

Australia's 13 biggest mistakes

Far from the wars of Old Europe, relatively immune to the totalitarianisms of the twentieth century, and endowed with ample land and resources to fit a country many times our population, Australia has had a lot going for it.

However, this also means that we can be squarely blamed for some of the disastrous policies enacted by governments either propelled by ideological folly, economic ignorance or naked lust for power. Some events, like our lack of success at the Montreal Olympics, Patrick White's Noble Prize for Literature, or the publication of *On Liberty*, have been pounced upon by governments eager to spend more taxpayers' money. Oth-

ers we can lay the blame at the door of the judiciary, like the Harvester decision or the Uniform Tax cases.

But in every case, these decisions and events have moved us further and further away from the liberal ideal of small government, equality of opportunity and freedom of contract.

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13 Invention of Canberra (1908)

Canberra is a document of Australian immaturity
—Australia, 1930, Keith Hancock

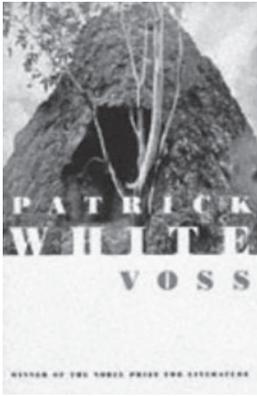
Canberra was blighted from birth—a grubby compromise between NSW and the other States (particularly Victoria) who laughably believed that they had limited the power of the 'Mother Colony' by allowing the capital's location in that State, provided it was no less than 100 miles from Sydney.

But worse was to come as Canberra's functional purpose was overtaken by grandiose plans for a 'garden city', complete with ornamental pond. There was a design process described by Hancock as 'a competition of foreigners judged by mediocrities'. The result: a meticulously *planned* city of sprawling suburbs, of looping bitumen mazes, divided rather than linked by bloodless arterials, and here and there punctuated by official buildings of indeterminate style and uncertain purpose.

Athens, Rome and London, like all the great demo-

cratic capitals of the world, thrived on the constant jostle and contact of decision-makers, officials and citizens in crowded *agora* and lanes bursting with life. To experience the contrast, try walking from Parliament to the Lodge, from DFAT to DITR, or from the High Court to anywhere. As with Speer demonstrating to the Führer the model for the new *Welthauptstadt*, Germania, the planners' 'vision' is beyond human scale and comprehensible only from the air. Parliament House follows the pattern with interminable corridors, massive chambers, and careful segregation of politicians from both citizens and officials.

Instead of one of the founders of our democracy, the Lake at the centre of Canberra is named for the city's designer, Burley Griffin, and perhaps there his spirit resides. As the north wind blows across the frigid waters, the inhabitants of the High Court and Parliament House—whether elected, appointed, or from the fourth estate—breathe a misty air imbued with the central planners' dreams. No wonder Canberra is the last bastion of belief in the transformative power of Government.



The damage to the Australian psyche was irreparable.

12 Patrick White Wins the Nobel Prize (1972)

'I am amazed at the way Australians have reacted, in a way they usually behave only for swimmers and athletes', said Patrick White. But he should not have been: it was 1972, it was Time, and the cultural cringe had been stood on its head. With the Nobel Prize for Literature on the national mantelpiece, our emerging cultural elites announced that no longer should we judge our creative products as inferior to those of our parent nations; from now on they were *better*. And just look at all those films. Now if only we could get our hands on some Government money... And so, in 1973, the Australia Council was duly formed, and Les Patterson moved into Arts Administration.

White's status did help justify the creation of University courses in Australian Literature, and many students did read at least the first half of *The Tree of Man*. White's *Voss* meanwhile established for aspiring intellectuals that the Australian interior was henceforth a blank screen for the projection of their own obsessions.

The AusLit racket was formed and soon established the self-reinforcing pattern of grants, favourable reviews and appointments which ensures political correctness is more important than ability. Three decades on, the heirs of this movement in our publishing houses would reject, unrecognised and unloved, a chapter of one of White's novels submitted as an unsolicited manuscript by a literary prankster.

The Nobel Prize commendation said that White 'for the first time, has given the continent of Australia an authentic voice that carries across the world'. Duly anointed, the author was able to establish the now-crowded space in which authors act as the self-appointed conscience of the nation.

Meanwhile, the insult implicit in the commendation—the notion that without White we are a literary *terra nullius*—was politely ignored. For the agents of the new culture, there was too much to be gained.

