

## THE BICENTENARY

*John Hyde*

For fear we might not be interested enough to remember it, our TV sets have repeatedly blared at us that 1988 was to be the "celebration of a nation" that is "young and free". (The advertisement has just been voted the worst TV ad. of the year.) Since we are not so young that we can run to mother England any more, let us use 1988 to adopt the few simple disciplines that will return our national finances to some semblance of order. If we don't the bicentenary may well be the year that Australian debt became insupportable.

A nation is a continuing entity for which people will die to ensure that it can sustain their children and their children's children. Yet, like children ourselves, we have eaten and danced our way through the past few years without thought for our children. We have piled up domestic and foreign debts. Interest payable overseas and foreign debts maturing this year will be equal to over sixty percent of our exports.

In this one important regard, we have, in a mere five years, turned Australia into a third world country. What is more we knew what was happening---we did it selfishly and wantonly. We did it by maintaining our living standards, our work practices, and our privileges when we knew things were going wrong. Now we, who have nothing to be so especially proud of, are promising ourselves an orgy of self-congratulation. Why?

Don't get me wrong. Australia is one of the very few decent nations: relatively just laws, habeas corpus and liberal traditions etc. apply here as they don't in many countries. We are still wealthy. But to what extent are freedom and wealth at risk? It is a measure of the shallowness of the bicentenary bash that amid the flag waving and ritualistic obeisance to political and cultural fads, there is to be little room for serious discussion of the circumstances that keep our nation free and prosperous. Who will ask such questions as: by what traditions and institutional arrangements do we maintain a strong defence force that is also subservient to parliament? What effect do budget deficits have on our children? And the most obvious of all: how do we repay the debt?

If nationhood is the ability to hand down security and sovereignty to the next generation, along with the will to do so, we should surely be addressing the task by getting our debt back to reasonable proportions.

The way is well known. All that Australians need to do is:

- \* deregulate the private sector---especially the transport and communications sectors---and marketise the public sector monopolies.
- \* reduce protection to make industries produce competitively and stop loading them with unnecessary costs which prevent them competing. Since one man's protection is another man's cost these are usually sides of the same coin.
- \* balance the government's books---that is eliminate net State and Federal borrowing which is still a high 4% of GDP.
- \* deregulate the labour market and reduce the monopoly power of trade unions.
- \* reduce taxation.

Then the new low-cost, lean and competitive businesses can raise more of the capital they need in Australia and set about earning the foreign exchange needed to pay debts and purchase imports. In principle what we must do is as simple as it is obvious, but until now Mr Keating has found it politically too hard. However, that will change.

Across the Tasman his counterpart, Mr Roger Douglas, is setting an example Australian treasurers will have no option but to follow. If they do not follow, Australia will lose her most mobile capital and most employable brains to New Zealand. Eventually we will follow New Zealand's example for the same reason that Malaysia followed Singapore's---because the cost of not doing so became obvious. As Closer Economic Relations (CER) with New Zealand proceed, more and more pressure will build up in Australia for deregulation, freer trade and lower direct taxes. Then rational economics will become more popular.

In 1984, when the Lange government came to office, the New Zealand economy was in a mess of Latin American dimensions---much worse than the Australian mess. NZ is climbing out of a deep hole and will soon pass us on the way down if we don't start climbing. Except in the case of labour markets, the economic record of the Lange/Douglas Government is second to none, and the success of its policies can already be felt in a new spirit of entrepreneurship in Auckland. New Zealanders are climbing and they are exhilarated by their success. Mr Hawke's bicentenary gift to Australia should be to match the Lange/Douglas policies step by politically painful step. Better still, he should take the advice of the Chilean economist who said, "If you are going to cut the tail off your dog, do it swiftly and do it once. If you cut off an inch at a time you only multiply the pain, and of course you will never have the courage to finish the job".

If Mr Hawke were also to match Mrs Thatcher's success in bringing trade unions within the scope of laws that apply to everybody else, that would be more than tinsel on his bicentenary gift to us.

And if, as well as imitating Lange's and Thatcher's successes, he were to cut heavily into public expenditure, then when the national centenary comes in 2001 there will be dancing in the streets and much honour for Mr Hawke. What is more, he will have deserved it by doing something no modern government has yet done, except at the insistence of the International Monetary Fund backed by the threat of no more credit.

Too many Australians are deploring a lack of political leadership. Instead, they should grow up; tell their 'leaders' to follow the best examples the world has to show, and accept the necessary disciplines themselves, as New Zealanders are doing now.

On the 2nd January 1788 Captain Arthur Phillip with *Sirius* and *Supply* was in a gale off Tasmania eating up the new colony's supplies and going nowhere. Need we, 200 years later, still be barely masters of our destinies and going nowhere?

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