

Liberalism after 2007

A blueprint for leadership

Greg Hunt

We have reached a point of paradox in Australian politics.

On the one hand the history of the twentieth century and of the first part of the twenty-first century has witnessed the triumph of the ideas of liberalism. This is so not just in Australia but ever more so around the world.

The eleven-year period of increasing prosperity under the Liberal Party leadership of John Howard and Peter Costello was defined by five great economic revolutions:

- First, the commitment to a policy of budget surpluses as a means of reducing public debt and public demand for money. This, in turn, has taken significant pressure off interest rates and completely displaced the Labor orthodoxy of public debt.
- Second, the revolution in waterfront productivity.
- Third, the restructuring of our tax system to provide incentives for those who work harder.
- Fourth, the development of incentives to give the most disadvantaged a path from welfare to the dignity and security of work; and
- Fifth, the freeing-up of small business owners to create jobs by protecting them from ‘go away money’ and union intrusion.

The result of these revolutions was to create perhaps the world’s most successful developed economy—with all the human benefits—of the last decade.

Despite their vehement opposition at the time, the Labor Party has committed to retaining the first four of these revolutions and is likely to keep significant parts of the fifth. While there are questions about whether they can maintain these commitments, it is clear that the ideas have certainly triumphed.

The paradox, however, is that at the very time when the ideas of open markets, open workplaces and open societies have triumphed, the Liberal Party, which has been a custo-

dian of those ideas, finds itself out of government throughout Australia.

The Labor Party has won the last 21 consecutive State and Territory elections, and now a federal election. The last Liberal Party victory at State level was in South Australia in October 1997, and at Territory level in the ACT in February 1998.

The question, then, is why, with both the success of liberal ideas and a truly successful economy, the Liberals find themselves out of government throughout Australia for the first time.

The answer to this question and to winning back the federal government within one term, as well as returning to government in the States, requires two elements.

We must understand the nature of the contemporary governance challenge and we must establish a process to help win the battle of ideas and to develop a partnership with the Australian people. In addition to any internal review of the last federal election, there should be an external process of bringing together younger Liberals to create the new reform agenda. This agenda, or Liberalism Project, should focus on maintaining our commitment to continuing reform and modernization.

The challenge

The challenge, then, for liberals is clear—if not simple. We have to maintain our leadership as the great economic modernists of Australia, while twinning this with a sense of hope, aspiration and compassion.

There are three fundamental principles which we should consider in pursuing this dual combination of economic leadership and deep human concern.

First, liberalism must not relinquish its commitment to reform and economic modernization. A healthy economy is not the end of governance, but it is the indispensable means to a great society. The *raison d’être* of Australian liberalism has always been to create the opportunities and conditions by which all Australians can unleash their potential.

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This means pursuing ideas—such as employee share ownership—which both give people a stake in their work environments and bring people back into the workforce rather than structurally exclude them. And it means holding Labor governments to account where they depart—as they already have at state level—from their apparent support for responsible budgetary policies such as reducing public debt.

Second, the continuing commitment to economic reform must be matched by a renewed commitment to hope, aspiration and compassion. The Liberal Party's vision—and its relationship with the public—must inspire and give a sense that Australia can be a great and generous society. There is a hunger for a higher sense of purpose. This is not only a basic human emotion, but it is brought into prominence at precisely the time we achieve prosperity.

Third, liberalism must recognize that successful politics is about philosophy not ideology. The public want a clear set of beliefs, but they do not want untrammelled ideology from either side of the political spectrum. The Labor Party has been marginalized whenever it has retreated to ideology which has, in turn, led to successive waves of economic failure. The Liberal Party has to be clear about its beliefs, but recognize that the public has rejected what has been perceived as inflexible ideology.

The key to the Labor Party's resurrection under Kevin Rudd was simply to accept the basic governing philosophy of the government, while fighting its perceived ideology on issues such as climate change and employment security. In reality the government's policies were practical in both these areas, but the public presentation of those policies largely fell on deaf ears.

The Liberal Party must therefore acknowledge that the public has spoken. It must emphasise that it embraces the great challenge of clean energy and that, as the party of economic reform, it is best equipped to take practical action.

By comparison, an early sign of ideology under the Rudd government is that by rejecting a clean energy target in favour of a renewables-only target, they have ensured that over 75 per cent of Australia's energy production will never be cleaned up. Instead of modernizing our fossil-fuel sector, they will marginalize it, in a classic case of putting ideology ahead of practical policy.

A blueprint for the future

If these ideas are to have currency, then they must be shaped into policy for the future.

There may be real value in younger liberals—both within and outside of parliament—crafting a blueprint for the future of liberalism. It could provide a menu of innovative policy proposals for continued economic modernization.

These ideas should be part of a vision which both maintains our economic momentum and emphasises the great humanity which has underpinned the Liberal Party since its inception.

Ultimately, liberalism has been the guiding philosophy for Australia's growth and human development over the last century. The laws of economics and human nature which have helped shape the last century's growth in economic and social freedom have not changed. Liberalism remains the guiding philosophy for the current century.

The fundamental task of Liberals is to maintain our leadership as the great economic modernists of Australia, while providing a sense of hope, aspiration and compassion.