

A Life of Practical
Ideas: Tom McDonald
& the Transformation
of Australia

“Winning superannuation for building workers transformed Australia.”¹

“They went out and built a fund, and then another fund. History will record it as the union movement’s greatest construction of an economic enterprise in the entirety of our history. It could not have been done smarter. It could not have been done better. It could not have been done in a more effective way. They built a magnificent institution for workers retirement”.²

1 Michael Easson, “The Union Leader Who Dared to Dream”, Labor History, May 2022 <https://labourhistorymelbourne.org/2022/04/27/the-union-leader-who-dared-to-dream/>

2 Bill Kelty, Address, Sydney Town Hall, **Tom McDonald 1926-2022 The Soul Departs the Dream Remains**, May 9, 2022

The man who gave all Australians a more prosperous old age and a strong economic foundation for the future is not well known outside ‘the insiders’ of the labour movement. He deserves greater recognition. His leadership and the ethos of his collective work were remarkable. Above all, Tom McDonald’s value system of integrity, trust, honesty and courage³ are a guide for us all.

It was not an accident that it was the building industry that gave all Australians the prospect of a secure and prosperous retirement. Building structures, houses, city towers, infrastructure takes a toll on the body and the mind of those who hammer the nails and weld the steel. A secure, safe, healthy retirement to reflect on a life’s productivity and, more importantly, creating a stable stream of investment in a continuous stream of work and building was a dream.

*It took someone to dare to make that dream a reality. That someone was Tom McDonald. On the corner of Francis St and Glebe Point Rd there should be a statue of Tom as a boy who had his own SP book at 9, left school to support his family at 14 with not enough money for shoes. In Sydney’s new Bennelong financial district there should be another statue of Tom as a man who was seasoned by life. Here should be the trade unionist with a twinkle in his eye, who looked beyond self-interest and was the grist and the mill that enabled industry superannuation funds and a multi trillion dollar investment industry to become a reality. These two contrasting images are the beginning and end of a story of economic transformation. At the foot of each statue, Tom’s credo: *ask questions, dream big and work collectively.**

Perhaps these statues will never be built, perhaps they are just a pipe dream and maybe Tom himself would not want them to be created. But the most important thing is for them to be there in our consciousness. For Tom McDonald’s was a life of purpose and good and inspiration that touched, as Bill Kelty has articulated so well, “every person in this country”.⁴ His values should not only be honoured they should guide the custodians of Australia’s

3 Peter Robson, Celebration of Tom McDonald’s Life, 9th May, 2022

4 Cover page, **Dare to Dream The Memoirs of Tom and Audrey McDonald Stories of Struggle and Hope**, Edited and Educued by Daren McDonald, 2016

multi trillion dollar retirement savings industry as a touchstone for all the decisions they make in the future.

Peter Botsman

17 May, 2022

Tom McDonald was a life long communist and a disciple of life's practical lessons. Soon after I met Tom he shared an anecdote that has remained in my mind. As an earnest young Australian communist he sought the guidance of a senior official in one of his early trips to the Soviet Union: "Comrade how much do you think Soviet politics is influenced by Marxist ideology and how much by personality and ego?" Tom said the answer surprised him at first: 80 per cent personality and ego, 20 per cent ideology. That anecdote, and Tom's understanding that a lot of trouble flows from big egos, explains a great deal about the man. It also explains why most Australians are not aware of Tom McDonald nor of the giant contributions he made to their prosperity. Tom eschewed egoism. It was one of his great strengths.

Out of fervent Tom came to sparkle, especially in his later life. At the toughest of times Tom learned to see opportunities and he never lost his value system. To have this ability you have to have come through a cauldron of fire and to be able to do this you need love and intelligence around you. Tom's greatest achievements were also those of his family who gave him strength at those dark hours when you have to make a conscious effort to sink or swim. **Dare to Dream: The Memoirs of Tom and Audrey McDonald**⁵, written by Tom, Audrey and their son Daren are a manifestation of the teamwork that separated Tom from his peers. What strikes you about the McDonalds is the enormous power of the love Tom and Audrey had for each other and which transferred to their family and that included Tom's sisters particularly Helen Hewitt and his brother Don McDonald.⁶ But there was also a spirit unique to Tom himself too. He had learned to ride the storm and from an early age it was instilled in him to be grateful for small mercies and make the most of what you have at hand. He always had a tradesman's eye to the quality of what he did.

Speaking at his wake on Monday 9th May Peter Robson intimated

5 **Dare to Dream The Memoirs of Tom and Audrey McDonald Stories of Struggle and Hope**, Edited and Educated by Daren McDonald, 2016 pp426

6 Peter Botsman, Serious Love A Review Essay 2016 <https://www.workingpapers.com.au/papers/serious-love>

that when he told a senior superannuation figure, albeit from the conservative side of politics, that he was attending Tom McDonald's funeral, he did not have a clue who he was. You would have thought that superannuation industry representatives would be queuing at the doors of Sydney Town Hall on Monday to pay their respects. So this is something as Peter suggested that needs some action and it is part of the reason for this article that supplements the many other excellent contributions that have already been written about Tom's life. Even more than this ignorance it is important that the values behind the creation of universal superannuation are well known by all.

I think those values are: support a prosperous and secure retirement for working people at the end of their working lives, the strong look after the weak, no-one is left behind, invest in peace, continuously contribute working dollars into good, high quality working environments and the productivity of the economy, culture and society, look to the future and enhance our human capacity and natural environment.

