

A little while back, former NSW Premier, Labor's Bob Carr, sent me a link to a [post on his blog](http://bobcarrblog.wordpress.com/2011/02/01/public-prodigals-the-worst-case-scenario/) (http://bobcarrblog.wordpress.com/2011/02/01/public-prodigals-the-worst-case-scenario/) that he thought I might like. He was right, and in the wake of the crushing defeat of Labor in NSW by the Liberal/National Party Coalition, and also as we observe governments around the world trying to come to grips with their economic troubles, some of what Carr was saying deserves serious consideration. He wrote about 'the most constant battle in government: that to contain the growth in public spending'. The whole post, which also quotes from an article by Michael Lewis in Vanity Fair about Greece, is worth reading. Here's an example:

'we have loud advocates of public sector largesse in Australia. They include some – but not all – of the public sector union leadership, some of the journalists who pass themselves off as commentators on political economy and some welfare advocates. Generally all those who think governments can run year-in-year-out budget deficits. That deficits – even in boom years – are a virtue.'

We probably all have had discussions with people who believe that government spending seems divorced from wealth creation, or who seem unaware that for governments to spend money they have to take it from the taxpayer either now or in the future. We have had governments at all levels that time after time prove to be incapable of implementing policies at anything like a reasonable cost and then get creative about dreaming up new taxation measures to meet the shortfalls created by their own profligacy and incompetence. The current debates over a carbon tax and a mining tax in Australia are just the latest instalments of the ongoing saga of the state and its professional mendicants waging war on the productive members of wider society. The [Michael Lewis article](#) Carr mentions might describe an extreme case, but even a casual look at what's happening elsewhere (California and other US states as well as it's federal government, the UK, New Zealand, Portugal, Ireland and the list goes on) should toss out the idea that 'it can't happen here' whether at a state or federal level.

So, good luck to NSW Premier Barry O'Farrell and his team. The result of the state election will be interpreted in many different ways, but I'd like to think that the people, the wider society, are saying 'Enough! Give us some good administration, fulfil what most of us believe are the true functions of government, and let us get on with our own lives.' That will be the lesson of the 21st century, clearly forgotten or not learned in the 20th.

Something from Hayek to finish:

'We shall not grow wiser before we learn that much that we have done was very foolish. If we are to build a better world we must have the courage to make a new start.'

**Greg Lindsay, Executive Director  
E-PreCIS**