

10/8/84INTERNATIONAL COMPARISONS

A man with a drinking problem may be seriously ill but still not stop drinking, nor accept any of the advice of ~~some~~ friends. Until he frankly admits that his condition is serious, he is incurable. Once the problem is accepted, the cure may be hard, but it is obvious.

Similarly, a community with an economic problem may be in serious trouble but not adopt the self restraint which will effect a cure. The advice of eminent men and women and the most compelling logic will flow unheeded until its members admit that all is not well. Those who would reform alcoholics or nations are defeated most often, not by argument, but by the apathy and incredulity of those they hope to cure.

A reformer's first task is, therefore, to confront the afflicted with evidence which makes self deception difficult. Only when the problem is recognised is it time for the cure.

A hangover is not evidence to a man who has forgotten what it was like to be wholly sober. Neither is the loss of health from day to day evidence; that change is too gradual. Flagrant contrast is needed to command attention. The alcoholic must be encouraged to see himself beside his more sober peers, his youthful self or the aspirations he once held.

To command their attention, nations too, must be confronted with glaring and invidious comparisons. People who make these comparisons, however well founded, will be dismissed as boorish, priggish, and a pain in the behind. A Minister of the Crown once accused me of "exaggerating" when I quoted at him, data on relative rates of economic growth, from a United Nations Publication. More recently, a senior businessman told a senior Opposition Shadow Minister that he did not want to hear invidious comparisons from the past but wanted to be told about the sort of society we should produce. The businessman did not appear to realise, or want to accept, that the trends, practices and policies which gave us today, are inherited by tomorrow unless we change them.

In order to predict, let alone design, Australian development, the businessman needs to understand where Australia is and how it got there. Had he been one who had already faced the present, he would have known that others in the company were in need of the sermon. Reformed alcoholics never discourage lectures on the subject of alcoholism. 90-2

Within the space of a week I came across three references to Australia's long run economic performance. None was flattering.

The first was just a footnote in Samuel Brittan's latest book, The Role and Limits of Government: Essays in Political Economy. It reads, "Note: The only country with a slower growth rate than the United Kingdom over the century was Australia...." The countries concerned were: United States, Canada, Japan, United Kingdom, Germany, France, Italy, Switzerland, Netherlands, Belgium, Sweden, Denmark, Norway, Austria, Finland and Australia.

Next was a short passage in Mancur Olson's The Rise and Decline of Nations about Australian and New Zealand tariff levels: It starts, "The growth rates of Australia and New Zealand ... were not greatly different from those of Britain. In spite of the exceptional endowments of natural resources in relation to population that these two countries possess, their levels of per capita income lately have fallen behind those of many crowded and resource-poor countries of Western Europe."

Finally, there was a paper delivered in May this year, by Professor Helen Hughes to the Institute of Political Science Conference: Australia - Poor Nation of the Pacific. The Institute of Political Science is not the MFIA or the BLF, but it says something for the recognition of the trend that its conference should have been so focused. Professor Hughes not only gave us comparative evidence of our economic performance, but she paraded the possible social and political consequences of prolonged poor performance. She provided not a blueprint for the society we should produce, but a broad brush picture of the one we were producing.

While it matters little how many TV sets a home owns, she asked if we are reconciled to the next generation seeking their career opportunities in Singapore or Tokyo, or the unskilled workers of the generation after that, seeking jobs as maids and waiters in Kuala Lumpur as British workers do now on the Continent.

Australia has only 15 million people, but our Gross Domestic Product of \$171 billion in 1981 was significant beside the \$200 billion total of our five ASEAN neighbours - Singapore, Malaysia, Indonesia, Thailand and the Philippines. However, in thirty years time, if present trends continue, Australia will have a population of about 23 million and a GDP of about \$450 billion (1981 dollars). By then ASEAN will have a population of 540 million and a GDP of \$1730 billion (1981 dollars).

Professor Hughes observed that in those circumstances an adventuring leader might try to solve his domestic problems by conquering Australia. The last would-be conqueror was stopped on the Kokoda Trail and in the Coral Sea; could we stop the next? It will be more diplomatic if the reader makes his own list of potential aggressors, but he should compare present military strengths and trends with our own.

A democracy does not usually take resources from pensions, unemployment benefits and wages to maintain an army. If the economy is not growing fast enough to offer its people both rising living standards and defence preparedness, defence suffers. Further, a sleepy mismanaged backwater does not have the diplomatic clout to nip aggressive ambitions in the bud.

Health is relative, and sickness identified by symptoms. Professor Hughes compared ten industrial nations. Australia had been the slowest growing over 100 years. Australian trade is small, unemployment among the highest, inflation among the highest, public sector employment among the highest, women in the workforce among the lowest, and foreign visitors among the lowest.

Economists have done enough work and politicians have often demonstrated by their words that they know what should be done to again make our economy healthy. But it won't be done until Australians admit that their economy is sick.

The present better year notwithstanding, as each year passes the symptoms get harder to ignore.