Tom McDonald the communist union leader and his labour movement colleagues created many fundamental rights that most Australians take for granted: **a strong minimum wage** with the ideal that no person has to work multiple jobs to make ends meet like they have to in London or New York or Djakarta, no-one is left behind when they go to work; every person has dignity and is valued⁷; **safety**, if you want to know the difference between scaffolding on building sites in Sydney and Dubai, the answer is "Tom McDonald/BWIU". "It was not just identifying an injustice, not leading the strike to end it, but the organisation and detail of the solution was crucial"⁸, Dave Noonan told us at Tom's funeral, **accident pay**, more than just a go-away cheque, it became the difference between a workers compensation pay-

7 "Tom Mc Donald helped us to create the Australian minimum wage system – the finest minimum wage system in the world". Bill Kilty, Sydney Town Hall, 9 May, 2022

8 Dave Noonan, "Making workers' lives better", **Tom McDonald 1926-2022 The Soul Departs the Dream Remains**, May 9, 2022, p. 17

ment and full award wages paid by the employer⁹; **Medicare** that provides the best conventional health services at universal, affordable prices and **superannuation** that now pays workers more than just a cheque for a caravan and a trip around Australia when they retire.

These are all giant strides for Australian civilization.

Tom was one of the greatest union leaders of the post-war era. That is saying a lot, and he wouldn't agree, and it is not just because there is not a single living Australian who does not today benefit from his work. Tom embodied a value system of integrity, trust, honesty and courage that was acknowledged by his friends and foes alike. He also had remarkable instincts, foresight and problem solving abilities. Peter Robson likened him to the great Rugby League player Arthur Beetson. Like Beetson, "Tom would take the ball under his arm with three or four players hanging off him and he would always deliver the ball perfectly for a winning try"¹⁰. Kelty called it militancy for a purpose, the strong delivered for the week time after time.¹¹ Tom never tired of thinking about labor strategy from the Pat Clancy era to Australia Reconstructed in 1986 to the work of the Evatt Foundation in the early 1990s on unions, superannuation and international affairs. Underscoring this, Tom mentored hundreds of young union organisers after his retirement. He just never stopped giving or thinking.

There is a great pantheon of post war union leaders Laurie Carmichael, Jack Mundy, Big Jim Healy, Charlie Fitzgibbon, Tas Bull and many others - all had outstanding qualities and abilities. Some like the wharfies had to face the greatest industry transformations ever faced by organized Labor. So it is impossible to compare them. But Tom was special. You can see it in the twinkle in his eye at the 1985 ACTU Congress at Sydney Town Hall. He embodied humility and collective work. The union movement was famously about "we not about I". True to his communist convictions, Tom believed that nothing can be achieved by a

9 Michael Easson, op cit.

10 Peter Robson, Celebration of Tom McDonald's Life, 9 May, 2022

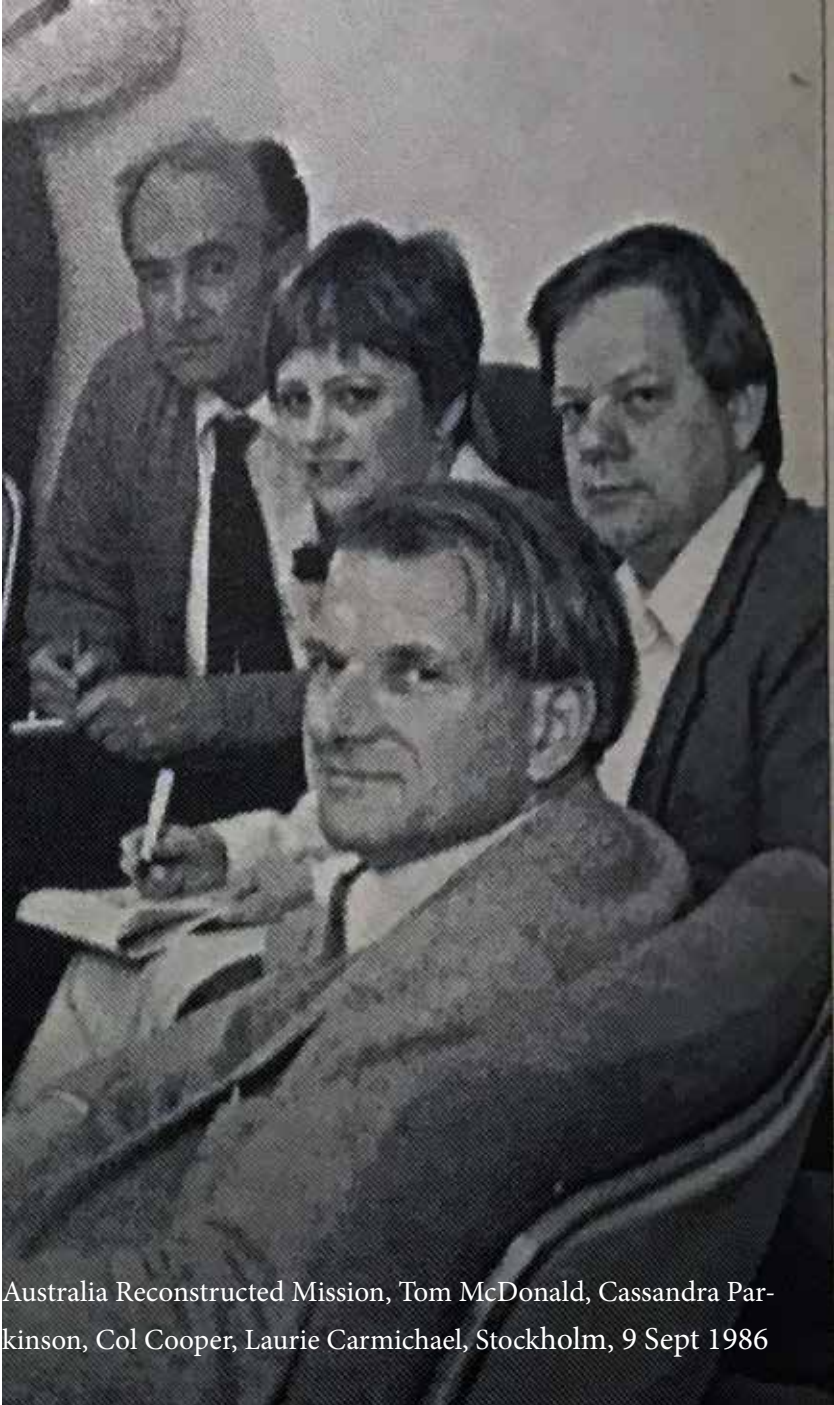
11 Dare to Dream, p.x



Tom McDon-
ald, 14, first day
of work, Glebe
1940, money for
shoes came later.



