The Policy Pitch – Prime Minister’s Summer Reading List - Melbourne 16 December 2014

Now in its sixth year, the List contains books and articles that we believe the Prime Minister – or indeed any Australian – will find stimulating over the break. They are all good reads that we think say something interesting about Australia and its future. And they make terrific Christmas gifts.

This year’s list covers many vital subjects, from a discussion of Piketty’s Capital in the 21st Century to the impacts of the ANZAC legend on modern defence policy. The list includes a candid look at women, men, family and work, an argument for constitutional recognition of indigenous Australians, and the post-mortem of a spectacular political defeat. Capping off the list is this year’s must-read novel, a seamlessly shifting blend of poetry, pathos and humour from one of Australia’s finest story-tellers.

Speakers: John Daley, CEO, Grattan Institute
Helen Silver, former head of the Victorian Public Service.

JOHN DALEY: Thank you very much Sue and it’s an absolute pleasure for us at Grattan Institute to be here again. A couple of things about Helen that you should also know, she has been a board member of the Grattan Institute and continues to be a member of our Public Policy Committee and an enormous supporter of our institute on, so thank you Helen.

HELEN SILVER: Thanks.

JOHN DALEY: As you’ve probably gathered from our backgrounds, both of us have worked in Workers’ Compensation, Helen for a lot longer than me, so I can promise you if any of the questions get too dull about the books we will instead lapse into a fascinating conversation about Workers’ Compensation, which is actually a really interesting topic but not tonight hopefully.

HELEN SILVER: Yes.

JOHN DALEY: So welcome everyone. Helen, thank you for coming.

HELEN SILVER: Yes, thank you.

JOHN DALEY: Helen, you were Secretary of Premier & Cabinet for a while. Did you ever suggest books for the Premier to read?

HELEN SILVER: Oh, no I didn’t actually, although I did a couple of times articles that were of interest. When John was the Premier I would frequently flick across a few economic articles, which would not surprise you. I worked with John when he was Treasurer as well as Secretary of the Premier’s Department, and then I had Ted Baillieu and he was completely different but I was always finding interesting things very much in the architect spatial field. He sort of learnt that way, was very much a visual – it was quite interesting the difference. So we did that but not so much books, although, I must
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say, we’ve got one of the books that I did recently speak to Ted about and I said he should read which is the ANZAC book, because he’s been doing recent stuff in that space, so yes.

JOHN DALEY: Great. So the original idea for this came from Jane-Frances Kelly, who’s been a Program Director for our Cities Program. She worked in the Number 10 Downing Street strategy unit and they really did spend quite a lot of time every year come December arguing about which books they were going to put in the Prime Minister’s red briefcase.

HELEN SILVER: I can imagine her doing that.

JOHN DALEY: Yes, she enjoyed doing it. And so we thought it would be a good idea and this is now the sixth list that Grattan Institute has put out. We know that a number of people do read it. The Prime Minister said he was reading last summer Why Australia prospered, which was on last year’s list, and as we all now know very famously he has read Richard Flanagan’s Narrow Road to the Deep North, although clearly didn’t read it over summer and maybe the world would have been a different place if he had, but anyway.

So Helen, lots of books here. The first of them is Michael Ignatieff’s Fire and Ashes: Success and Failure in Politics. I think you said this is your favourite?

HELEN SILVER: It was.

JOHN DALEY: Why?

HELEN SILVER: It was my favourite I have to say. I thought it was a fantastic book. It got me from the first paragraph. I just found it so well-written John. I enjoyed how it was written, it was a joy, but I have to say it had a little bit of a personal thing in the first paragraph. It mentioned the Charles Hotel and he talks in the Charles Hotel about meeting three men in black and they were the people that were going to get him into Canadian politics. And quite recently I had the opportunity to stay in Boston in the Charles Hotel next to Harvard, the Kennedy School of Government, so of course it was just immediate.

But then we went on and he is a brilliant writer. He was a Harvard professor for 30 years and then becomes Opposition leader in government. He fails absolutely drastically, I have to say, for a range of reasons and for those that observe politics I would say some of it’s fairly obvious why. He’s very naïve and he takes as part of this journey enormous risks at a personal level, yet then still has an enormous passion for politics and he describes what it is and what you need to be a politician. And I thought it was terrific, absolutely terrific.

JOHN DALEY: I found it a very sad book. It’s a very depressing book about politics in so many ways. I mean, his best friend from his childhood Bob Rae basically completely shafts him in the leadership contest and then just shrugs and says, “Well, you know, it’s politics”.

HELEN SILVER: I suppose because I’m so used to that and I’m so close it didn’t have that impact on me. I just went, “Seen that before, yes”.