11 Federal money for science blocks at non-government schools (1963)

In 1963, Prime Minister Robert Menzies announced that he would introduce Federal funding to non-government schools to build science blocks if he won the election. This was the beginning of Federal aid for private schools and the beginning of the end for the possibility of a student-centred system for funding schooling in Australia.

School funding today is a complex combination of tied and untied, capital and operating, special purpose, Federal, State and parent contributions. As a result, every election campaign includes vociferous attacks by the union movement, the Greens, and parts of the Labor Party on the amount of money the federal government gives to non-government schools and similar, if more discreet, appeals from the Catholic Church and independent schools for a continuation of funding.

This mishmash of funding and the attendant brouhaha is inefficient, inequitable and leads to poorer educational outcomes. Under the current system, schools expend substantial resources applying for the various types of funding and the bureaucracy to administrate all the grants is a further drain of funds actually getting to students. There are major inequities in the present system, from the capacity of rich parents to pay nothing for their children's education by sending them to government schools, to the lack of resources and inexperienced teachers in poor government schools caused by insufficient funding and union rules stopping the schools paying more for better teachers.

It is impossible even to trial an approach that gives parents real financial choice about which school to send their child to when all the funding is allocated to schools, not parents, and the governments cannot agree. School funding should be the preserve of the States.

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10 The Release of Cane Toads (1935)

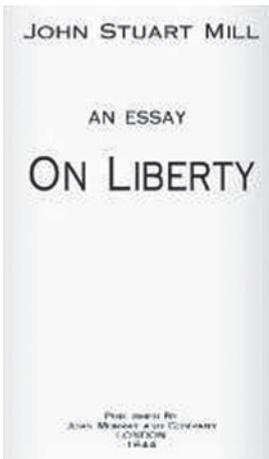
Even though rabbits and foxes have done more damage to the Australian environment than cane toads, rabbits and foxes were introduced in the nineteenth century by private individuals who fancied hunting. By contrast, the introduction of cane toads was a *policy* disaster because they were released as part of an official government programme. Foxes came to Australia in 1855, and rabbits four years later when Thomas Austin famously released 24 rabbits in western Victoria. Cane toads were a later innovation.

A native to central and south America, cane toads were used in Caribbean sugar plantations to control sugar cane pests. Following publicity about the success of cane toads against the white-grub in sugar plantations in Puerto Rico, in 1935, William Mungomery, the head of the Bureau of Sugar Experiment Stations in Queensland travelled to Hawaii, and returned with 102 toads. They were released in northern Queensland around Cairns. Today it is estimated that there are over 100 million cane toads stretching across nearly all

of Queensland, down to Port Macquarie, and east into the Northern Territory. In Australia, cane toads were largely ineffective against the pests they were designed to eradicate.

Cane toads have poisonous glands and are toxic both as tadpoles and adults. They're blamed for the declining populations of domestic quolls, goannas, and snakes. In Australian conditions, cane toads can breed and live in a density 100 times higher than in their native conditions.

In a sort of a reverse Stockholm Syndrome, cane toads have entered Australian popular folklore as ironic heroes. There was outrage when Federal MP Dave Tollner (from the Northern Territory) publicly embraced the killing of toads with a variety of blunt instruments, including golf clubs and cricket bats. A cane toad is notoriously difficult to eliminate by such methods, and not even backing a ute over one will guarantee its demise. Instead, the RSPCA recommends euthanasing it in the freezer.



9 Publication of John Stuart Mill's *On Liberty* (1859)

Published in 1859, *On Liberty* is one of the foundation documents of modern liberalism. Its arguments for freedom of religion and freedom of speech were radical and enormously powerful. *On Liberty* was compulsory reading for colonial politicians in Australia—and there was a tendency to think that if Mill said it, then 'it must be true'.

As the influence of Mill's political ideas grew during the nineteenth century, more attention came to be given to his economic theories. The problem was that while in the political sphere Mill encouraged small government, when it came to economics, he embraced state intervention and industry protection. He gave credence to the claim that tariffs could be used to encourage 'infant' industries—failing to realise that every industry starts as an 'infant' industry. He wanted Big Brother out of the bedroom, but he was quite happy to have Big Government on the factory floor.

The practical consequences for Australia of this intellectual contradiction were significant. The intellectual rationale for protection was combined with demographic practicality. The colony of Victoria, wishing to retain the tens of thousands of able-bodied men who had come looking for gold, adopted industry protection of manufacturing as a policy of job creation.

