

Thoughts on the Causes of Present Discontents

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2001 is a year of serial elections. Partly as a result of this, there is much discussion of our present national condition. This is an all-round unhappy discussion. The American writer, Bill Bryson, characterizes Australians as extraordinarily argumentative and self-critical. Even allowing for this natural propensity, the national mood seems dark. Yet, historical and geographical comparisons show that we are well off.

Although we may be well off, curiously we don't think that we are doing well.

POLITICS

Part of the explanation lies in the deep political malaise that has been brought to the surface by recent elections. The public is profoundly dissatisfied with politics and politicians. Pauline Hanson is the symptom, not the cause of this. She should not be dismissed on this account. A strong part of her appeal is not the negative side of her policies but the attempt to provide some unifying themes for Australians. These may be nostalgic and/or mistaken but she has the field to herself.

The major parties are about dissension and division, endlessly squabbling over marginal changes to policies that have been done to death: privatization, wages, roads, welfare. In exploiting them for transitory advantage, they widen the various cleavages in our society: town/country, male/female, black/white, ethnic. They obscure the unifying themes. In the media we see the same political faces we have seen for two decades, apparently

incapable of thinking or expressing a single idea to inspire us all.

Governments are busy but not productive. They interfere more each year in our lives and take more of our earnings. At one extreme we have the massive tax and paperwork hike associated with the GST and, at the other, the silly Bob Carr law to police the citizenry in the harmless activity of letting off balloons.

ECONOMICS

Our economic performance is under a cloud.

Assertions that we have been outperforming others are belied by the productivity data, the economic league tables and the quarter-of-a-century slide in our currency—it's as if we have been running up the down escalator and it's gaining on us. This is a long-term failure of policies. If Australia were a company, it would be vulnerable to takeover given the cheapness of its assets and, of course, such takeovers are happening all the time.

It is not that we are becoming a branch economy. We have always been a branch economy to a large degree. We have always worried about foreign investment. It was said that a big balance-of-payments deficit and capital inflow was natural at our stage of development. But when do we grow up?

Looking ahead, other doubts appear. They go beyond the rather wistful wonderings about whether we will suffer the consequences of the US recession. They go to the more fundamental questions: will we reach our full potential or will we keep slipping down the league in Asia and the world?

Some warning signs:

- We still have one of the most savagely progressive tax systems in the world and tax levels are creeping up again.
- Our competition laws are designed and administered to keep our corporations small until overseas companies swallow them.
- Our communications sector—the twenty-first-century industry—is woefully overregulated and there is now a threat by Labor to take us back a decade.
- The black economy continues to grow in a most healthy fashion (almost 15 per cent of GDP by a recent estimate).
- The welfare burden is large (\$70 billion) and unemployment wastefully high, which is demoralizing both for taxpayers and recipients.

In a world where corporations, banks, accountants and law firms are all multinationals, the medium-sized firm has to be light on its feet to survive. Australia no sooner generates such firms as Memtec or Telectronics than they are snapped up. At the big end of town, Ampol, Pioneer, Woodside and Optus fall (or may soon fall) to foreign takeover.

At the same time, the intellectual climate has taken a turn for the worse. Various irrational sloganeers are criticizing the long and long-deferred economic reform process in Australia. They want to turn the clock back to a non-existent golden age of national self-sufficiency. The attack on economic rationalism has become an attack on rational thinking.

Australia derived its earliest and best prosperity from the nineteenth-

century version of globalism with our exports of primary produce. We still rely heavily on trade to sustain our living standards. Real self-sufficiency is more than ever measured in terms of the ability to trade successfully.

THE REGIONS

This is why the support for One Nation in the bush is both understandable and lamentable.

The bush's exposure to the vagaries of world prices is the sharpest of any Australian sector's, but the least avoidable. Its relative levels of income have fallen away but will rest entirely on its continuing adaptability to change. Its attachment to the traditional unified images of the Australian identity is the strongest but its influence in national affairs is reduced to that of spoiler rather than leader.

The flood of new regulations emanating from urban-based interests exacerbates rural Australia's irritation with a regime where the bush pays the costs of adjustment but the cities get the benefits. For example, rural Australians are advised that:

- The rain that falls on their land no longer belongs to them but is to be measured (by them) and mainly allocated to a number of other parties; regulations designed mainly for irrigators are applied to all.
- They must identify and protect native animals on their properties; they are unpaid government zoo-keepers.
- They must check all trees on their land for biodiversity and for hollows and possible feeding areas; unpaid government ecologists and foresters as well as zookeepers.
- They must make complicated applications to change their land uses, keep complicated new records and accept a host of new regulators who have rights to enter their property and demand information from them.
- They must fill out complicated new GST forms so that they can tax themselves more regularly (unpaid tax collector).
- They must accept deregulation of

their markets while paying heavily for regulators to afflict them in all the ways devised by Federal, State and local government (health, workcover, animals, superannuation, payroll, equal opportunity, tax, land rights, weeds, fire, heritage, planning, etc) as well as those described above.

These are all laudable regulations in themselves, but there is no attempt by their perpetrators to assess or miti-

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gate their crushing cumulative effect. In a way, it is a wonder that there is not a more active revolt against the tyranny of the bureaucracy than merely voting for One Nation. But what recourse is there?

ARE WE DOOMED TO BE A BRANCH?

There are worse things than being a branch, particularly if it is a fruitful branch. But it implies being dependent rather than interdependent. We don't want that.

We need to formulate and articulate an alternative to branch status. This is where the major parties have been so weak as they desperately jostle for the 'middle ground' in politics and become both undistinguished and undistinguishable in the process.

Without a distinctive set of guiding principles, any policy change can be attacked simply because it causes disturbance, which it must do. This lets in groups such as the Democrats, the greens and One Nation, who articu-

late simple, if impractical, messages. Thus governments are thrown out when the level of accumulated annoyance with change reaches a critical point.

A set of principles would need to promise economic prosperity and relative independence. This must involve continued reform to free up the economy, less sector-specific regulation, lower taxes on income and saving and greater efforts to reduce welfare dependency.

This won't keep out the foreign predators but it might give the locals a fighting chance. We cannot afford to spend billions of dollars and decades of time on obvious reform areas such as the waterfront. We should stop minutely supervising the telecommunications sector. The urban elites should stop their armchair regulation of the rural sector. Lower taxes ought to be a right, not a privilege, given the reality of bracket creep and lower rates in more successful economies.

A set of unifying social and cultural themes must also be found. The republic vote failed because it did not appeal enough to inspire a collective leap into the pool. At the same time we are not clear on immigration (how much is too much?), sorry (what am I apologizing for?), welfare (how do we get people off it?), drugs (legal or illegal?), the environment (are we on the brink of disaster?), multiculturalism (what is our identity?) and many other areas.

In meeting this political challenge it would be nice to think that we could articulate a distinctively Australian synthesis and not borrow tired and rather hollow nostrums from overseas (the Third Way, the civil society, etc). From whichever side of politics it comes, a changed outlook should be challenging, not comforting.

A party that promises the electorate that we can turn inwards, avoid change and stop reform will not only be telling untruths but will be lulling us gently along the Third Way into the Third World.

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