JOHN DALEY: And he talks about the way that we spend our lives often having opponents and that we aim to defeat them, but that certainly the way Canadian politics is played today – I’m sure Australia’s completely different – you have enemies and your objective is to destroy them. It’s not very nice.
HELEN SILVER: No, it’s definitely not nice and it’s not very nice when you see it up close. I certainly think he did draw out some interesting things we do see in Australia which I think if the Prime Minister was reading it. I mean, this issue about partisan politics and why it’s really poisoning politics for the public, that’s a line he has there and it’s absolutely true in that sense. And the other thing he talks a lot about, and it was an issue for him, is negative campaigning. Negative campaigning we know works, but how destructive it is and for him what they did for him is they effectively took away his oxygen. He didn’t even have a right to talk, it was so successful the negative campaigning, yet it’s appalling for anybody that really wants to have a policy debate.

JOHN DALEY: That’s right, and they kept on describing him as, “Michael Ignatieff, just visiting” playing on the fact that he’d spent a number of years living in the United States at the Kennedy School. It’s not as though he was a million miles away from real life politics and policy and indeed he came from a family which for several generations had been material players in Canadian politics and policy.

HELEN SILVER: Indeed.

JOHN DALEY: I think the other thing that I liked about this is the way that he’s incredibly honest about what it feels and maybe, as you were saying just before we came up, it’s only somebody who had crashed and burned that spectacularly in politics and been so bad at it who could be that honest about how awful a lot of it is. And he does talk about the way that in politics to be successful you have to be both worldly and sinful and faithful and fearless, but inevitably the world of a politician is about trying to do enough to get yourself re-elected but, at the same time, do enough good that it’s actually worth being there. And I think he draws out that tension.

HELEN SILVER: I think he does that extremely well John. So can I just say one of the other things I found about it though, which I think is relevant for the Prime Minister and Australia, is he talks a lot at one point about this issue about federalism and I’ve had a deep interest in this and certainly when I was in government worked very hard on this issue. And he talks about what he called–and I thought it was a really good line – “the spine of citizenship across Canada”. As you would know, Canada’s a federated state situation and we are in Australia and I think if we thought about it a bit more that way in Australia we might have a bit more respect for this whole debate that goes on between the state and the Commonwealth. He explains that very well in the book.

JOHN DALEY: Terrific, thank you. We should move on to Mr Brown. So James Brown’s ANZAC’s Long Shadow: The Cost of our National Obsession is about ANZAC Day and the way that we perpetually go on about it. It’s a bit remembrance of war, but his point and what he spends most of the book talking about is everything else that we should be talking about. Did that strike a chord?

HELEN SILVER: Yes, I thought it was well-written. It had a number of themes in it certainly but it does really get at this issue, and it’s obviously very topical because we’re going to have the Centenary soon, about the myth of ANZAC and how it’s affecting a whole lot of other issues and particularly issues about the analysis and study of war or the military in Australia, the Australian Defence Force. And he reflects on, and I think he’s truthful in this, a lack of really serious reflection on the strength or lack of in the Australian Defence Force in a rational, unambiguous way and we don’t have enough of that. And he thinks that’s partly caught up with the myth of ANZAC and the fact that we’re prepared to spend a lot of money on remembering it, but we’re not spending money or thinking time about understanding the politics or the strategy of war.
JOHN DALEY: As he points out, we’re probably going to spend about two-thirds of a billion dollars, that’s about a 50\textsuperscript{th} of an education revolution, on commemorating ANZAC Day and particularly the Centenary but, as he points out, we don’t engage in the tough problems. And he talks about the way that our politicians when they go and visit Defence Forces there’s often a lot of “How are you surviving? Tell me about all of the heroic things you’re doing” and what they don’t do is engage in “What are the real problems on the ground here? To what extent is the Defence Force working? How could we actually make this any better?” And he draws the contrast that our politicians go to any number of other areas and, of course, those are the questions they go to, but somehow defence is different.

HELEN SILVER: Yes, he comments about politicians attending funerals and how it’s the expectation in the community. It was another reflection in that sense and it was really saying that this is to some extent preventing a more thoughtful analysis or thinking about military affairs and he really gets at this as is this part of the ANZAC myth, the larrikin soldier? So we can’t really criticise it and we also don’t need to in a way, we don’t need this important assessment, and he’s quite passionate about we do need it and why.

