

Revised  
20-5-83

Last April 25, hunting through some economic statistics, the dismal state of the Australian economy struck me yet again; somehow with even greater poignancy. The Last Post carries an eerie message; not of the past but for the future--"The torch from failing hands we throw etc. etc." The message is no cheap sentiment far removed in time and distance from danger but a tough directive concerning our own behaviour. Surely all those men didn't die only to have the next generation stuff it up.

Bad as these figures are it was not data about the short run; data which show that we are in a nasty recession that are most relevant to Anzac's message but data about the long run; data that says too plainly that relative to other countries Australia is going backwards; our lousy rates of economic growth, our declining position in tables which rank countries by the incomes of their people, our wasting capacity to afford expensive armaments, the growing numbers of young people who have never had the experience of a job, and our failure to invest in future production.

In 1958 Australia was the fifth wealthiest in the OECD club of 24 industrialised nations. We are <sup>now</sup> /sixteenth, perhaps as low as twentieth. If Japanese and Australian gross products are divided by the respective populations we see that the average Japanese has slightly more income than the average Australian. How many returning diggers would have believed, that within one generation of the end of the war, that the average Japanese would be wealthier than the average Australian?

One should be careful of statistics. They do not measure everything relevant to well-being, exchange rate movements can make nonsense of fine distinctions and conclusions drawn from a short run of data are questionable. However the trend is not one of fine distinction nor is the data short run; the trend is plain for any but the wilfully blind to see. Neither playing around with exchange rates nor noting that, tied up in good housing Australians have the residual benefit of capital generated in better times can change the general conclusion that we are

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becoming relatively poorer.

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Why have Germany and Japan done so well and for that matter why have they now started to slow down? Could it be because it was in these countries among OECD NATIONS that vested interests for a while lost the capacity to harness the power of politics to protect themselves from the invigorating, efficiency maximising discipline of markets. In Japan and the Federal Republic of Germany the major mercantilist interests suffered at the hands of Allied bombers, the 'Gold Boy Network' was broken and scattered in the aftermath of the peace settlements and, most important of all, politics ceased to be an honourable profession. The new post war politicians were reluctant to use all of their wide authority and markets were left unmolested by marauding politicians and by those commercial extortionists who rely on political muscle to collect the rent.

The greedy little people buying and selling in a free competition with each other does no harm. In those circumstances he who demands too much, having no power to compel others to pay himself goes without. The greed of those who have managed to gain a monopolist's hold on a market is, however, quite otherwise. Their greed produces less while higher prices are demanded. The nation's physical and human resources are not employed to produce most of what sovereign consumers demand but are allocated instead to benefit monopolists. Established interests reluctant to adapt to new methods, to accept the consequences of bad commercial judgement or seeking higher earnings and softer jobs use monopoly bargaining positions, when they can get them, to get more for themselves than a free market would allow them. In the short run their greed is satisfied at the expense of others and in the long run at the expense of economic growth. These arguments are all old hat to most high school economics students; even so, the selfish use of special privilege is encouraged by governments to damage the economy and will eventually, if unchecked destroy the free Australia that men fought for.

All the significant monopolists are in a better position to be selfishly destructive because they have gained the support of government which has delineated monopoly rights for them to exploit. Most monopoly privileges are entirely dependant on government fiat. Trade unions are encouraged to keep wages and the other costs of employment at unemployment levels by government granted immunity from prosecution for damage. Protected industries are permitted to extract enormous benefits for their employees and their capital at the expense of consumers. The most serious restrictive trade practices( for instance in shipping,airlines and shopping hours) are enforced by law to the benefit of some Australians at the expense of others.Some of the most complete monopolies (Australia Post, Telecom, electricity authorities and railways) are government owned and protected from competition, benefiting their employees at the expense of the using public. Much of the excessive power of unions is derived from the uncompetative nature of their employers. That some Australians have become more equal than others is unfair, divisive  
That some Australians have become more equal than others is unfair, divisive and, worst of all, so inefficient that gradually the security of the whole nation is suffering. Favouratism is so damaging to our little economy that the next lot of servicemen and women may not be backed by an economy strong enough to ensure that they do not shed their lives in vain.

The lesson of history is that nations which become economically weak are much less likely to continue. Sometimes their departure is cataclysmic, sometimes almost unremarked. Either way we really are not entitled to undo what our warriors previously won.