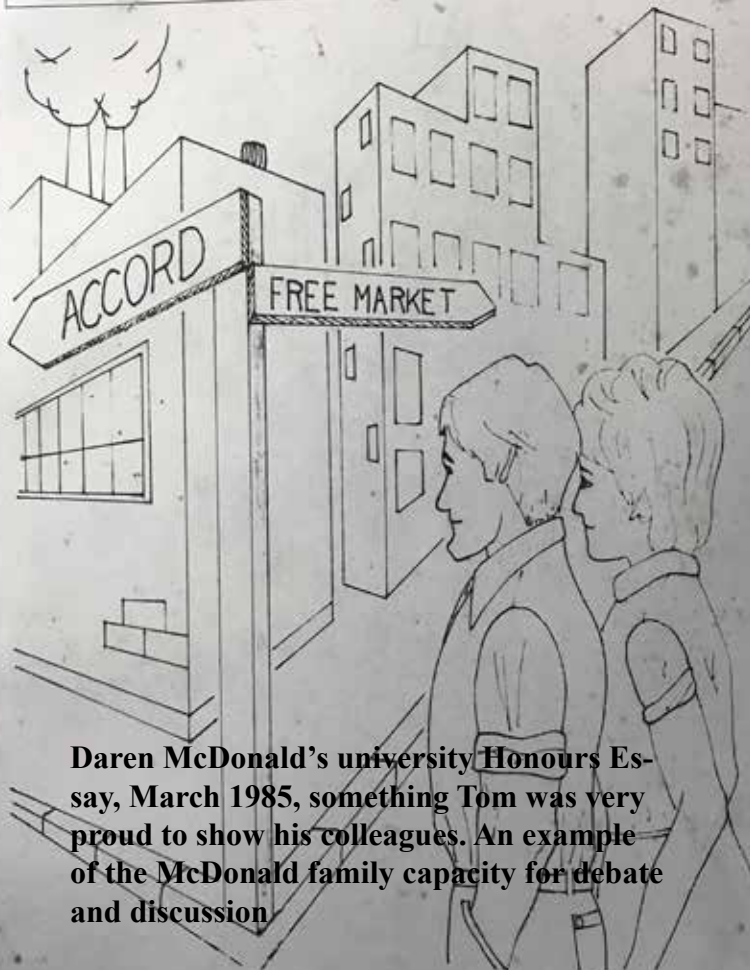
Tom Mc Donald marches with son Daren in the 1963 Six Hour Day March



Australia Reconstructed Mission, Tom McDonald, Cassandra Parkinson, Col Cooper, Laurie Carmichael, Stockholm, 9 Sept 1986