David Syme, the proprietor of *The Age*, was an enthusiastic supporter of Mill and through his newspaper he provided a ready platform for protectionist publicity. In the 1870s and 1880s, through the editorial pages of *The Age*, Syme had the ability to make or break Victorian Governments and those that he deemed not sufficiently protectionist were quickly dispensed with. Alfred Deakin became a protégé of Syme's, and an avid protectionist.

At federation in 1901, the two largest colonies were split on tariffs—Victoria was protectionist, and New South Wales was free-trade. Within a decade the Victorian position had won and tariffs became settled national policy.



8 The Labor Party Split (1955)

'The Split' kept the Liberals in power and kept Labor out of power during the 1950s and 1960s. Depending on one's political sympathies, this was either a good thing or a bad thing. The electoral consequences for the Federal ALP and for some of its State divisions were so enormous that, not unreasonably, they have been the focus of attention.

But the long-term effects of the Split were disastrous for both sides of politics, and for Australian politics generally. The root cause of the Split was communism. For the Left of the ALP, communism was no greater a threat than capitalism, and for some it was actually a preferable alternative. For the Right, international communism in the form of Russia, and domestic communism expressed through the Communist Party of Australia's control over key trade unions, posed a fundamental threat to the country. Doc Evatt, the Federal ALP leader at the time of the Split in 1955 appeared to have a greater sympathy for the first rather than the second interpretation of communism.

When many of the right-wing members of the ALP broke away to form first the Australian Labor Party (Non-Communist) and then the Democratic Labor Party, the Left gained an almost unchallenged ascendancy. And without the discipline that the opportunity of gaining office would have imposed, the ALP drove itself further and further to one end of the political spectrum. This shift made Labor unelectable and ensured that the Coalition was guaranteed government. And with its position assured, and without challenge from Labor, the Coalition became complacent and lazy.

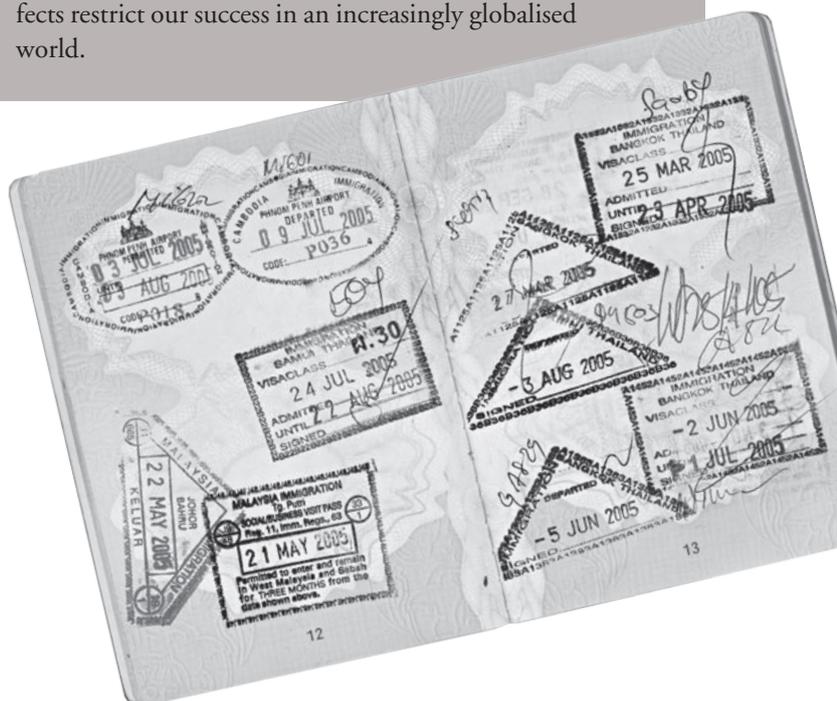
The later Menzies, and then Holt were never forced to confront the need to renew their policies in the face of a viable alternative from Labor. When, therefore, Labor under Whitlam did make itself electable, the Coalition had no intellectual framework with which to respond to the ALP's high-spending, high-taxing prescriptions. The result was that during the 1970s the Coalition's policies were simply copies of the ALP's.

