

Reading *Between the Lines* this week:

1. Edited extract from Senator Christine Milne's address to the National Press Club
2. Poverty and sustainability in developing countries—the impact of international trade in carbon
3. Australia's Government debt—how does it stack up?
4. Five disease outbreaks that are worse than swine flu

1. Edited extract from Senator Christine Milne's [address to the National Press Club](#)

"The world changes, and it can change incredibly fast.

I remember sitting by the wireless in 1961, listening to [President Kennedy promise](#) that, within a decade, America would put a man on the moon and bring him home safely. Kennedy said:

I believe we possess all the resources and talents necessary. But the facts of the matter are that we have never made the national decisions or marshalled the national resources required for such leadership. We have never specified long-range goals on an urgent time schedule, or managed our resources and our time so as to ensure their fulfilment.

If we are to go only half way, or reduce our sights in the face of difficulty, in my judgment it would be better not to go at all.

Kennedy didn't promise to get halfway to the moon, let alone 5 to 25% of the way there. He didn't promise to put a man on the moon if the economic modelling looked okay.

Instead he captured the imagination, and drove the creativity and innovative spirit of not only his own country, but of a whole generation who came to believe that anything is possible. ...And, sure enough, I remember as a 16 year old at boarding school in Hobart watching Neil Armstrong step onto the moon.

Committing to delivering a safe climate means embracing the massive challenge of moving to zero emissions fast, and frees you up to unleash human creativity in a wave unlike anything we've seen. Just as in 1989 we could not imagine the world of the iPhone and Blackberry, in the next 20 years we can and will create something that now seems impossible.

We humans are capable of amazing things when we set our minds to it. Setting a zero emissions safe climate target would inspire the community and unleash a wave of creativity, of innovative job creation that is right now

champing at the bit. Just as JFK's belief that we can do anything was his gift to my generation, this would be our gift to generations living now."

2. Poverty and sustainability in developing countries—the impact of international trade in carbon

Much has been made of the 'costs' that Australia will face in attempting to reduce greenhouse gas emissions as a result of the introduction of the Rudd Government's Carbon Pollution Reduction Scheme (CPRS). However, what is not widely understood is that under the CPRS a substantial portion of these emission reductions can be achieved by importing emissions 'credits' from developing countries.

Treasury modelling shows that, in order to meet our proposed targets, Australian firms will import billions of dollars worth of credits from less developed countries. Yet, to date, there has been virtually no debate about the regulatory and other mechanisms needed to ensure that any emissions trading scheme will be fair to developing countries.

If, as is likely, businesses in developed countries buy trading permits from businesses or governments in developing countries, the latter are likely to see a significant inflow of foreign currency. This could lead to an increase in the exchange rates of the developing countries and a subsequent reduction in the competitiveness of their exports from other sectors of their economy. At the same time, businesses in the developing countries will have to cut back on their own emissions to comply with their decreased carbon entitlements, which will slow the pace of industrialisation and, hence, the ability to move out of poverty.

If developing countries are asked to shoulder an inequitable share of the abatement burden, an environmentally credible agreement is unlikely to be reached.

There are many ways of distributing emission entitlements between countries but while perspectives on equity differ, the egalitarian equal-emissions-per capita-approach is ethically appealing and strikes a balance between the negotiating positions of developed and developing countries. This approach is based on the simple notion that everybody should have an equal entitlement to the rights stemming from the earth's climate system. Unfortunately, the Australian Government is arguing that Australians should be able to emit more per person than our developing neighbours.

If an emissions trading scheme is to be successful, not only does it need to be environmentally credible, it also needs to help achieve the UN Millennium Development Goals. The objectives are inextricably linked.

3. Australia's government debt—how does it stack up?

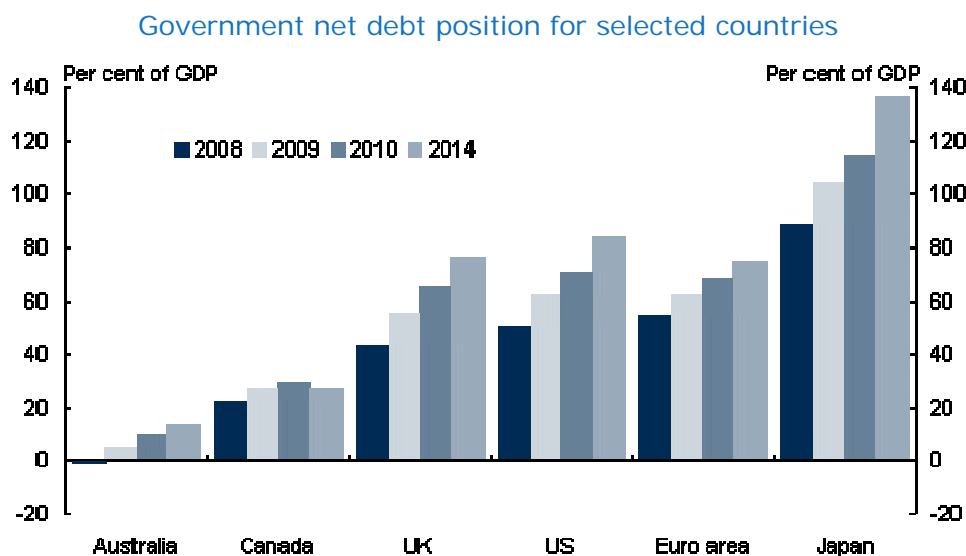
Before the Opposition backs the infamous ‘Debt Truck’ out of the garage in the lead-up to the next election, let’s analyse just how Australia’s government debt stacks up against our international counterparts.

The May budget papers revealed that net government debt is expected to hit 13.8 per cent of GDP in 2013–14, which will amount to debt of \$315 billion according to the Prime Minister, Kevin Rudd.

So, how do we really compare with the rest of the world during the current financial crisis when it comes to government deficits and debt?

In 2008, Australia had no net debt but International Monetary Fund figures show that the US net debt was 50 per cent of GDP. The euro area had 54 per cent of GDP, Japan 88 per cent and the UK 46 per cent. According to [The Economist](#), rich-country debt will reach just under 100 per cent of GDP by 2010.

By 2014, Australia’s net debt will be 14 per cent. In the meantime, the US debt will be at 84 per cent of GDP, the euro area will be at 75 per cent, Japan at 136 per cent and the UK at 83 per cent of GDP. The following graph from the budget papers shows how Australia compares to some of other selected countries now and over the next few years.



Of course, all these long-range estimates need to be taken with a grain of salt. The budget papers include projections for government finances that go out to the year 2020. But even if the forecast for Australia is out by 50 per cent, we would still be among the lowest debt countries in the world.

4. Five disease outbreaks that are worse than swine flu

Without discounting the concerning nature of the H1-N1 influenza outbreak, it is far from the most serious disease currently afflicting the world.

As Joshua Keating from Foreign Policy points out, there are five major disease outbreaks that put swine flu into perspective. Read about them here:

http://www.foreignpolicy.com/story/cms.php?story_id=4910

Footnotes (under the green line)

Between the Lines is a selective analysis of the policies and politics affecting the wellbeing of Australians.

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