JOHN DALEY: Yes. One of the things that I took away from this is we spend all of this time on what I think he calls “ANZACary” - which is a slightly harsh term - all of this time commemorating what happened, and yet when you think back what is the big message of what happened? And the big message is it doesn’t matter how heroic your soldiers are, it doesn’t matter how dedicated they are, how patriotic they are, how hard they fight; if you mess up the strategy a lot of people get killed and you lose the war. Which is if you’re going to fight wars, and heaven knows we would prefer not to but if you are going to fight wars you fight them to win, and yet the big message of ANZAC Day is you’ve got to get the strategy right. And yet, as he points out, there are countries that have spent more time analysing ANZAC and Gallipoli from a strategic point of view that Australia has.

What do you think’s really going on? Why is that we are so unreflective about our military strategy?

HELEN SILVER: It is an interesting question. As you point out, we are so reflective in other policy areas. Is it partly the politician being not frightened, but feeling overwhelmed in some way by it? I mean, you have a lot of stories about politicians visiting Army sites and bidding on the tanks and all that sort of thing, but really finding it quite difficult to engage at that intellectual level.

JOHN DALEY: Does our media have a part to play?

HELEN SILVER: Well, I think we could go back into what sells and what gets the front page of the papers but you get that in hospitals, yet you still get analysis of hospitals and these are people dying. And the sad thing about it, as he points out, is the contemporary soldier feels really alienated by this. And he’s speaking as a soldier, there’s this great sense of alienation from it which is really in a sense terrible because they have obviously made enormous sacrifices as well. So I think the conundrum of why is really not answered in the book, it’s really just saying this is occurring.

JOHN DALEY: Yes, I think that issue of the media is a really substantial one and I think it’s not helped by government policy. So we now make it very difficult for journalists to report on active wars and, as he points out, we had far more reporting during World War I and World War II from people who were either at the front or pretty close than we ever allow now and we published official histories after those wars. We still don’t have an official history of the Iraq War and it doesn’t look as though we’re going to get an official history of the Afghanis conflict any time soon. And, ironically, the only thing that we
are going back to and the only thing that is directly mediating what’s going on at the front is our war artists and indeed he opens with a description of the way that we brought back the whole tradition of the war artists. That’s the one thing that is being mediated, as my wife who’s a contemporary art curator points out, that’s actually been a really interesting tradition to revive, but we need to have a little bit of journalism and reflection as well.

HELEN SILVER: Yes. The other one that he talks about in that sense is I think the Sydney Theatre Company has also done an interesting play recently where you have the soldiers talking and that’s been quite confronting - I didn’t see it, but I understand it was. And it’s a similar sort of thing, the creative industries are in a sense taking a role here, however I do think you want proper strategic deep analysis.

JOHN DALEY: As well, yes. So that brings us to Noel Pearson’s essay *A Rightful Place: Race, Recognition and a More Complete Commonwealth*. It’s his discussion of the reconciliation debate. Helen, this is a tricky issue. How did he take it forwards for you?

HELEN SILVER: I think it was a grand exercise. I think it was an encompassing analysis and so obviously in that sense very worthwhile to read. I think he strongly argues the case for constitutional recognition of the Aboriginal people from a number of analyses. But what I think he’s really pointing out is absolutely how it is fundamental that if we are going to achieve this – and it’s the nature of our Constitution, you have to have the majority of people in the majority of states – to get that outcome you have to win over the conservatives. So the debate has to win the conservatives and also, because of what has happened to the Aboriginal people, it is important that when it is voted on that it is like the vote for Aboriginals, it was I think 80% to 90% supported, that we get a similar level of support because he’s arguing a case unless we do that we haven’t faced our past.

He does that through a number of lenses. He goes through in a sense history and he looks at classics in terms of Dickens and others where he talks about the past with people that he has looked up and he talks about talking to his son about place names and history. And what he really shows there is of course the past has this deep vein of racism in it and, even though you read the classics and he supports the classics, in fact these people were racist and he has to confront that and go forward from that. I wasn’t aware that *The War of the Worlds* was in some sense based on Tasmania and the annihilation of the Tasmania Aboriginals; that’s where some of the thinking from H G Wells comes from.

JOHN DALEY: It’s in H G Wells’ biography. He talks about he had this conversation with a friend of his about just as white people descended on Tasmania and annihilated the Aborigines, what would it be like for the Martians to land on the world? That’s H G Wells. I too was blissfully unaware that that’s where that iconic piece came from.

HELEN SILVER: I wasn’t aware and that’s why you can see where Noel Pearson’s coming from. His argument is quite strongly that Australia hasn’t confronted that history truly and that’s why constitutional reform, as well as constitutional recognition, is important for empowering the Aboriginal community to get control of their lives.

JOHN DALEY: So one of the moves he makes in this is essentially to try and construct an argument as to why you would think that recognition was a good idea if you were a conservative, if you were a liberal, if you were a social democrat, and I thought actually that grouping was in itself very interesting.
as a way of thinking about Australian politics. Do you think that those are the right groupings and was he really convincing for all three of them?