7 Immigration Restriction Act (1901)

The very first Act passed in the new Parliament of Australia was to give effect to a White Australia Policy. The Protectionist Government of Edmund Barton depended on support from the Labor Party for its majority, and restriction of non-white immigration was a policy they both shared. This formed the basis for Labor supporting Barton.

The *Immigration Restriction Act* excluded non-white potential immigrants (and anyone else thought undesirable) primarily by introducing a dictation test whereby immigration officers could require potential immigrants to undergo dictation in any European language. Later, the dictation test was extended to any language. Racially based immigration was effectively abolished in 1966 when the dictation test was eliminated by the Liberal government of Harold Holt, and the Act was formally repealed by the Whitlam Labor Government in 1973.

Unlike many other policies where alternatives can be modelled or comparisons made with other countries, the negative effects of the White Australia Policy are not so easy to evaluate because they are not primarily economic. Australia experienced massive immigration over the period 1901–1966; it just happened to come from Europe rather than Asia or the Middle East. Instead, the effect of the White Australia Policy is a limiting of the Australian imagination, a common rejection or fear of the foreign and unknown which pervades many aspects of Australian life today including trade, culture, religion and the adoption of new technology. The legislation didn't create racism in Australia—that was here before and has persisted in pockets afterwards—but the White Australia Policy gave official blessing to an isolationist stance which didn't serve us well in the past and of which the lasting effects restrict our success in an increasingly globalised world.





6 WA Town Planning and Development Act (1928)

The Western Australian *Town Planning and Development Act* 1928 was the first such in Australia to give local government the power to control the use of private land. This had spread to all States by 1955 and increased in its regulatory intensity.

From the original mistletoe seed planted with the 1928 Western Australian Act, a mighty regulatory morass has grown, strangling the sturdy oak of private property.

There have always been restraints on the use of land—even in ancient Rome it would have been inadmissible to erect a slaughterhouse adjacent to a suburban villa. But the planning acts have taken these much further. From slow beginnings, they have shifted decision-making on land usage away from the nominal owners and towards government.

Land is designated for housing and the specific numbers of houses are predetermined, as are the various services, schools, etc.

In the case of rural properties, it is illegal throughout Australia to erect a new property by subdividing. The limits in Victoria are, for example, that no dwelling may be built unless it is on at least 40 hectares of land, or 8 hectares if it is located in a 'rural living zone'.

The upshot has been a progressive and accelerating reduction in land available for housing. This is often conducted in the name of preventing sprawl, even though barely 0.3 per cent of Australia is urbanised. Most importantly, it has brought a vast increase in prices. In real terms, since 1973, a standard housing block for a new house has increased by between two-fold in Melbourne to a staggering ten-fold in Adelaide.

From an innocuous beginning, land restrictions have brought usage restrictions and price increases that are preventing new owners from getting a foothold on the ownership ladder. For those who are on the ladder, it has proved to be an escalator—rapidly increasing their apparent wealth and giving them an interest in tacitly supporting the restrictions on land availability that has brought this about.

5 The Uniform Tax Cases (1942 and 1957)

There are two main villains in the story of the death of federalism in Australia.

Commonwealth politicians should bear most of the blame—but their desire to centralise political power into their own hands is entirely to be predicted.

The second villain, the High Court, is less easily excused. For the first 20 years of its existence, while there still remained some memory of what the Federation was intended to be, the Court made an effort to limit the Commonwealth's rapaciousness. Since the *Engineers Case* of 1920, however, the Commonwealth has basically been allowed a free rein to trample on the States as it pleases.

One of the greatest fallacies of Australian politics is the claim that the Constitution is difficult to change. What is usually forgotten is that a referendum is only *one* way of changing the Constitution. Another way the Constitution can be changed is by the decisions of the High Court, and successive Court judgements have completely subverted the balance between the Commonwealth and State governments. The 1983 *Franklin Dams* case was a clear demonstration of the willingness of the High Court to abandon federalism as a constitutional principle.

Money is, of course, the mechanism of the Commonwealth's control over the States. Two High Court cases established Canberra's financial supremacy. In 1942, in the middle of the Second World War, the Court in the *First Uniform Tax Case* decided that the Commonwealth could legitimately impose income tax at such a level as to make it unfeasible for the States to have their own income tax, and further that if the States did continue to levy income tax, then the Commonwealth could require that its own tax be paid first. Although the Commonwealth had had its own income tax since 1916, after 1942 it had a monopoly over the most important source of government revenue.