THE ACCORD

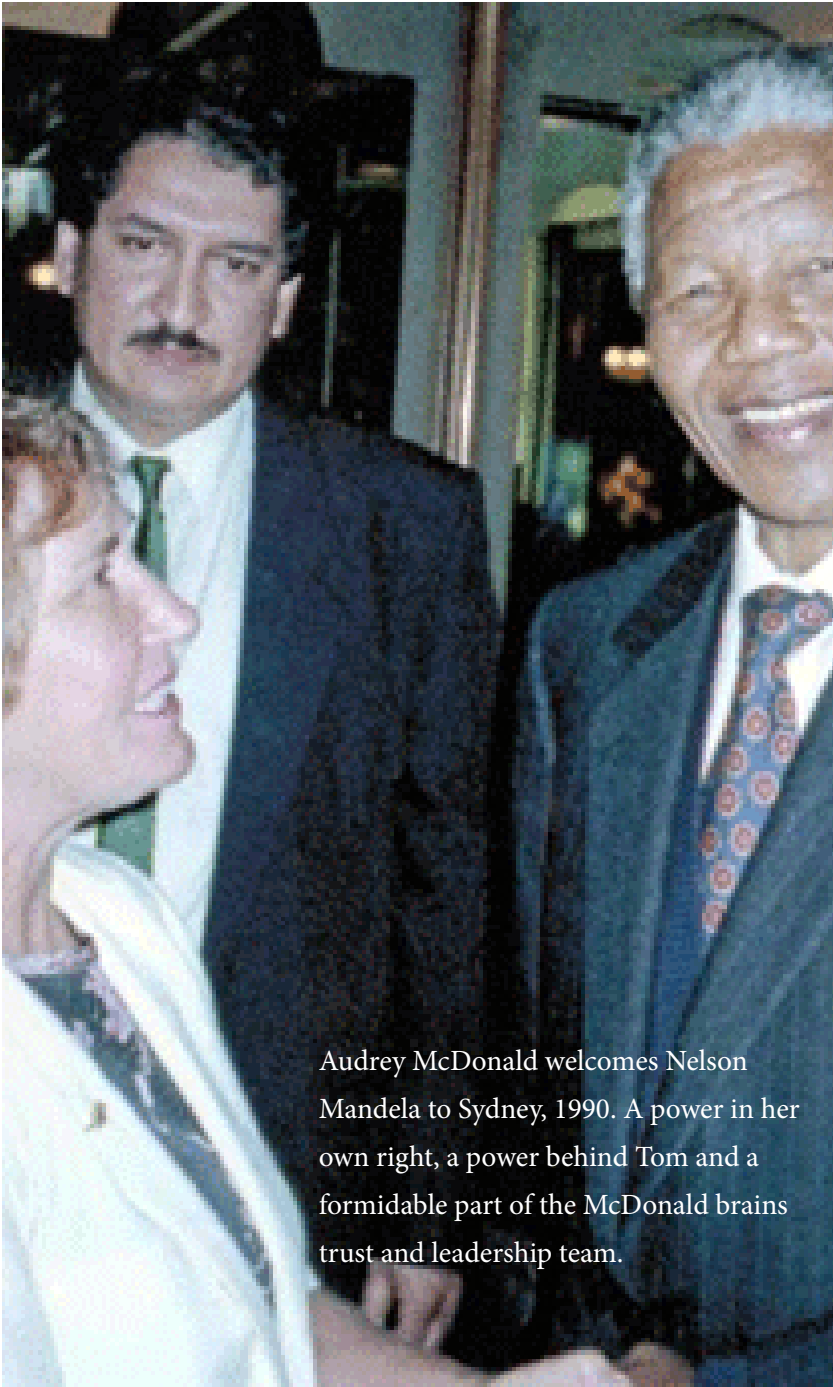
AND THE WORKING CLASS



Daren McDonald's university Honours Essay, March 1985, something Tom was very proud to show his colleagues. An example of the McDonald family capacity for debate and discussion

Daren McDonald

Political gimmick or viable strategy?



Audrey McDonald welcomes Nelson Mandela to Sydney, 1990. A power in her own right, a power behind Tom and a formidable part of the McDonald brains trust and leadership team.

Evatt: DOTS M



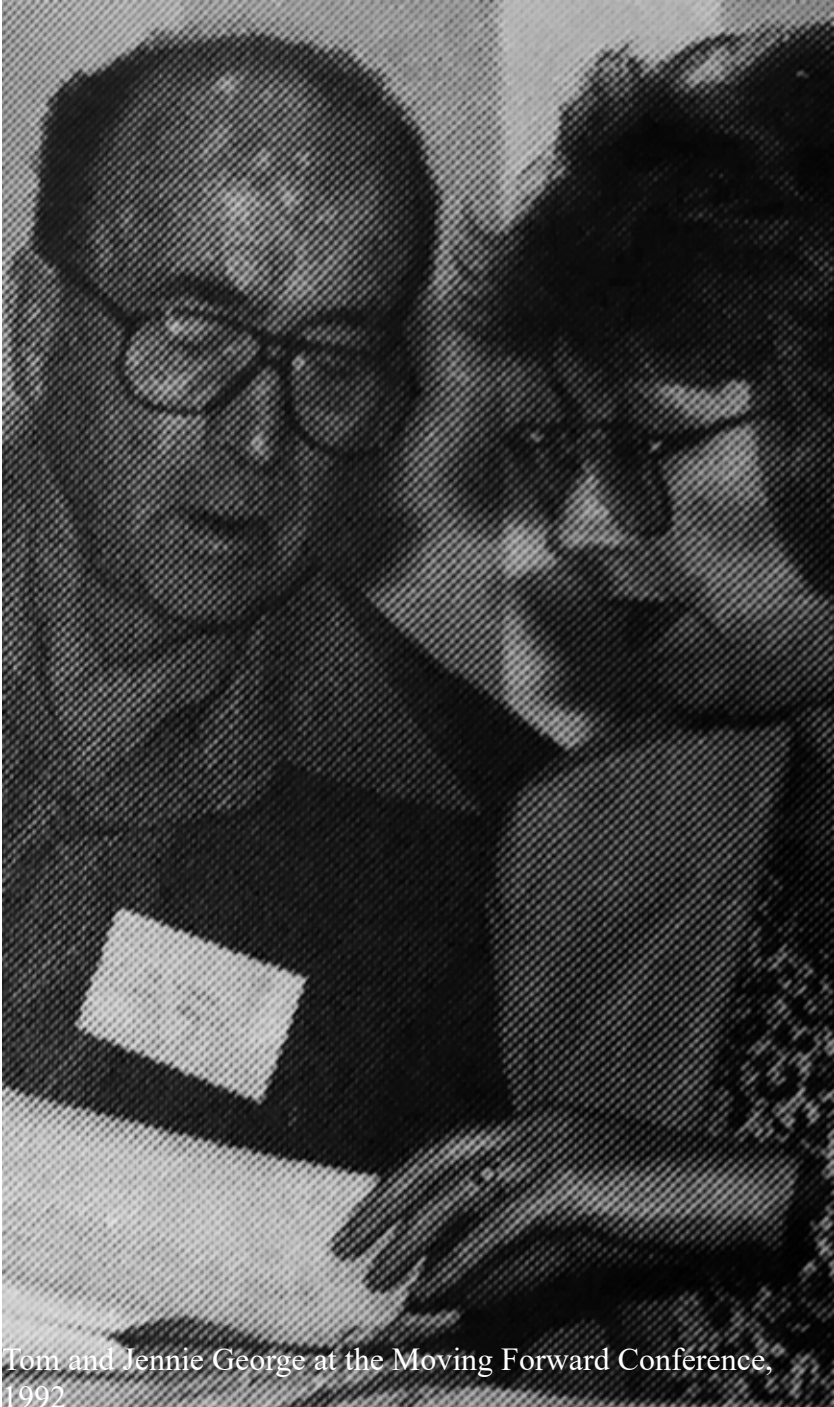
MOVING FORWARD

A NATIONAL FORUM ON
TRADE UNION MOVEMENT STRATEGY FOR A

SYDNEY, SEPTEMBER 23 - 25, 1992

EVATT
FOUNDATION





Tom and Jennie George at the Moving Forward Conference, 1992



Tom McDonald, ACTU Congress, Sydney
Town Hall, 1985



The Funeral of Tom McDonald, Sydney Town Hall, 9 May 2022

person working on their own, no matter how talented they were. In a movement full of great egos, Tom would always humbly step sideways¹ and refer back to the rank-and-file union members who gave him his authority and capacity. When you have this conviction of collectivity then you have ways of involving people on projects. Tom had this ability.