HELEN SILVER: Oh, I think he has a bit to go. Actually, it’s interesting taking from the book though recently the Prime Minister talking about this and then you had the Opposition leader Bill Shorten coming up. And you could argue they were taking politics, they were, but you could see that debate in front of you, that Bill Shorten says, “It’s not just about recognition; it’s what’s the question?” whereas the Prime Minister was, “It’s very important that we put the question”. And so you can see that debate that is going forward. I absolutely agree that you have to have the conservatives. I think the issue is really going to be how do we get across the issue that it’s not about race; it’s about an acceptance that you can have more than one culture? And it’s going to be that step that he thinks will bridge this across the void of the different politics.

JOHN DALEY: And of course, as you say, it’s that multiple culture thing. This is a move that Noel’s made in previous work to argue that people can have multiple cultures. They can be part of an Aboriginal culture, they can be part of an Australian culture, they can be part of a gay culture, they can be part of a Sydney culture; it’s quite possible for people to have these multiple cultures. And one of the problems in our public debate is we have what he describe as plural monoculturalism, this idea of everybody has to be put in a singular box and they’re not allowed to belong to more than one box. Do you see that happening? Is he right that that goes on?

HELEN SILVER: I think yes, you could argue that, but the way I took it is that, again, he was really talking a bit more about what’s taken on by the Australian Aboriginal community and what they’re expected to be when, in fact, they can’t be that; that they do have a distinct culture and some of them have more than one language and therefore a couple of cultures, and yet they’re still Australian and they are the first Australians. And I think it’s from there that I had that perspective of what he was trying to get across is that we must accept this and in accepting that then you can deal with the issue of constitutional recognition because his view is you’ve got to remove the issue of race. Because if you talk about a race, as you go back to the classics they become lesser human beings and we have to remove that and accept they have a different culture.

JOHN DALEY: Yes. And the other thing I loved about this is that he is a very generous man. I mean, this is a difficult social issue, heaven knows a horrific history, and yet he talks about the good faith of a huge number of people who’ve been involved it. He talks about the good faith of, ironically, people on the right who’ve been very worried about the social outcomes. He does have a fantastic piece talking about the missions and that’s all tied up in the whole Stolen Generation thing and, of course, Noel himself grew up on a mission run by a Bavarian missionary, Heinrich Schwartz, and talks about the way that Schwartz embodied all of the strengths, weaknesses and contradictions that one would expect of a man who placed himself in the crucible of history. “Would that we were judged by history in the way we might be tempted to judge Schwartz. We are not a bootlace on the courage and achievement of such people.” It’s such a profound compliment.

HELEN SILVER: Yes and, as you say, generous because these people also at the same time are part of a history which led to not their annihilation, but in fact the stripping away of their culture and therefore their identity. If I was ending on what I think where he’s coming from encapsulates, really what he’s arguing for is Indigenous Australians now want equal liberty. They want the freedom to take responsibility and he sees this as only through constitutional recognition. And I think if it’s talked about more that way I do think that people can understand that through that language.
JOHN DALEY: Something that could be very earnest, but is not.

HELEN SILVER: No.

JOHN DALEY: Annabel Crabb’s *The Wife Drought*.

HELEN SILVER: Yes. Well, I suppose when I approached this one I was a little bit nervous I have to say. I’ve read a number of books in this area, and I have to be non-PC here, but I didn’t know if it was going to be another diatribe about women’s affairs and women’s issues and the way to go forward in that. And I’m very supportive, if anybody knows about me, in this space, but I do get sometimes a bit pained when I read things. But I found once I got into it the book’s highly engaging and it is very, very funny. She’s a terrific writer. I mean, we know that, you watch her on television, you can’t help but fall in love with her, but you laugh out aloud, especially at her descriptions of what happens to super-mums. And I’m afraid I saw myself in here. I’ve got children and the effort to just say, “It’s all fantastic” when it is completely a catastrophe, it’s out of control, you’re completely exhausted, and you don’t really have a life.

JOHN DALEY: Tell us about the International Women’s Conference?

HELEN SILVER: Oh yes, well, there’s this great one on page 145/147 in the book. You’ve got the CEO of Diversity Council Australia and she’s just been appointed, and Annabel puts her as she thought she had the all-time favourite of a person that controlled life in terms of being a mother. So this is her best moment. So she’s got to take this international call, a really serious call. She’s just started as CEO of the Diversity Council and she’s pretending she hasn’t got children but they’re in the next room. And she’s on the phone and she’s got to talk, so she’s got problems about putting the mute button on, so she’s sort of trying to put the mute button on just occasionally, and there is mayhem going on in the background, absolute mayhem. And she’s trying to not apologise, pretending it wasn’t happening on the phone, and her children start walking in, something’s going on, something’s going on in the background.