The justification for the measure given by the Labor Government was to ensure full national coordination of the war effort. Its practical effect was to neuter the States fiscally. *Technically* there was nothing to prevent the States continuing with their income taxes, but as the Chief Justice of the time, John Latham noted, for the States do to so was 'politically impossible'.

After its election in 1949, the Menzies Government promised to 'review' the situation, but it quickly found the attractions of such a tax too alluring. In 1957, in the *Second Uniform Tax Case*, the States attempted again to challenge Commonwealth powers and again they failed. The system had been in place for a decade and the High Court felt no need to force a change.

4 The Montreal Olympics (1976)

It is probably unfair to blame one individual, but Stephen Holland's failure to win the Gold Medal in the 1500 metres freestyle at the 1976 Montreal Olympics was the key trigger for one of Australia's greatest public policy disasters.

Not winning a single gold medal in Montreal was a disappointment. Any intelligent observer, however, knew that Australia could not compete on a level playing field with the massive government spending programmes (and as we now know, drugs programmes) of other countries, particularly those in the Eastern Bloc.

Instead of taking pride in the virtues of our free society, the Fraser Government responded to the Montreal results by trying to emulate the command economies. From the initial setting up of the Australian Institute of Sport to fund some Olympic sports, Federal Government involvement has grown into massive public funding of elite sport across the board, with State governments joining in to set up their own facilities.

Unfortunately, government commenced its involvement just before sport began to realise its own financial pulling power through sponsorship and television rights. Although some minority sports would still not be able to compete for funds in the market, we now have the ludicrous situation where elite athletes who have been subsidised by the taxpayer also get to reap the benefits of their commercial power.

The huge funding of sport has also undoubtedly increased the pressure applied to governments to fund other special interests, such as the arts.

In the 2006–07 Federal Budget, over \$250 million of funding was allocated to sport, a significant increase on previous years to 'maintain our competitiveness on the international sporting field' because other countries are now 'adopting their own elite sport systems and allocating more resources to these systems'.

Apparently, the big threat to our fourth position on the Olympic medal tally will come from the United Kingdom at the 2012 London Olympics. Fifth position, and lower taxes, sounds a better combination.



3 Wireless Telegraphy Act (1905)

The *Wireless Telegraphy Act* of 1905 inaugurated the century-long comedy of errors that is Australian media and telecommunications policy. The sector of the economy that has been characterised by some of the most rapid technological innovation has, at the same time, been cursed by governments concerned more with their own power than with the demands of consumers.

Wireless technology was introduced to Australia in 1888 in laboratory experiments at the University of Sydney, predating Guglielmo Marconi's demonstration of the first wireless telegraph by nearly a decade. The use of telegraph and undersea cables for communication from the 1850s onwards meant that wireless technology didn't assume political importance until Federation, when Tasmania, isolated from the rest of the nation, began agitating for Commonwealth funding for the new technology.

Initially, Prime Minister Barton was reluctant to do anything to encourage the expansion of wireless technology, worrying that it would harm the commercial viability of existing telegraph companies—a theme that still characterises Australia's

communications policy.

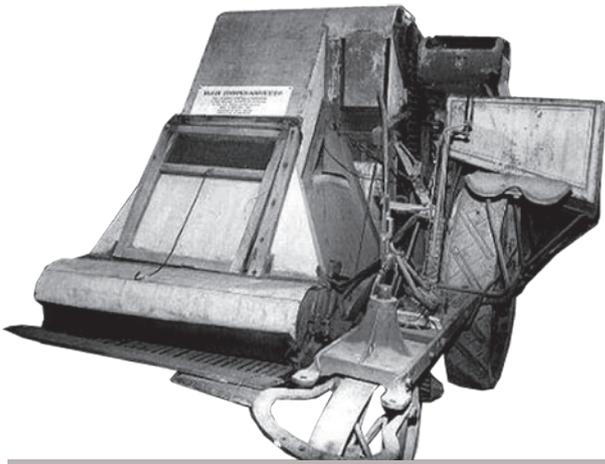
But by 1905, less enamoured by the cable companies, the Commonwealth decided to institute government control over the new medium and, with one stroke, the *Wireless Telegraphy Act* claimed for the government the entire electromagnetic spectrum which previously had been in the public domain. Defending the legislation, the government stated that its purpose was to ensure 'absolute' government control over the medium. In the future, all commercial and independent users of the spectrum now had to apply to the Commonwealth for permission.