There was no such thing as non-union members for Tom, there were organised and un-organised workers. But in his later life he came to understand that the organized labour movement may well be a permanent, informed minority of the labour force – this for him was a strategic realization rather than an acknowledgement of weakness.

One of the things Tom hid was his prowess with numbers. He was a mathematical wizard who could do complex calculations in his head. He ran his own SP book at age 9 and it was important to him that his ability with numbers was never used to hoodwink others, something that was clearly brought home to him very early on. But his love and knowledge of parimutuel book-making remained with him all his life. Saturday morning was his time for keeping his own book and betting on the horses. This was his down time for relaxation, away from the rigours of labour politics. I wonder also whether he might in another life had a mathematical career.

Growing up in poverty, in the bad old days of inner-city Glebe, when pub brawls would spill out into the streets, Tom left school in Grade 7 and it was the Communist Party that gave him his life's foundation and strength. He was a true believer in the very best sense of the word. He educated himself far beyond his carpentry apprenticeship and had an unceasing quest for knowledge.

Tom was forged from strong steel. Michael Easson has written a very valuable tribute to Tom in **Labor History** that discusses the bitter internal cold war battles within the labour movement but also the micro changes to building sites such as safe, external scaffolding that were hard won. As a young student working as

a Builders Laborer in Melbourne and Sydney I remember how haphazard it was working on high multi-story buildings pushing barrows with concrete. The difference between then and now is like night and day. As Easson writes 'the BWIU leaders' Pat Clancy and Tom McDonald's were respected, their word was their bond and they were hard working, principled and honest.'²

When I once asked Tom about his 22 year long period as Pat Clancy's lieutenant he always said, that being the leader was not important, and it wasn't for Tom. Tom had the skill of being able to discuss issues and decisions in a way that influenced outcomes without ever being imposing or assertive or having to be the boss. As Michael O'Connor of the CFMEU told us Tom asked a series of questions that encouraged people to think about issues.¹² He was appreciated and influential without imposing his views on everyone who had the good fortune to meet him. When he was leader and in a leadership position he favoured a discursive atmosphere in which all aspects of a problem were examined and all points of view considered. It was only after discussion that he made his decision often after meticulously going through why and how he reached his position.

Tom's father had died after falling from a tram when he was very young. In 1971, accident pay - the payment of the difference between workers' compensation and full award wages, paid by the employer - was one of his and Pat Clancy's most important victories, achieved by one of the biggest building workers strikes every undertaken.³

Long-service leave for the building industry was another achievement; the union deployed as its model the State Superannuation Board legislation in NSW. The Wran government legislated after winning office in 1976, enabling a portable long-service benefits scheme; similar schemes were then adopted throughout Australia.⁴

No-one has put Tom McDonald's role in winning superannuation better than Michael Easson, who at one time might have

12 Michael O'Connor, Celebration of Tom McDonald's Life, 9 May 2022

been regarded as one of Tom's non-Communist, catholic adversaries within the labour movement. Easson acknowledges: "***Winning superannuation for building workers transformed Australia.*** In 1983, the building unions conducted a campaign for a wage increase. The employers agreed to a \$7.00 weekly allowance being paid. But when the matter went before the court, the claim was rejected as a breach of wage-indexation guidelines. Bill Kelty and Garry Weaven, the then Secretary and Assistant Secretary of the ACTU respectively, proposed: "Why don't we seek to develop a campaign for superannuation – a weekly contribution superannuation scheme?" At first, McDonald saw numerous complications: "... my mind boggled about all the problems ... in trying to establish throughout Australia a central scheme [with] ... big builders with modern, administrative systems down to a small employer [who] ... uses the glove box of his 'ute' as his office ... I walked back from down the other end of the city to the office, and I thought, 'Well, if ever we're going to get superannuation ... this was the moment' because we had the ACTU supporting it. The employers were morally committed to pay \$7.00. That was the start." The Builders Labourers' Federation, led by Norm Gallagher, wanting to one-up the BWIU, decided to demand a \$9.00 weekly wage increase, wanting money-in-the-hand, not "super". McDonald, working closely with the ACTU, Garry Weaven and Bill Kelty in particular, then added \$1.00 for life insurance and \$1.00 for administration and reserves to make an \$11.00 superannuation claim, won in the building sector, which then became the 3% claim across other industries — the start of widespread "industry super" as we now know it... The industry fund Tom founded, CBUS, now manages over \$70 billion in members' money."⁵ (emphasis added)

The important thing to recognise here as Dave Noonan told those gathered at Tom's funeral is that many of those who achieved that superannuation beach head by foregoing that direct cash in their pocket never gained what future workers gained from superannuation. It was their gift to the future and their ability to put aside short term interests for the greater long term good. Could it have been achieved anywhere else by anyone

else? I think not. For Tom McDonald and other post war union leaders like Charlie Fitzgibbon, Laurie Carmichael, Tas Bull were Bill Kelty and Simon Crean's great foundation when they led the ACTU and achieved Medicare for all of us. They struck for it in 1975 and restored it in 1983. "Private national health insurance is no good for poor people" Bill Kelty insisted at Sydney Town Hall on Monday¹³. This was the value system of organised labour, the strong protecting the weak and achieving something great for the country as a whole.