You get this great description and she says finally she gets a final delegation of children delivering a written note and the written note is basically telling her that the guinea pig, who is female, has had a baby named Coconut, however the mother has eaten Coconut and we’re now doing the funeral now. So she decided she had to stop worrying about that she had a private life and face that. She really gets to grips of how women, in a sense, try to pretend you can have it all, but her big thesis is that we have to assist men to understand this issue more and that really we don’t question that men have a wife, you know, “You’ve got a wife?”, but women are always asked in circumstances, particularly once they say they’ve got children, “How do you do it all?” And she talks about the current deputy Opposition leader who makes a comment, she again has a number of children, and she says, “We’ll be at the top when I’m not asked that question; that it’s not a lottery that I have a good husband; that it should be just how it is” and I think she does that well.

JOHN DALEY: Yes. There are any number of gems in this. We discover a very interesting fact about Penny Wong, apparently her notes in Law School in South Australia sold for higher prices than anyone else’s because Penny has that unique combination of an extremely sharp mind and very neat handwriting. We discover also that Annabel, in terms of trying to write this book, was trying to write the book in 12 weeks and also finish off *Kitchen Cabinet* and also hold down her day job at The Drum, and the only thing that reduced her to tears in all of that was realising that they had Chiquita, the stuffed kangaroo from childcare, over the holidays. And that of course that meant that they were
supposed to have taken Chiquita to interesting places and they were supposed to have documented this with photographs. And she was going to need to stay up all night taking photographs of Chiquita and writing it up so that her child was not the one child at childcare whose parents or, more to the point, whose mother was too busy to give Chiquita a good time over the holidays.

But her point is that stuff is really important. It adds nothing to GDP, but it is very important. There’s an expectation that it is women who will do it and we don’t put a monetary value on it, and yet for women who are trying to have a career they somehow have to try and do both. And, as you say, her point is that men should be frankly pulling a bit more of their weight or, as she points out, actually should be enjoying this stuff a bit more because, deep down, doing Chiquita’s diary is actually quite fun.

HELEN SILVER: Yes.

JOHN DALEY: So I’m not sure I’ve actually gotten better since I read the book, but at least I feel more guilty.

HELEN SILVER: But she does also go to the point that we all know in this area that these factors are actually behind people’s mind when they treat female politicians differently from male politicians, that when people are looking at terms of jobs they treat women and have different assumptions than males. So all of that’s the serious end of what she’s doing in that sense, but to me it was actually the wonderful way she could make you laugh. But for me, this example that you talk about Chiquita, I mean by example – and I’ve seen this done, I saw it in a movie and I thought “Oh my God, I’ve done that” – is buying a cake from Coles and smashing it up a bit so people would know it was homemade because I had to get it for my son’s whatever party it was. And that is quite often done where you buy a few hundreds and thousands and throw it across madly at 12 o’clock at night when you’ve suddenly remembered the son’s birthday is tomorrow and they’ve got to have the cake for the preps and things like that.

But it really takes a load. You’re doing a big job and you’ve got to think about that and think about cabinet briefing and think about this, but you really are worried. You have this guilt and I think it was summarised well, she does the definition here of babysitting and there’s a guy who said, “A few years ago a colleague of mine was overheard at work telling his buddies ‘Sorry, can’t make the pub tonight, I’m babysitting’. A female workmate chimed in drily and said, ‘Mate, you do know that it’s not babysitting if it’s your own kid, right?’” And you could see even at that point what she’s driving at.

JOHN DALEY: But there’s a good tablespoon of sugar to make the medicine go down.

HELEN SILVER: Yes, but it’s important medicine.

JOHN DALEY: So that takes us to Thomas Piketty’s thing which probably needs several tablespoons. So Helen, we could have put all 685 pages of Thomas Piketty’s Capital in the Twenty-First Century for the Prime Minister or anyone else to read at the beach.

HELEN SILVER: Three people probably would do.

JOHN DALEY: Instead we put Larry Summers article The Inequality Puzzle about it. What did you take away from him?

HELEN SILVER: Well, of course it was sharply written and it was -

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JOHN DALEY: Shorter than 695 pages.

HELEN SILVER: I saw the *Capital* thing and thought oh my God, they're not expecting him to read that and I just knew that wouldn't be on the Prime Minister's list, so I was very pleased to see it was a review of the book. And there have been a number of reviews.

JOHN DALEY: I think it's actually about the most reviewed book this year. Pretty much if you are halfway serious in either economics or policy you basically had to write a review of this at some stage this year.

