



## Populism Is Not A Dirty Word

### **Publish Date:**

July 2016

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The political news right now is Malcolm Turnbull's tenuous hold on government.

But tight elections aren't unusual. The real significance of the 2016 election is how it reveals the growing dissatisfaction with the political class and mainstream parties.

This is a thread that links the support for Nick Xenophon and Pauline Hanson in Australia with the support for Donald Trump and Bernie Sanders in the United States and for Jeremy Corbyn and Brexit in the United Kingdom.

It's easy to dismiss these movements as "populist". That word has already been spat out hundreds of times on panel shows and through the quality media since last weekend's election results began to come in.

But "populist" is a strange insult in a democracy. Democracy is a system by which we come to agree as a group about how we live together. It has lots of flaws. The idea that the conclusions it

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comes to are too popular – too widely accepted – surely aren't one of them.

To call a politician or political movement populist is a dodge. A comforting, revealing dodge. An admission that the speaker sees the consent of the governed as a frustrating hurdle, rather than the reason parliament exists in the first place.

But even more than that, it's deeply condescending. Yes, they're less polished. They're less refined. But those apparently dangerous and unacceptable populists deploy much the same arguments and same rhetoric as the major parties.

Consider their approach to foreign investment. Nick Xenophon and Pauline Hanson both want to “take back the farm” and make it harder for foreigners to buy Australian assets. This could have catastrophic economic consequences. Australia needs international capital.

But then again the major parties have been telling us that foreign investment is risky, even dangerous, for years.

The Coalition government has been running a crackdown on foreign investment in housing. It prevented the sale of the cattle station Kidman & Co to a Chinese company. It blocked the American firm Archer Daniels Midland from buying GrainCorp. Kevin Rudd made foreign investment scepticism a key plank of Labor's 2013 election bid.

So if it is agreed by all parties that foreign investment is a bit of a problem, why would anyone vote for a major party whose concern for this issue seems only skin deep? Why not support a minor party that takes the concerns more seriously? The majors make the argument, and the minor parties increasingly grab the votes.

Likewise free trade. The Coalition government signed some important free trade agreements that are important for the future of the Australian economy. The Labor Party professes support for trade as well.

But too often those free trade agreements are presented by the political class as extracting concessions from foreign countries for Australian exporters, rather than allowing us to import goods cheaper and thereby raise our living standards.

The Labor Party used the Trans-Pacific Partnership for a scare campaign about Chinese workers being brought into the country. When Qantas moved its operations into Asia a few years back, the Transport Workers Union screamed that the company was being “Asianised”. Who does that sound like?

The Nick Xenophon Team wants the next government to directly support struggling companies – particularly the Arrium steelworks in Whyalla. On the one hand this flies in the face of every basic principle of sound economics, representing a transfer of wealth from taxpayers to public companies. On the other hand the major parties do that sort of stuff all the time. The Napthine government handed money to SPC Ardmona after the Abbott government refused. The only jobs plan either major party has for South Australia is to pay South Australians to build submarines.



In other words, no major political party has been making the argument for free trade, foreign investment and market competition. Yet now they blame the voters for being anti-market.

Major party strategists will tell you quietly that they have no choice but to take “populist” positions. Only the impotent are pure and all that. If the voters want protectionism the parties need to deliver it.

But this belief confuses policy means with policy ends. Do voters want higher tariff schedules, or do they want jobs and a sense of economic security? Do voters want lower immigration quotas or employment opportunities for their children?

The Australian public cannot be expected to know every detail of every policy, or the voluminous literature on trade and migration. They have families and businesses to worry about. But the protectionist and interventionist economic policies attracting people to the minor parties won't protect jobs. They will hurt jobs by slowing the economy.

Basic economics can be counter-intuitive. It needs to be argued for. No major party is making that argument. They're fudging and hedging, trying to be all things to all people, never committing, constantly doing one thing and saying another. No wonder people are voting for something else.

*This article originally appeared in The Age.*