I first met Tom in 1990 a critical year in the evolution of world communism. As Director of the Evatt Foundation I invited Mikahail Gorbachev's chief economist Abel Aganbegyan to address a conference in September 1990 in Sydney entitled **Labour Movement Strategies for the 21st Century**. The conference was remarkable. It brought together union activists from New Zealand, Sweden, USA, Fiji, Bougainville, the UK. Tom did not speak. But he was one of two people¹⁴ who lobbied me very hard to have a personal meeting with Aganbegyan. Tom got his meeting and it was my first encounter with his tight and disciplined reasoning. We did not know what to make of each other at first. What impressed me was Tom's determination to get to the heart of what was going on under Gorbachev. I had a further opportunity to find out more when I visited Aganbegyan's Economic Academy in Moscow in early 1991. Thirty one years later I now understand how fortunate my family and I were not to have been caught up in the imbroglio that followed in Moscow. Gorbachev and Aganbegyan were on the side of the angels, but the devils, egos and greed were about to explode in a tragedy that has carried on in the form of Putin's rule. I think Germans understand the quality of Gorbachev better than anyone else. Werner Herzog's *Meeting Gorbachev* captures the catastrophe of the coup that unseated Gorbachev¹⁵ and which meant an end to

13 Bill Kelty, "A Working Class Warrior", *Tom McDonald 1926-2022*, op cit.

14 The other was Rene Rifkin of Armenian heritage wanting to meet with Aganbegyan in order to understand the prospects of their native country that had endured so much tragedy and blood shed.

15 Werner Herzog & Andre Singer, *Meeting Gorbachev*, 2019

the startling progress he had made on nuclear disarmament and world peace amongst many other things. As usual Tom I think really understood the issues.

When I came home in 1992 Tom became part of the collective board group that I valued most at the Evatt Foundation. Peter Robson and Tom along with Faith Bandler, Joan Kirner, Wendy Caird, Helen Twohill, David Haynes were the people who I worked with most closely.

Tom particularly drove our priorities around union development and post accord politics and superannuation. In particular, he put his signature on two important projects: **Unions 2001**¹⁶ or what should have been called Unions in the Twenty-First Century and **Superannuation 2001** or Superannuation in the Twenty First Century¹⁷.

Tom had a famous rubric that there are tactics and there is strategy. Tactics are short term things you have to do to achieve the long-term goal. To build a house you have to start with the foundations. But in those two projects we tried to go beyond the practicalities of everyday politics and focus on a long-term strategic vision. In my view *Australia Reconstructed*¹⁸, which Tom had been a part of, was and is, not only one of the greatest union reports ever produced, it is one of the one of the greatest Australian economic development blueprints ever produced. At Evatt I complimented Tom, my view was there is nothing as practical as a good theory. We worked well and efficiently particularly with Peter Robson noting that **AR** had a whole government department and secretariats project staff working on it. There were only three of us and a couple of researchers if we were lucky.

16 **Unions 2001** A Blueprint for Trade Union Activism, Evatt Foundation, 2000

17 **Super 2000** Investing in the Community, An International Labour Forum on Superannuation & Pension Funds' Investment Strategies, Organised by the Evatt Foundation for the ACTU, 24/25 November 1994, ANA Hotel, Sydney

18 **Australia Reconstructed** ACTU/TDC Mission to Western Europe, A Report by the Mission Members to the ACTU and the TDC, AGPS, Canberra, 1987, 220pp

Unions 2001 took up the concept of strategic unionism. As Tom wrote: “Change is not new to the union movement but for the most of the twentieth century there has been a long period of stable industrial institutions and relations. This left the union movement ideologically and organisationally ill-prepared for the massive changes that have occurred since the 1970s. The Accord, was in many ways, a saviour and respite. Without redefining what unions stand for in this constantly changing world, we will go backwards not forwards”¹⁹.

Many of the things that had not been taken up from **Australia Reconstructed** were taken up in **Unions 2001** but from a strictly union perspective. What could be the role of the newly amalgamated super unions? What was the union role in actually delivering the social wage that had been so well articulated in **Australia Reconstructed**? **AR** had moved beyond the old model of wages, safety and working conditions, not that unions could ever do that, but on top of this basic union foundation stone, it articulated “strategic unionism” that is involvement in developing economic policy, industry policy and the social wage.

Unions 2001 hinted at a model in which unions were involved in all aspects of working life, whether or not there was an employer or a job. **AR** had established that unions with high levels of membership in international contexts had direct involvement in providing unemployment benefits. This was something that was overlooked in the Hawke Keating years and maybe can be taken up now by a future Albanese government as part of getting the rorts and contracting out of employment services. Who better than unions to place workers in employment and to help fill labour shortages? Linked to Laurie Carmichael’s concept of life-long training a union would be the primary vehicle for providing unemployment relief, employment placement, education and training, personal and professional development and retirement. In many ways the biggest unions now, the Nurses and the Teachers, have this capacity to move beyond the old industrial

¹⁹ **Unions 2001** A Blueprint for Trade Union Activism, Evatt Foundation, 2000, p. 2

model. They are professional associations and as time goes on they will move ever farther beyond a narrow concept of employers and jobs and towards a concept of work, profession and even life advocacy.

What was the point of the amalgamated super unions if they could not achieve super and extraordinary things for their members? All this as Bill Kelty said in the foreword to that book was meant to create debate. That of course was Tom's way. Think broadly and discuss avidly. **Unions 2001** was written prior to Tom and Audrey's decades long post retirement involvement with **Organizing Works**. There I think another model of unions as vanguard labour movement organisations started to evolve. Tom started to think about unions as a permanent minority within the workforce that led the way towards better wages and conditions in much the same way as the older time great unionists had done in the post war period. But there still remains much to be done from even far back as *Australia Reconstructed* and *Unions 2001*.