As it became clear that the wireless spectrum was a highly valuable commercial commodity, successive Commonwealth governments tightened their control over it. In the 1920s, at the behest of industry lobbyists, the government legislated to ensure that radio sets were 'sealed' so that they could only receive broadcasts from one station—not surprisingly this regime collapsed within twelve months.

Communications regulation also formed the sharp end of the wedge of big government in Australia. In 1901, the Postmaster-General's Department was inaugurated with 16,000 public servants—90 per cent of the total Commonwealth administrative staff at that time.



McKay Stripper Harvester, c. 1880's



2 The Harvester Judgement (1907)

The Harvester Judgement of 1907 effectively established the basic wage in Australia.

As part of the 'New Protection' policy of the time, excise duties were to be placed on manufactured goods. Firms judged to be paying 'fair and reasonable' wages to their employees could, however, apply for an exemption to the duty. In 1907, the Sunshine Harvester Works, an agricultural machinery maker, applied for an exemption and the case was heard by the President of the new Commonwealth Arbitration Court, Henry Bourne Higgins, to determine whether their wages were indeed 'fair and reasonable'.

The Court took evidence relating to the cost of living at the time, and declared that a wage of 2 pounds and 2 shillings for a six-day working week would enable a man with an average-sized family, to live in 'frugal comfort', thus effectively establishing the basic wage. Soon afterwards, the High Court found New Protection to be unconstitutional but, nevertheless, the idea of the basic wage remained and soon came to form the bedrock of wage-setting in Australia—something with which we have been stuck, in different guises, ever since.

The imposition of wage levels by judicial fiat, in defiance of prevailing conditions of supply and demand in the labour market, has been a disaster for Australia since that time. The ultimate irony is that centralised wage determination has been most harmful to those it was actually intended to help—the poor and the unskilled—by pricing many of them out of the labour market and condemning them to unemployment. Together with protectionism, centralised wage-fixing was responsible for Australia's going from being perhaps the richest nation at the turn of the twentieth century to one of the poorer in the developed world by the 1980s.

Tragically, the ghost of Higgins continues to haunt Australia today.

1 The End of the Reid Government (1905)

The defeat of George Reid's Government on 5 July, 1905 signalled the end of the last chance that Australia had to avoid the full imposition of the Australian Settlement. Not that Reid himself had done much to prevent it.

In the post-Federation parliaments, there were 'three elevens in the field'—the Free Traders, the Protectionists and the Labor Party. The Free Trade Party, lead by Reid, was the last to get a turn in government, following both the Protectionists, under Barton and Deakin, and Labor, under Watson.

Reid became Prime Minister at the head of a coalition made up of his own party and a group of moderate Protectionists, headed by Allan McLean. Ominously for the likely longevity of the Government, the more collectivist Protectionist, Deakin, remained outside it.

The presence of the Protectionists was always going to limit Reid's ability to deliver on a free trade agenda. As one Labor member of the time cuttingly remarked:

Just fancy Cobden and Bright abandoning the cause because they thought the battle was futile. Fancy Cobden and Bright being prepared to go into a cabinet with Protectionists.

Reid came to power on the basis of a 'fiscal truce' on tariff matters. Beyond the fiscal question, there were few areas where the Government attempted to pursue a *laissez-faire* liberal agenda. Indeed, inertia was a key feature of the Reid Government, with only nine bills reaching completion during its eleven months in office. These included the disastrous Conciliation and Arbitration Bill, about which Bruce Smith distinguished himself as the only member of the Free Trade Party who opposed the concept of arbitration in principle.

By putting the division on tariffs aside and conceding on other issues, Reid tried to get a joint Free Trade and Protection focus on 'anti-socialism'. Some have argued that, if he had succeeded, free trade ideas would have remained a significant component of non-Labor politics. Deakin, who had more empathy with Labor than with Free Trade, certainly could not allow it and once he delivered a 'notice to quit' speech, it was clear that the coalition would soon collapse.

Deakin resumed office with Labor support. The December 1906 election brought little change, although Reid, campaigning under the 'Anti-Socialist' banner, slightly improved his numbers. When Fusion eventually came in 1909, protectionist ideas were very much in the ascendancy. Whether this would have been different if it had happened in 1905 is debatable. It seems more likely that by giving up on key parts of their agenda in 1904–05, the Free Traders condemned the ideals of free market liberalism to the wilderness for decades to come.

