs.<sup>7</sup> It is within this particular segment of Australian society – the aspirational mortgage belt – that offers the most resistance to climate change adjustment. Incidentally, it is also this group that the former Howard government courted to great electoral success in its prosecution of the "culture wars."

In this sense, the challenge for Australian social democrats on climate change has an undeniable cultural character. If progressives here are to articulate a more convincing agenda for climate change action, they must tap into a positive national story with which ordinary Australians can engage.<sup>8</sup>

The failure of Copenhagen underlines the need for social democrats to reframe climate debates in more nationally-focused terms. Governments now make no pretence that national interest grounds are the only basis on which they can act domestically to reduce emissions. It is telling that both American and Chinese leaders have outlined the specific national interests at stake: Hu Jintao has identified the economic opportunities for China in building leadership in low-carbon technology, as well as the grave health and social costs of inaction; Barack Obama has framed his domestic arguments in terms of US energy security.

In Australia, where the language of jobs has long ruled the political vernacular, any persuasive Australian narrative must necessarily be a nation-building one. This should involve, first of all, a more integrated approach to climate change. It is important to ensure that carbon pricing isn't regarded as the panacea, but to recognise any carbon mitigation programme must also encompass calibrated action in infrastructure, skills and training, employment generation, and regional development. The preoccupation with the ETS has meant that climate change mitigation has not been positioned as a long-term national project of economic, social and environmental importance.

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A nation-building approach would reverse some of the current conventional wisdom about the adjustment process – namely, the belief that any first mover in making the transformation to a low-carbon economy will incur an unjustifiably large cost in terms of economic growth, employment and living standards. If Australia is one of the countries who move first in reducing their carbon emissions, it will, the argument goes, lose out through "carbon leakage" as investment flows to those countries unburdened by stringent emissions targets. There is also the risk that a sacrifice in relative living standards would end up being made for little gain, if other countries effectively free-ride on unilateral action.

There is in fact a first mover advantage for Australia in acting sooner rather than later. In comparative terms, Australia is already behind: consider, for instance, Germany's efforts in developing biomass energy, Denmark's initiatives with wind power, or Californian and Israeli efforts with solar and electric cars.

7. Burchell, D. (2003) *Western Horizon: Sydney's Heartland and the Future of Australian Politics*. Scribe Books.

8. Soutphommasane, T. (2009) *Reclaiming Patriotism: Nation-Building for Australian Progressives*. Cambridge University Press.

It is also important to emphasise the social justice imperative to climate change mitigation. We need to take steps towards ensuring there is not a wave of economic exclusion that arrives when the world eventually shifts to a less carbon-intensive economy.

Instead of having to retrain redundant workers to make them fit for a new economy, the transitional work should begin today. There are significant economic opportunities for Australia in a transition away from coal. While unproven at scale, clean coal is a theoretical option and Australia is better placed than anyone to test its economic potential. The same holds for carbon sequestration. Natural gas is abundant, less-carbon intensive than coal, and should form a higher share of the energy load over time. Geothermal “hot rocks” energy has potential, although like natural gas, it is situated far from demand sources.<sup>9</sup> Nuclear energy is also an option that should be debated, even if it currently faces widespread opposition in Australia.

These economic opportunities are the positive flipside of climate change mitigation for Australia. Embracing a more muscular vision of nation-building and social justice would help Australian progressives to reframe the climate change debate.

## Coalition building

Progress on climate change policy in Australia now depends on a new approach to coalition building underpinned by a positive, pragmatic argument about the benefits of reform. Relying on the moral urgency of climate change mitigation has proven not to be enough.

The task is challenging, but we needn't despair. Australian social democrats have a track record of using unorthodox coalitions as a mechanism for delivering major structural reform – and it is here that the antipodean experience may prove to be most salutary for other centre-left parties around the world.

The economic and trade liberalisations under the Hawke/Keating governments were made possible by a series of Accords between government, unions and business which tied real wage growth to productivity improvements, breaking the back of wage-push inflation. This required both business and unions to make short-term sacrifices for the long-term economic prosperity.

In the same vein, a new coalition is required today to deliver the support of key interest groups for a universal carbon price. Brokered by government, this coalition would bring together leaders from the union, business, and community sectors including, critically, mining and agricultural interests. Such a coalition could provide the necessary institutional backing as well as the grass-roots campaigning capacity required to cement public support. It would negotiate adjustment funds payable to displaced workers, affected companies and low-income households.

The outlines of these arrangements have already been sketched in the Garnaut Review. A coalition of sorts emerged last year encompassing unions, community and climate change groups but crucially, business representation was missing. So Australia has come close on both policy content and institutional support. The challenge now for Australian social democracy is to lead a decisive consensus in the face of fierce conservative opposition.

Whether such a coalition can be achieved might just reflect the capacity of social democratic politics more generally. The work of building such bridges is surely difficult, especially when politics is becoming increasingly polarised by ongoing culture wars. This, at least, should be the lesson from

Barack Obama’s healthcare reform efforts. In an age when class-based politics have lost a great deal of their power, building effective coalitions may prove to be beyond the reach of social democrats, even in Australia where the labourist tradition remains unusually strong.

We should be heartened by the fact that progressive politics can still prevail, as it did in the US healthcare debate. Social democrats must continue to be bold and optimistic. This is no time to be indulging what the distinguished historian Tony Judt calls a “social democracy of fear”, resigned to conserving past gains.<sup>10</sup> This is no time, indeed, to be entertaining despair and defeat.

**David Hetherington** is the founding executive director of Per Capita, a progressive Australian think tank ([www.percapita.org.au](http://www.percapita.org.au)). He previously worked at IPPR and L.E.K. Consulting. His articles have appeared in the Australian, the Sydney Morning Herald, the Australian Financial Review and the Sunday Age, and he is a regular commentator on ABC Radio National.

**Tim Soutphommasane** is senior project leader at Per Capita, a research fellow at the National Centre for Australian Studies at Monash University, and a columnist with the Weekend Australian. He is author of *Reclaiming Patriotism: Nation-Building for Australian Progressives* (Cambridge University Press, 2009).

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10. Judt, T. (2009) 'What is living and what is dead in social democracy', *New York Review of Books*, Vol. 56, No. 20 (December 17, 2009).