HELEN SILVER: Yes, basically. And it does say to you, I mean, the chances of a Nobel Prize, you'd have to say that. What he talks about in there and he really does say is what this book has put on the page is the understanding of the treatment of inequality and the functioning of the market. And the debate is that inequality as we go up the income curve actually gets worse which is the argument, and he's talking about at the very, very top of the income curve you're actually seeing greater inequality emerging than down the curve as it goes.

JOHN DALEY: And in particular he's talking about wealth as well.

HELEN SILVER: Yes.

JOHN DALEY: As the book is entitled “capital” not surprisingly it's about how much wealth do people amass during their life, how much do they inherit, and then how is that wealth distributed? And as he points out, and of course it's the enormous strength of the book and obviously Larry Summer's summarises in his article, if you go back 200 years then wealth was highly concentrated; a very small number of people owned literally half of all of the wealth in the country. We've been through a period particularly through the First and Second World Wars in which wealth became much -

HELEN SILVER: Depression?

JOHN DALEY: Well, depression and, as he points out, wars are terrific for destroying wealth and so it evened out a lot more. We also had this enormous demographic boom that inherently spread wealth through the 50s, 60s and 70s, and we sort of assumed that this meant in a modern society the triumph of capitalism, wealth will be well-distributed from now on, only it's not so. And we're seeing in pretty much all of the developed countries around the world, wealth concentrating again amongst a very small number of people and that, of course, this creates problems because it also means that the way to get ahead in life is not to spend your life working really hard and getting a lot of income that then builds your wealth; the trick to it is to essentially marry the right person who's already rich or at least has very rich parents, and that's the way to get ahead.

HELEN SILVER: Yes and not do much with it because it's very hard to destroy it. So what he's really talking about is that really tough, it's the 0.01 of the top of the range. And we often talk in policy terms the top 10%, the top 1%, but he's really talking about that very, very top and that concentration of wealth. Larry Summers tries to argue is the empirical evidence as supportive and I think there is a debate about what is said in there, but it is a clearly dense book in terms of empirical analysis.

The other thing that Larry Summers talks about is is the policy solution that he is talking about the right policy solution? So the policy solution – and you'll probably do this better than me John in having read it all – is arguing for a fairly significant wealth tax and he's basically arguing the case that it would be impossible because it's got to be globally introduced. And I found it was interesting, more
from my experiences in government of first best and second best. So it could be this is the first best solution and Larry Summers is saying you couldn’t do it and it was impractical. And sometimes when you’re in government you say this is what you would really want to do, but the politics or the practicality won’t allow you to do. And he talks about other mechanisms to in fact deal with this problem, and I thought that was interesting and he talks about some of those as well.

JOHN DALEY: Yes. And I think, as you say, he also picks apart the empirical evidence. As he points out, most of those who are wealthy in America today in this stratospheric 0.1% have actually earned their wealth. To be blunt, they’re merchant bankers and chief executives.

HELEN SILVER: Some mightn’t say they have.

JOHN DALEY: And there’s been some interesting work done in the commentary around this, that many of those people have actually been competing very hard for that income and so Larry’s point is this case that wealth is essentially being inherited is not yet happening. Although of course I think the point is not yet, but it’s certainly a possibility and you can certainly look at the top ten people in Australia and many of them come from families with very, very familiar names and who’ve inherited quite a lot of their wealth or, at least, their assets.

The other thing that for me the book does, and I think Larry does a great job of pointing out that he hasn’t necessarily solved it, but the book does ask a really good question and the question is what is the relationship between wealth and income; what’s the relationship between inequality in wealth and income; and how do they fit together and how are they related to overall growth rates? Now that’s a very profound question about do high levels of growth inherently lead to concentrations of wealth? It’s a great question. I’m not sure that Piketty nails it but, I think as Larry points out, at least he’s asked a fundamentally important question that people in economics are now doubtless going to worry about for a long time.

HELEN SILVER: And in fact when I said I was doing this somebody sent me a couple of other reviews that criticised Larry Summers on exactly that point and they were arguing in fact that he’s leading this concentration. So it’s going to be a debate and it’s going to be an empirical debate but, as you point out, it’s an important debate because it’s about productivity and growth and the sources of growth. But again, I thought it was interesting too that Larry also offered what I thought were some practical solutions to address the issue.

So he really talked about the need to use better income tax and estate tax management and really to look at this issue about the mobility of capital and to really focus on – which can be done, although not successfully recently –this issue of tax havens, money laundering, and other banks and bank secrecy and get at these questions. Because his argument is this would be at least something we can practically do, it’s within our scope and is something that the community will expect to happen. And he said dealing with some of that would deal legally, without even a new tax, with some of these things. I don’t know what you thought of those?

