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ON THE DRY SIDE - XV

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Wealth Key to Economic Recovery

Australia's economic problems must be faced with a great deal more hard-headed realism than was evident in 1982. Neither the wishful thinking of the beginning of the year nor the almost panic attempts, by some, to pick up the pieces at the end, are realism. Instead of looking only at the problem areas we must concentrate much more of our attention, effort and capital on our relative strengths.

Over the past two years, unlike Japan, West Germany and the UK, Australia has avoided the pain of becoming more competitive. Even so Australia still has important advantages which even the most inept politicians or worst luck could destroy only slowly. It is on these we must now build.

Despite poor growth rates over two decades, Australians are still wealthy. That wealth is our most important advantage; it could permit us to set aside current earnings to develop new enterprises and modernise old ones without suffering real hardship. Further it should enable those people who are fortunate enough to have jobs in these trying times to take less so that others can be employed. Even if real incomes were reduced by 5 or 10 or even 15% we would remain among the wealthiest people in the world. Our relative affluence will enable us to be relatively generous to our needy so long as the rest of us are not too selfish.

Australia has almost 100% literacy and a high level of workforce skill. Our economic and social infrastructure - roads, ports, telephones, etc. - is

adequate though inefficient. It is thus possible and desirable to ease up on public sector capital expenditure, allowing the private sector to raise funds more readily in the absence of some public sector competition, and concentrating public capital expenditure on projects such as power stations and coal loaders which might have a rate of return as high, or pay-back period as short, as private ventures. The Bicentennial road program might be scrapped.

The US defence umbrella should enable us to continue to avoid very heavy defence costs.

Australia has many industries which, because of natural advantage or sound management, are among the most efficient in the world. These include the big coal, iron ore, meat, grains and wool industries, and many smaller industries including very many low-cost manufacturers. Without the burden of high-cost suppliers and protected competitors in the markets for inputs there could be many more. It is these industries and such new industries as changing technology and demand throw up that can give us back economic growth without which, for all practical purposes, rising living standards or full employment are impossible.

Not many peoples are as well-placed to prosper. The cause of our troubles is to be found not in our fortune but in ourselves - our greed, our conservatism and our timidity, our determination to get more out of the system than we are prepared to put into it, and the ability of both businessmen and unionists to avoid fair competition. As the problems are man-made and home-made, then, with sufficient will, we should be able to unmake them.

If only because we have much the same system as Britain, I believe we have a political system which can tackle the solutions if only the actors will accept the responsibility the way Mrs Thatcher has. Surely we don't have to dig ourselves into as deep a hole as did Great Britain, before we start digging ourselves out.

The role of leadership - union, business and government - should be to change Australian attitudes by helping other Australians to understand; wherever appropriate by example.

Next election (unlike 1980 and unlike the 1982 non-election) cannot be based on encouraging greed if for no other reason because the budgetary consequences would be too awful; but maybe the Flinders by-election is an indication that the electors will after all vote for responsibility over hand outs. The Labor Party promised public sector expenditure and protection while the Libs promised lower wages. If the Flinders poll is indeed a reflection of a new realism and the politicians interpret it as such then we have all that is needed to turn the economy round during 1983 toward a brighter 1984.

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