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Rerum Novarum Oration

## Labouring for the Common Good

Delivered to the Office for Justice and Peace

Catholic Archdiocese of Melbourne

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It is a privilege for me to be here this evening to give the *Rerum Novarum* Oration to commemorate a significant moment in the history of the Church and the labour movement.

1891 was significant for two events which took place in different parts of the world that have a direct bearing on why we are here this evening. Pope Leo XIII wrote the encyclical *Rerum Novarum* – On Capital and Labor, was the year which saw the birth of the Australian labor movement. Both were a response to the crisis facing workers in relation to emerging capitalism. Both events relate to the principles upon which the Democratic Labor Party was founded.

In my home town of Ballarat, with its tradition of protecting the rights of the working miner from the time of the Eureka Rebellion, both events were celebrated when a life size portrait of Cardinal Edward Manning was presented to the Trades Hall in recognition of the role he had played supporting the striking workers during the London dock strike in 1889. Cardinal Manning is attributed with having had some influence in the writing of *Rerum Novarum*. Although in need of restoration, his portrait still presides over meetings at Trades Hall where it hangs in the chamber.

A second contribution linking Ballarat, *Rerum Novarum*, and the labour movement was James Scullin who served as Prime Minister during the difficult years of the depression. Scullin was born in Trawalla, west of Ballarat. As a young man he moved to Ballarat for work and there he took advantage of education and training opportunities including his catholic formation. He was an active member of the Catholic Young Men's Society where he led a study of

*Rerum Novarum*. Scullin worked as a grocer, then as an organiser for the Australian Workers Union. During his parliamentary career he was strong defender of Australian manufacturing and introduced pay-as-you-earn taxation.

Not only Scullin, but many more of our leaders at the beginning of the twentieth century looked to *Rerum Novarum* for inspiration. Justice Higgins, the judge in the celebrated Harvester case relied on the principles of *Rerum Novarum* in establishing the precedent of a family wage for workers.

Both the labor movement and the Catholic Church were concerned with the way in workers were being exploited by capitalism.

Pope Leo XIII addressed two concerns. Firstly, he opposed the atheistic philosophy of communism but recognised its appeal to workers. Communism was a movement the Church could not ignore. This was also a battle the labor movement in Australia would also have to deal with and which would give rise to the Democratic Labor Party.

Secondly, he was concerned with what he saw as the excesses of liberal-capitalist development in Europe. This led to the exploitation and poverty of workers and the concentration of privilege and wealth in the hands of a few. He argued for the protection of basic economic and political rights, including the right to a just wage and to organise in trade unions; the right to private property; the rights of labour over capital; and for the organisation of society for the common good.

I see the objectives of the Democratic Labour Party and my role as a Senator in the current Parliament, as being in direct lineage of both the tradition of *Rerum Novarum* and the original vision of the Australian Labor movement.

Some might argue that we have come a long way since those times. In many ways we have. The nature of our economy has changed. Many more Australians are involved in service industries, in financial markets, than in manufacturing. Indeed, the total number of Australians in manufacturing is now below one million workers. However recent studies show that the concerns of Leo XIII and Cardinal Manning are still relevant today. While some Australians are enjoying unprecedented wealth others are still in poverty. We have seen the emergence of the 'working poor' – people who do a fair day's work but do not get a fair day's pay to enable them to support their families in relative comfort.

The current minimum wage is \$606.40 per week or \$15.96 per hour. This is still far from adequate for supporting a family and even with the addition of supplementary family payments many families are, by any measure, still living in poverty. Further, the increased casualisation of labour and prevalence of part-time work means that many workers are under-employed and unable to meet their basic needs. Casual, part-time, and contract workers are not eligible for home loans and may never be in a position to own their own homes. This has created an underclass of people many of them young and with dependent children who risk descending into dysfunctional family situations.

Many Australians have been displaced from the labour market - those who do not have skills, training or ability to acquire the necessary skills to work in the service sector or the financial sector or the educational sector. Many of these

people previously found meaningful work in the manufacturing sector. These jobs no longer exist in sufficient numbers to provide employment to a significant proportion of Australian workers.

Like former Ballarat resident James Scullin, I believe manufacturing is central to the health of our economy and the flourishing of individuals and families in our society.

A recent study by economists at the University of Sydney, showed that the manufacturing provides greater opportunities for worker advancement for a certain sector of the workforce.

According to the study, manufacturing allowed workers to improve their situation through promotion. It defined "job quality" as employment that allows people to achieve a decent standard of living, with reasonable security, along with the prospects of progression and skills development through consistent work hours. This simply does not exist for lower paid or part-time & casual workers.

At present 25% of Australian workforce is 'part-time'. According to the study, there was reluctance by employers to train part-time and casual staff which adds to the problems faced by these workers.