JOHN DALEY: I think that’s exactly right and I guess that was one of the points we were making in the Wealth of Generations report that we published late last week was that in fact in Australia we’ve got the complete opposite of that. We’ve got a whole series of taxation regimes that have taxed very little the earnings on assets and taxed assets themselves very little, particularly for people who’ve amassed a lot. It’s been very easy over the last 20 years in Australia to have very substantial wealth, to transfer most of that into superannuation and then pay no tax on the earnings, no tax on the capital
gains, and essentially we have a taxpayer funded inheritance scheme, which is actually the complete reverse of what one would ideally want to see.

HELEN SILVER: And yet the difficulties of changing that. But Larry Summer is saying frankly, that is something we should tackle of course and is easier than the concept of a wealth tax across united globally. So it shows you the difficulty I thought in answering these questions, so it’s well worthwhile to read the review. I don’t know if you’ll get to read that.

JOHN DALEY: I should add, one of the things you can do on Kindle now is they effectively can see how far through the book you’ve read because they know what you’ve underlined. This is the second-least finished book on Kindle. The least finished book is apparently Hilary Clinton’s memoirs.

HELEN SILVER: Which I tried. I tried that one.

JOHN DALEY: And you contributed to the statistics clearly.

HELEN SILVER: It’s the least finished.

JOHN DALEY: I would nevertheless commend both the article and, for those of you who are interested, the book is a fantastic book, it’s an important book. It may not be right, but then great books are often not right, they at least ask great questions. You’ve heard a lot from us. I wondered if anyone in the audience has some views about what you think ought to be on the Prime Minister’s list?

I should indicate what we have self-imposed rules at Grattan for this: it has to be published more or less – we’re a little bit generous, but not too generous – in the last 12 months; it has to be relevant to people who one way or another work in policy and politics, obviously the Prime Minister does both or at least we hope so; and then, finally, it has to be really well written, so it has to be something which is a pleasure to read so that you get slightly seduced by it over your summer holidays, even if it’s about policy issues.

So, who’d like to go first?

AUDIENCE: Evan Osnos’ Age of Ambition. He writes for the New Yorker and he wrote a book Age of Ambition.

JOHN DALEY: No, I haven’t read that.

AUDIENCE: Yes, there was that and there was also Paul Kelly’s Triumph and Demise, I was kind of surprised by the omission of that I suppose.

JOHN DALEY: Well, I suspect for a current Australian Prime Minister, Triumph and Demise would be simply recounting what they’d already lived through. But I think you’re absolutely right, it’s a huge contribution to understanding what’s happened in Australia over the last almost decade, a terrific book.

Other ideas, what else could the Prime Minister read over the holidays? Normally the room’s full of bright ideas for this topic. Has it been a bad year for books? Is there a fiction book that the Prime Minister should be reading?

HELEN SILVER: Yes, we’ve only got one fiction book.
JOHN DALEY: We’ve only got one fiction book, which is understated.

AUDIENCE: I do have a fiction book, but sadly it’s not a current year fiction book. It’s Little Penny by Chris Cleave which is about a Nigerian refugee, his experiences in Nigeria and then in Britain as a refugee, and it’s just a fabulous read and would break most people’s hearts.

JOHN DALEY: Fantastic, thank you. Any other thoughts or any other questions about the books?

AUDIENCE: Elizabeth Green wrote a book about Building a Better Teacher which pushes against the argument that teachers are born not made, whereas she argues that they can be made and improved a fair bit. So it taps into a lot of the initial teacher education debate, as well as the idea that teachers consistently get better.

JOHN DALEY: Thank you, it sounds fantastic, thank you.

HELEN SILVER: Well done.

JOHN DALEY: Any other thoughts or any questions about the books?

AUDIENCE: I’d like to know what you thought about but chose not to put on?

JOHN DALEY: Right. Look, an interesting story. There’s a thing called the Wonks List at the back. We thought about Philip Chubb’s book Power Failure which is essentially a history of climate change in Australia. We thought it was a little bit rough for an Australian Prime Minister to be reading essentially about the exploits of a whole series of people who are still very much players in politics, so we didn’t put that on. We looked at any number of books of fiction. It’s actually surprisingly difficult to find books of fiction which are well-written this year and which also have something to say one way or another about politics or policy or Australian culture.

I mean, obviously The Golden Age partly about Australian history that’s to some extent forgotten, partly about the migrant experience in Australia which of course is so important to who we are as a country. Of course, in the past we’ve had fantastic books about politics like Hilary Mantel’s Wolf Hall. This year, as if often the way, we’re kind of struggling to find books about politics that are convincing, which I find surprising Helen. There are so few books about the inner life of politics and yet it’s a world of full of drama.