The overhanging question from **Unions 2001** for me is the question of whether unions can be independent of the traditional and now increasingly non-existent life-long workplace and follow their members from school through part time work, unemployment, training, professional and family leave over the course of their lives. In some ways superannuation was an embodiment of this new role. But what would supplement membership fees to sustain these new lifelong unions? Could unions, for example, tender for Workforce Australia contracts? Offer university and TAFE courses? Run Men Sheds? Sporting Clubs? This was to move beyond the much-criticised model of unions as service providers of credit cards and travel concessions that was once seen as a pathway forward. The implicit concept running through **Australia Reconstructed** and **Unions 2001** was the idea of a new organic involvement of unions with rank and file members as they moved through their working life. I can hear Tom saying but what is the practical dialectic? How does this idea become more than an idea but something directly relevant

and part of working class lives? I think the disgraceful state and expensive nature of Australia's employment placement services is that practical setting where the rubber hits the road in each industry and unions can play an important role in the future, if they have a visionary like Tom or Audrey McDonald who dares to dream.

Unions 2001 created the momentum for the Moving Forward conference of September 1992 held at the Miscellaneous Workers Union in Sydney. Tom wrote it was attended by 260 union delegates and led to the creation of a much broader concept of an accord.²⁰ I think the concept was too far ahead of its time. But now with the prospect of an Albanese Federal government the idea of a new visions group of key peak councils working together beyond just the ACTU, Employer groups and the Federal Government of the Hawke years is more understandable and more needed. The original "New Visions" group consisted of the ACTU, Australian Council of Social Services, the National Women's Consultative Committee, the Australian Council for Overseas Aid, the Australian Conservation Foundation, the National Coalition of Aboriginal Organisations and Church representatives. The idea was for these groups to meet regularly with government collectively. To succeed the group needed a secretariat and leaders who worked together and understood the dynamics of each others peak councils. Such a body if working properly would never have let, for example, the decline of Australia's role in the South Pacific to have occurred. It was important for real representatives of people outside of government bureaucracy to have a permanent and ongoing voice. Again it was an idea championed by Tom that was ahead of its time and is now worthy of revival.

The **Super 2000** conference held in November 1994 was one of the best conferences I have ever been involved in. As Tom wrote in **Dare to Dream**, Bill Kelty at first sceptical, applauded it and allowed the Evatt Foundation to keep the profit margin for organising it. No easy concession and probably the highest acco-

²⁰ Dare to Dream, op cit., p. 329

lade you could receive from him at the time!²¹ The papers should have been published because all were superb, forward looking and even now there are so many issues that arose then that still need to be closely examined. It's taken me years to find the collected yellowing pages of the speeches, but the words fly off the pages with the excitement and purpose of that time.

Bill Kelty's opening address called "Super Achievements" was one of his greatest. It was Kelty on fire with enthusiasm and drive. He said superannuation was one of the labour movements greatest and most selfless achievements: "Nobody thought we would do it.. I think for most of us who were there that night , will look back on it as one of the great points in our lives. It wasn't just the 3 per cent. We achieved step one in our democratic and universal superannuation for everybody".²² But it was one thing to have achieved superannuation it was another to come up with a strategy for investing those burgeoning funds in a way that benefited the country: "The last thing we want is to take people's money and invest it so conservatively that it forces the price of all the well-established stocks and denies other companies and people access to the capital".²³

Having achieved universal democratically controlled superannuation the twenty first century issue was "economically targeted investment". To some extent industry funds like CBUS had already started to do economically targeted investment by investing in long term property and buildings that create jobs for building workers. This started with the renovation of Melbourne's Regent Theatre.²⁴ But Super 2000 started something a much broader debate that I can remember was probably way ahead of its time.

Olen Berg then Chief Regulator of trillions of dollars of US Pension Funds in the Clinton administration started a wider debate when she told the sold out conference:

21 **Dare to Dream**, op cit p. 331

22 Bill Kelty, "Super Achievements", Opening Speech, **Super 2000**, p. 11

23 Bill Kelty, op. cit., p. 13

24 **Dare to Dream** op cit., pp. 332-37

*“In the United States, pension funds are increasingly important as the investment capital that drives the economy. Pension funds own one-fifth of all of the financial assets in the United States, 25 per cent of the market value of all stocks on the New York Stock Exchange, and over 32 per cent of the daily trading on the New York Stock Exchange. In effect, they are the owners of corporate America. Clearly, investment managers and trustees have a responsibility to invest prudently and for the exclusive benefit of the plans’ participants and are required by US pension law to invest in ways that achieve an appropriate, risk-adjusted return. However, we have to recognise that the rate of return on funds set aside for retirees does not, in and of itself, guarantee a secure retirement income. That is because retirement income is also a function of wages earned while people are working, and, consequently, of the quality of jobs an economy can provide. If employees participate in a defined pension plan, their retirement income is determined by a formula based on their years of service and salary. If they are in a defined contribution plan, the more they make, the more they should be able to set aside. So retirement security depends directly on the quality of jobs employees hold during their working lives. So it seems to me that if we are going to provide for retirement, we have to invest in ways that create more jobs and better jobs over the long term. Therefore, the view of the Clinton administration has been that investments that promote a healthier economy over the long run also serve the best interests of the plan participants”.*²⁵

25 Olena Berg, “Superannuation, US Investment, Practices and Regulation”, Paper delivered to the Evatt Foundation/ACTU conference, **Super 2000**, ANA Hotel, 24/25 November 1994, p. 2

