

The Odd Bedfellows of Economic Nationalism

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PAULINE Hanson and Cheryl Kernot (in her former role as leader of the Australian Democrats) have both described their approach to economic policy as ‘economic nationalism’. So has Rex Connor Jnr of the Advance Australia Party.

Whatever their differences in other areas, the policies of these parties on economic and immigration issues are so similar as to be virtually indistinguishable.

Other minor parties—notably the Australian Greens and Graeme Campbell’s Australia First—share the same views, as is shown in the attached table and is further documented in the publication I wrote recently for the Institute of Public Affairs, *Odd Bedfellows: The Economic Nationalists and Why They Are Wrong*.

‘Economically nationalist’ policies typically include restrictions on foreign investment and foreign ownership of Australian assets; tariffs, import taxes, quotas, or other import restrictions; greatly reduced or zero net immigration; re-regulation of the finance sector; the use of trade and/or aid policy to promote Australia’s political objectives in other countries; antipathy to privatization and support for a much greater role for government incentives, disincentives and regulation in the operation of business.

You may think that the Australian Democrats, One Nation, the Greens and Graeme Campbell are an odd group to share very similar policies.

But their common approach to economic management is not just strange coincidence.

It reflects a shared belief in the supremacy of politics and a distrust of markets, and a view that Australians would fare better if governments took a more active role in their affairs.

Things ‘foreign’ are definitely bad. Foreign goods, foreign capital, foreign ownership of assets, foreign culture and net migration of foreigners—are all un-

desirable in the lexicon of economic nationalism.

It is rooted in the politics of fear and blame. If Australians have to be protected, it follows there must be people we need to be protected from. If the Australian economy is not working as well as it should, it assumes that indifferent governments or malign foreigners are responsible.

Above all, it rejects the economic direction of governments of both major parties in recent years—accepting immigration, promoting competition, opening the economy to freer trade, deregulation and pursuit of economic growth.

In essence, economic nationalist politics reject one of the fundamental ideas of economics—that of gains from trade: the notion that, when people trade voluntarily, they are both better off—they exchange things they value for things they value even more. When we accept a job, buy a house or select a

brand of baked beans, we are making a choice based on our own preferences.

Economic reform in recent years has been based on the idea that, by and large, people are better off if they make these choices for themselves than if the government chooses for them.

Conversely, economic nationalists assume that we’d be better off if governments prohibited us from doing things we would otherwise choose to do.

Economic nationalism uses nationalist sentiment to deny economics. Distrust of foreign engagement in the economy is used as the justification for a raft of government controls of investment, of imports, of immigration, of business and of the finance sector.

The cultural case against foreign influence in Australia leads all-too-often to policies that are xenophobic, discriminatory and morally reprehensible.

Pauline Hanson’s fears of being swamped by Asians are well-docu-

	One Nation	Australian Democrats	Greens	Australia First	Advance Australia
Restrict foreign ownership	✓	✓	✓	✓	✓
Increase trade protection	✓	✓	✓	✓	✓
Reduce liberalizing treaties	✓	✓	✓	✓	
Re-regulate financial sector	✓	✓	✓	✓	✓
Targeted industry assistance	✓	✓	✓	✓	
Restrict privatization	✓	✓	✓	✓	✓
Regulate labour market	✓	✓	✓	✓	✓
Reduce immigration	✓	✓	✓	✓	✓
Restrict competition policy	✓	✓			

✓ = has explicit public policy in favour

mented. Less well known is the Greens' concern about 'erosion of local culture in the face of imports of that have a strong cultural element such as films, electronic media, music and food'.

The Australian Democrats want to prohibit all media ownership by overseas proprietors, to deny some non-Australians the right to inherit their family home, to remove the right to own property from migrants who don't take up citizenship and to impose a 100 per cent surcharge on local council rates for investment properties owned by non-Australians.

Economic nationalism is a strange form of nationalism. It is based on fear and lack of confidence. It assumes that Australian businesses and Australian culture are not sufficiently robust to withstand exposure to the rest of the world. It proposes isolation, regulation and bureaucracy as the solution to our social and economic ills.

It is a pessimistic view of the world, and leads to a bleak vision of Australia's future.

It is one we should vigorously oppose.

Australians' standard of living will ultimately depend on our capacity to harness the creativity and enterprise of all of us, not just that of public servants and politicians.

We will gain the most from our wealth of human and natural resources by engaging with the rest of the world, not by trying to build barriers against it.

Whether promoted by the political left or right, the major parties or the minor ones, the politically correct or the intentionally incorrect, economic nationalism would wreak untold damage on Australia.



Lyndon Rowe is Chief Executive of the Chamber of Commerce and Industry of WA.

I P A

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