Australia currently has less than 1 million manufacturing jobs and these are constantly declining. In recent weeks we saw the announcement that a car-part manufacturer was closing down with the loss of 400 jobs. The closure has

been temporarily averted, but what happens to these workers? Many will go from having 'quality jobs' to having 'bad jobs' or having no jobs at all.

When people are unemployed or under employed or unappreciated for their work they become despondent. They cannot afford to buy a home but they are lured by all the latest technological gadgets, smart phones, tablets, etcetera. Through lack of self-worth they become slaves to consumerism. They are searching for meaning in all the wrong places. Gainful employment is the best way to ensure a sense of self-worth. Through gainful employment there is less domestic violence, less drug abuse, and less alcohol abuse. Their minds are engaged, and when they come home at night they are tired and less likely to engage in vandalism. People become more engaged in their community.

Recently a constituent contacted my office and told my staff he intended to vote for me at the next election. I thought I owed him the courtesy of a return phone call. When I spoke with him he shared a little of his story. He used to work for the railways. He had started out as a labourer and worked his way up to a position of responsibility where he was responsible for maintaining the safety of railway carriages. When the railways were privatised under the Kennett government, he lost his job and now collects trolleys for a local supermarket. We are talking about a competent, intelligent, honest and willing worker who has been reduced to menial work.

Making and doing is fundamental to the human person. It is the way in which human beings continue to participate in God's creation. The tangible and concrete nature of manufacturing responds to our human instincts in a way that dealing with more esoteric functions does not. I see this when I take my

forge into schools and show students how metal can be made malleable and shaped into a fire tool or a decorative object. It is part of this same desire for creativity that is, for many people, expressed through gardening or craftwork. To disregard manufacturing or allow it to disappear from our economic system is to remove the means for many of our citizens to achieve meaning and fulfilment in their lives. It is absurd that this country's economic growth relies solely of the export of finite mineral wealth with no value-adding taking place in our own country.

In order to highlight and safeguard the place of manufacturing I have established the Australian Manufacturing and Farming Program. The program is aimed at parliamentarians and encourages them to spend a week in industry or agriculture working alongside ordinary Australians. I hope that through participation in the program parliamentarians will understand a little of the challenges and satisfaction experienced by ordinary Australians.

Many believe there is a great inevitability shaping our economy and that manufacturing industry in Australia is on its way out, that Australian workers are overpaid and it is cheaper to bring in products from overseas. We recently had a mining magnate tell us that we should look to Africa for inspiration where workers are paid \$2.00 per day. Is this the way forward?

I don't believe it is and there are many examples which provide alternatives. The Mondragon co-operative experience tells a different story.

Last month Mikel Lezamiz, director of External Education for the Mondragon Corporation was in Australia to address a Conference to mark the United Nations Year of the Co-operative.

The Mondragon Corporation has the seventh largest financial turnover of any company in Spain. It is a federation of 256 worker co-operatives in the Basque countries in the north of Spain. It owns its own bank, employs over 83,000 workers, and runs tertiary education for 9000 students. At a time when many European countries, Spain in particular, have suffered huge financial downturns, Mondragon has proven itself to be extraordinarily resilient.

The first Mondragon co-operative was begun in 1956 by a Catholic priest, in an economically devastated area of Spain, based on the principles of *Rerum Novarum*. First a technical college was established and then a handful of its graduates began a cooperative venture making paraffin stoves in an abandoned workshop. More than fifty years later they have emerged as the great survivors of the European Global Financial Crisis. How did they do this? The co-operatives are based on a philosophy of co-operation, participation, social responsibility and innovation.

The following example may seem extraordinary to us, but is commonplace in Mondragon. The workers in one of the Mondragon co-operatives voted to give themselves a pay-cut. Rather than have workers lose their jobs they have for two consecutive years, agreed to pay cuts. As worker-owners of the co-operative they prefer both to keep the company viable and to keep their jobs. Sound like a worker utopia?

Another example which is equally extraordinary is that the highest paid employee in Mondragon earns only 4.5 times the wage of the lowest paid. Mikel Lezamiz was asked whether many of the cooperative directors were 'poached' by companies offering higher pay. He replied that this did not happen. It did not happen because the co-operatives provided high levels of training and specialisation so that workers were able to 'self-actualise' – their employment gave them meaning and fulfilment. Is there something that Boards of Management and CEOs of corporations in Australia could learn from this? Could it be possible to have an end to the scandal of multi-million dollar salaries and company bonuses?

Co-operatives have also had a major resurgence in the United Kingdom where since the GFC the co-operative share in the financial and insurance sector has risen to 10% as co-operatives picked up the business of banks and insurance companies that collapsed.