HELEN SILVER: I think that’s why I thought the Ignatieff book was really interesting, and it was Harvard professor, I mean, it’s just wonderfully written. It probably should be sent to a number of our leaders because I think they would really relate to it in really strong terms. So yes, I think you’re right. I certainly hadn’t read one of that nature and it struck me we’ve got a new Premier in Victoria, I think that’s something that Daniel Andrews would actually find very enjoyable to read.

JOHN DALEY: The exception to that maybe is James Button’s book who, of course, works for Grattan Institute, hence we’re not allowed to put it on the list, but he wrote a book about A Year in my Father’s Business which is fantastic book about life in politics.

HELEN SILVER: Although there is a debate about that book of course isn’t there?

JOHN DALEY: Of course, there’s always a debate about good books.
JOHN DALEY: So, as I said, we also have a Wonks List. These are things that chances are the average Prime Minister is not going to read, although maybe certain Premiers might have.

So there’s Stephen Mill’s book *The Professionals: Strategy, Money and the Rise of the Political Campaigner in Australia*. This is the kind of insider’s view of politics in Australia. There’s a book by Atif Mian and Amir Sufi which is being described by many people as the definitive account of what happened to create the financial crisis and then how it got resolved and what we ought to do to stop it happening again. Philip Chubb’s book *Power Failure* I’ve already talked about, but it is a fantastic blow-by-blow account of the climate change debates in Australia. And obviously that has not always been a particularly enlightening debate and it’s a fantastic description of what happened and why it happened and implicitly what we might do differently next time. There’s Jill Lepore’s *The Disruption Machine: What the gospel of innovation gets wrong*. One of the great regrets I have about this year’s list is that I came across the book she published this year too late, which was *Superwoman: A History* which is a history of the character Superwoman which turns out to be surprisingly entertaining.

And then finally we had Alice Chen, Emily Oster and Heidi William’s paper *Why is infant mortality higher in the United States than in Europe?* Which is a horrific question because the point of the authors is Europe and the US are countries of very similar levels of development, very similar levels of GDP, but the bottom line is that America has much higher infant mortality. And I think the point of the essay was beautifully summed up, albeit horrific, by somebody who tweeted the relevant graph showing this difference in child mortality outcomes asking simply in the tweet “Is this inequality of opportunity or inequality of outcomes and does it matter?” Because clearly what’s going on is that you’ve got a very unequal system of healthcare in the United States that means that far more children die very early on, and it really puts those inequality debates into context.

So that’s the list for this year. Helen, thank you very much for a really entertaining conversation as always and for your continued support with Grattan Institute which is enormously appreciated. I’d like to thank particularly the staff of Grattan Institute. Ultimately of course this publication is one of the few genuine perks of being the Chief Executive of Grattan Institute that you have ultimate and final say over this. But in reality, other people in fact do most of the hard work in terms of both identifying the possible works and the, by and large, convincing me what the right answers are.

So I’d particularly like to thank Danielle Romanes and James Button for this year, as well as Gabi who helped us with the reading list for Wonks. They put in an enormous amount of effort. They read far more books than I did in order to come down to this list and they also wrote most of the blurbs about the books, so thank you for your efforts. It’s a terrific result and hopefully for some of the people here it will provide some easy ways around what am I going to either buy my loved one for Christmas or, alternatively, give to my loved ones to tell them to buy me for Christmas, which in many ways is a much greater gift some of the time.

So, thank you all very much for coming. Thank you to the Grattan staff, the State Library staff for putting together the event. Thank you to Sue Roberts and everyone at the State Library for what’s been a fantastic year for *The Policy Pitch*. As you said Sue, it’s been a great partnership of two organisations that have interests that have come together really, really well and it’s great to be committing for another year and, indeed, we’re busy mapping out the program as we speak. So thank you for all of your support, and then, finally, to all of you, thank you for coming. There are drinks outside and there will also be a stand with readings who have got all of the books there for sale, if
there’s any one that you particularly want to acquire. The only one I’m afraid that you can’t acquire is Michael Ignatieff’s book which has sold out in the United States, which gives you some idea that it’s really taken off as a book. It’s a great read.

HELEN SILVER: It’s a great read.

JOHN DALEY: But I dare say that if you order it from your favourite online book retailer it will eventually show up. Thank you all very much for coming, thank you to all the staff who’ve made this year possible, thank you to all the Grattan staff, it’s been a tremendous, exciting and very successful year, and we look forward to seeing all of you at events next year to talk about the important policy issues that face Australia. Thank you, goodnight.

END OF RECORDING