Olena then went on to describe the extent to which Pension Funds examined the quality of human infrastructure and productivity, infrastructure as a means of creating greater efficiency and productivity: “If the United States is to have economic growth over the next 20 years, we, too, have to invest in apartments, roads, sewers, telecommunications and incubating new businesses.” She then described how the California State Pension System had invested \$375 million in entry level housing with returns of 18-44 per cent, the New York City pension funds had invested \$US 400 million in 15,000 housing units, the Boilermakers and Blacksmiths National Pension Funds had invested \$US200 million in energy infrastructure with a projected return of 14 per cent and the state of Connecticut has entered into a \$US50 million partnership to promote job creation and economic growth in that state.²⁶

So economically targeted investment could be about social housing, affordable housing, supporting Indigenous businesses across the country, environmental industries, over the horizon industry and work. Berg went on to say along with collateral benefits there were collateral risks from economically targeted investments. These risks had to be managed through pooled funds for diversification, creating the experience on superannuation boards of people who are experienced in managing and assessing economically targeted investment and creating rigorous tests and filters to assess prospective projects.

As I write these words the conservative Australian Prime Minister Scott Morrison, in a last minute desperate attempt to win the 2022 Federal election, has announced a policy that would allow superannuants to draw 40 per cent of their superannuation to invest in their first home. This policy would simply flood the housing market with more buyers of housing in what is essentially a system that is structured to inflate the price of existing housing. There is just not enough diversity of housing stock to meet the different needs of the population across all income brackets. The greatest beneficiaries of Morrison’s policies would be people who are already in a relatively good position to buy their own house.

26 Olena Berg, *ibid.*, p. 5

A better strategy was what Olena Berg outlined as Clinton policy. In the “Community Investment Demonstration Act of 1993” \$US100 million was signed into law to encourage pension funds “to invest in the construction and rehabilitation of critically needed multi-family housing for low and moderate income families”. That \$US100 million enabled pension funds to invest a further \$US500 million into affordable housing allowing them to gain a competitive risk adjusted rate of return on investment.²⁷

Berg went on to describe more initiatives of the Clinton administration including funds to encourage investments in small business loans and empowerment areas in neglected inner city areas of US cities and the creation of an “ETI clearing house” that would allow pension funds to share their experiences with successful investments and to assist the investment community to assess and evaluate this new category of investment.²⁸

One of the greatest regrets I had about the Keating Labor governments loss in March 1996, fourteen months after the Super 2000 conference in Sydney, was that these areas could not be explored further. The Clintons, thinking Keating would be Prime Minister, had scheduled a trip to Australia, encouraged by Don Russell and many others in this period. Alas when they did arrive later in 1996 it was John and Janette Howard that was in the Lodge. I think this did set back the great dialogue between the US and Australia at that time.

22 years on superannuation has underperformed in this area of economically targeted investment. I think this has ironically sparked the conservatives to come up with wild ideas like that touted by Scott Morrison this week. If the value system that was behind the creation of superannuation is not better understood, then we can be certain that self interested politicians will be as short sighted as Norm Gallagher was when he wanted only to take the 9 per cent wage rise in hand and to deny the transformation of the Australian economy!

The time has also come as Tom would say to think about a big-

27 Olena Berg, *ibid.*, p. 8

28 Olena Berg, *ibid.*, p. 9

ger and better strategy. Superannuation should not, as Bill Kelty implored us back in 1994, become a branch of the conventional banking sector. That is also what makes Peter Robson's observation so pertinent. It is disappointing that most superannuation fund managers do not even know who Tom McDonald was. But it is more disappointing to see how narrow-minded funds management and actuaries have effectively prohibited a broader concept of economically targeted investment to evolve. I do not accept the layers of fiduciary rhetoric nor the excuses of union officials who now sit on the boards of these funds. The eyes glaze over when you talk to a big-time union secretary now on one of these boards about urgent areas of economic and social investment. You may as well be talking another language. We consider investments of minimum 100 million dollars they say. Anything smaller is not possible. Phone calls are never returned. Emails are politely rebuffed. Or they may pontificate about the prudential requirements that require them to consider only investments that can be tested in the market and are safe over a long term cycle. As Olena Berg told us back at the Super 2000 conference to be successful pension funds and superannuation funds need to create new forms of investment. If not, what is the difference between them and the conventional financial sector just taking profits and commissions and betting on institutions that are not necessarily in the wide community interest. All the risk is concentrated in conventional mainstream investments with their regular crashes and market corrections.

Since those heady days of the 1990s and 2000s I have spent my days working in Aboriginal communities thinking about creating safe long term investment capital for remote communities. It never ceases to astound me that there can be investments in urban suburbs of literally hundreds of millions of dollars in schools, hospitals, infrastructure that go unquestioned and unassessed as good investments but when it comes to Aboriginal communities all sorts of barriers rise up. This despite the fact that all of Australia's wealth comes from Aboriginal land. This despite the fact that Aboriginal Land Councils and individual family owners control a vast swag of Australia's land now. It is not a matter of if or when, it is a matter of how we create new kinds

of investment in Aboriginal communities and enterprises be they commercial, cultural, environmental or social.

Those of us who now have the duty of taking Tom's engaging spirit onwards must continue to ask questions. I can hear him saying: Should we, Sally, be looking at places in the world where unions are the main source of unemployment benefits and learning from them? Should we, Don Russell be investigating how our investments are benefiting Indigenous Australians at micro levels? Bill what about the Munarra Centre in Shepparton? Do you think there is a way that some of the industry super funds could host a First Nations bank at Munarra?

There are lots of other questions to ask. Can we make our health care system better and more appropriate? Can we bring dentistry into Medicare and make a universal improvement in oral health for all Australians? Can we build smarter and more environmentally savvy shelter? All these things are union business. Dream the impossible dream was Tom's theme song, Paul Robeson inspired him, it is up to us now to continue to ask more impossible questions and to dare to dream.

[Paul Robeson at the Opera House](#)