Co-operatives are one possibility for implementing the economic philosophy of Distributism which acknowledges the right to private property and holds that the means of production should be distributed as widely as possible amongst the general population so that it is not concentrated in the hands of the state, as in socialism, or individuals, as in laissez faire capitalism. This developed from the teaching of *Rerum Novarum* and has always been a fundamental policy of the DLP.

Australians, Catholics in particular, were pioneers in the cooperative movement. Australia still has producer co-operatives, banking co-operatives and credit unions, but Australians have been reluctant to embrace worker co-operatives. Part of this may be due to the lack of support from governments

and trade unions in Australia. NSW once had a Minister for Co-operatives. State Governments have their own sets of laws governing co-operatives and only this year during UN Year of Co-ops have initiatives for uniform state laws come to fruition.

2012 was the United Nations Year of the Co-operative but in Australia the event passed us by due to a major lack of political imagination. Normally governments are involved in promoting United Nations initiatives but this year the only events were organised by the co-operative sector itself.

I want to revisit some of the principles of *Rerum Novarum* and how they might still be applicable today.

Firstly, respect for human dignity. I would include here the inherent right to life of every human being from conception to natural death. I see no place for abortion or euthanasia in a compassionate and caring society. But human dignity extends beyond what is sometimes narrowly defined as being 'anti-abortion'. In order to be truly pro-life and to truly respect human dignity, we ought to be committed to ensuring that families have access to meaningful work which enables them to provide food, clothing, shelter and education so that they may welcome rather than fear new additions to their families.

We ought to also be concerned for our wider community at home and beyond our borders. *Rerum Novarum* understands that the resources of the earth are for the use of all humanity so that all may be clothed, housed and fed. All people should adequately provided for. This means that we have an obligation to alleviate poverty at home and beyond. It recognises the right to migrate in order to improve economic conditions and would require the care and

assistance of refugees. It is a sorry situation that both major political parties have made a contest of having the toughest policies against asylum seekers. The DLP was the first political party to oppose the White Australia policy and we are appalled by the current policy tactics used to discourage the arrival of asylum seekers to our shores.

Governments also have an obligation to promote justice in the relationships between employers and employees. Practical applications promoting justice in the workplace include a fair pay for a fair day's work; non-burdensome taxation; a safe workplace; a lifestyle balance. It also includes respect for freedom of religious belief and freedom of conscience. Workers should not be coerced to engage in activities which are against their conscience. Something that is currently faced by doctors and nurses in this state who do not wish to participate in or refer for abortions.

My vision and the DLP's vision for Australia is that of a community which is concerned with working towards the common good rather than unbridled individualism.

Each person has an obligation to contribute to the well being of society. It is by putting back into the community that we can begin to make a difference. We need to rediscover the old fashioned idea of putting the needs of others before our own.

Consecutive governments have created a society where the bureaucracy feeds off the misery of others. There is no mutual concern for our neighbour, but an expectation that the government will look after all our social problems.

Corporatism has become the dominant model. Trade unions now mirror corporate structures rather than the social conditions of their members. Even charities now operate on a business model.

The values of community have been bureaucratised. How can a bureaucracy have compassion? What is the cost of running welfare and what are the results? What would happen if the same amount of money was spent on research and development, on creating self-sustaining employment? What would happen if the government supported self-sustaining cooperative endeavours in housing, education, workplaces?

What we have seen from governments of both persuasions is an increased emphasis on economic management and an abdication of social responsibility. Governments have no vision beyond getting themselves re-elected. They no longer takes responsibility for providing infrastructure, everything is now out-sourced. The key beneficiaries are not the Australian people but large corporate enterprises and their foreign shareholders. CEOs receive million dollar bonuses for reducing their workforce. They are blind to the fact that these cost-savings perpetuate human misery.

In a just society, capital should be at the service of humanity, not the other way round. Essential to achieving this is the respect for human person and their rights, social well-being and development; and the stability of the social order. If the needs of workers are fairly provided for they are more productive and the whole of society, including those with capital benefit.

These are the principles I work on. I believe that as a Senator my role is to serve the people of Victoria to achieve these ends. These are principles I share with those heroes of our past whom I mentioned earlier. It might make me sound old fashioned, but I happen to believe that these are the values of fairness, respect and decency. They are opposed to individualism, selfishness and greed which are all too prevalent in our institutions and large corporations. Without good old-fashioned virtue we cannot work towards the common good. We need to put the common good back into the Commonwealth.

Then of course there is the old adage that everything that was old is new again. Headlines in Britain are telling us that the British Left is looking to Catholic social teaching for its future. I am so glad the British Left have found catholic social teaching. The DLP is the one political party in Australia that never lost those principles.

Thank you.