



Credit to Hawke – and modest Bert



Modest member
Scott Ryan

Today is the 30th anniversary of the election of the Hawke government. We look back on 1983 as a turning point for Australia, when the direction of public policy changed dramatically.

Reducing tariffs, ending quotas, removing barriers to competition in product and finance markets and fiscal consolidation were all critical initial stages in opening the Australian economy.

This was surprising given Hawke's behaviour during the Whitlam years, when he opposed tariff cuts and threatened that the ACTU would impose its own import quotas.

The arguments to liberalise the economy came from the Liberals, in particular the John Hyde-led Dries carrying the torch of the original Modest Member, Bert Kelly, and internationally exposed industries.

Yet their early implementation occurred under Hawke without any hint being offered during the preceding election campaign.

While these ideas started with Liberals, it is hard to deny Paul Kelly's assertion that, by 1983, Malcolm Fraser was "the chief obstacle to radical liberalism".

That this change in direction would not have occurred under Fraser is evidenced by his trenchant criticism of such policies under subsequent Labor and Liberal prime ministers.

Prominent Liberals including John Howard, Peter Costello and Tony Abbott have all been complimentary about aspects of the Hawke government. Nick Minchin, Australia's longest-serving finance minister, used his valedictory speech in the Senate to describe Labor's Peter Walsh as the country's greatest finance minister.

These changes were implemented with substantial bipartisan support as the opposition ignored political opportunism, primarily due to the influence of Howard. Bert Kelly

himself wrote "let us help Hawke in his task of persuading people to face up to the traumas and opportunities of reconstruction of industry".

Liberals remain critical of the radically different standards the ALP applied to the labour market, with Hawke rejecting an end to the centralised control of the accord.

Enterprise bargaining advocates were vilified as the "new Right". There was an apparently profound moral difference between privatising the Commonwealth Bank and Qantas on one hand and Telstra on the other, the latter being bitterly opposed by Labor in opposition.

Despite arguments about priorities and policies, a consistent bipartisan direction focused on making the economy more competitive and reducing costs imposed by regulation, protection and favouritism. This is the clearest difference 30 years later.

Following its 1996 defeat, Labor turned away from this market-based approach. This complaint has come from Labor's own, including Keating and Mark Latham, and even economists like Ross Gittins. By 2001 Labor even promised to abolish the Productivity Commission, replacing it with the old chestnut, a national development authority.

Today the government has forgotten the key lesson from the Hawke era – that the state cannot be the source of economic reward.

We now have so-called "co-investment" schemes where the taxpayer invests but the rewards are largely private.

While Kelly warned that subsidies to farm uneconomic land would only send more farmers broke, the government is proud to subsidise some energy sector jobs.

Whereas the Hawke government opened domestic markets to make the cost of energy more competitive, today's Labor government claims that making energy more expensive

will create jobs.

An effective domestic energy tariff operates in much the same way as the tariffs that increased input costs for primary industries for decades.

A tax is advertised as creating jobs. Yet the only job a tax creates is for the tax collector and accountant.

Micro-economic reform was then the talk of galahs in pet shops, but Labor has reintroduced restrictions that make doing business more expensive. Shipping between Australian ports has been dramatically reregulated and interstate trucking rates are now subject to arbitration.

The NBN has a Rex Connor-esque flavour about it: a huge "national" project funded by borrowings with no cost-benefit analysis.

Peter Walsh questioned whether Rex Connor's pipeline plans would have covered borrowing costs; the only possibility of the NBN doing so is through its monopoly power extracting rents from consumers.

None of these measures would have passed the test of the Hawke government, which knew the regulated, protected economy had no future and that, while the recipient of a protected job was a grateful voter, the cost of this was borne by many others.

The Howard government was a very different government from the Fraser government. The Rudd-Gillard agenda is profoundly different from the Hawke era, and not just because the last Labor budget surplus was delivered when Bob Hawke was prime minister.

In both cases it is clear which governments were inspired by Bert Kelly and reflected the ideas he long championed.

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