

# No fair go for Australia in 'laissez-faire' agenda



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The Abbott government needs to use legislation and policy to tilt the global playing field and support the nation's industrial sector.

**T**he manufacturing sector in Australia is watching intently to see whether the Abbott government has anything in its platform that looks like a positive industry policy.

Which way Prime Minister Tony Abbott and Treasurer Joe Hockey jump next will determine whether Australia prospers in coming decades or just becomes a simple dumping ground for the rest of the manufacturing world.

The two Abbott government industry policies we have seen so far unfortunately don't point the way to any sort of future voters would choose if they were presented with a multiple choice question.

One is the time-worn policy of bashing the unions, ostensibly as a means of reducing costs, but really it is an easy way to undermine the Labor Party. Hence we get royal commissions and wilfully inaccurate portrayals of workers' conditions.

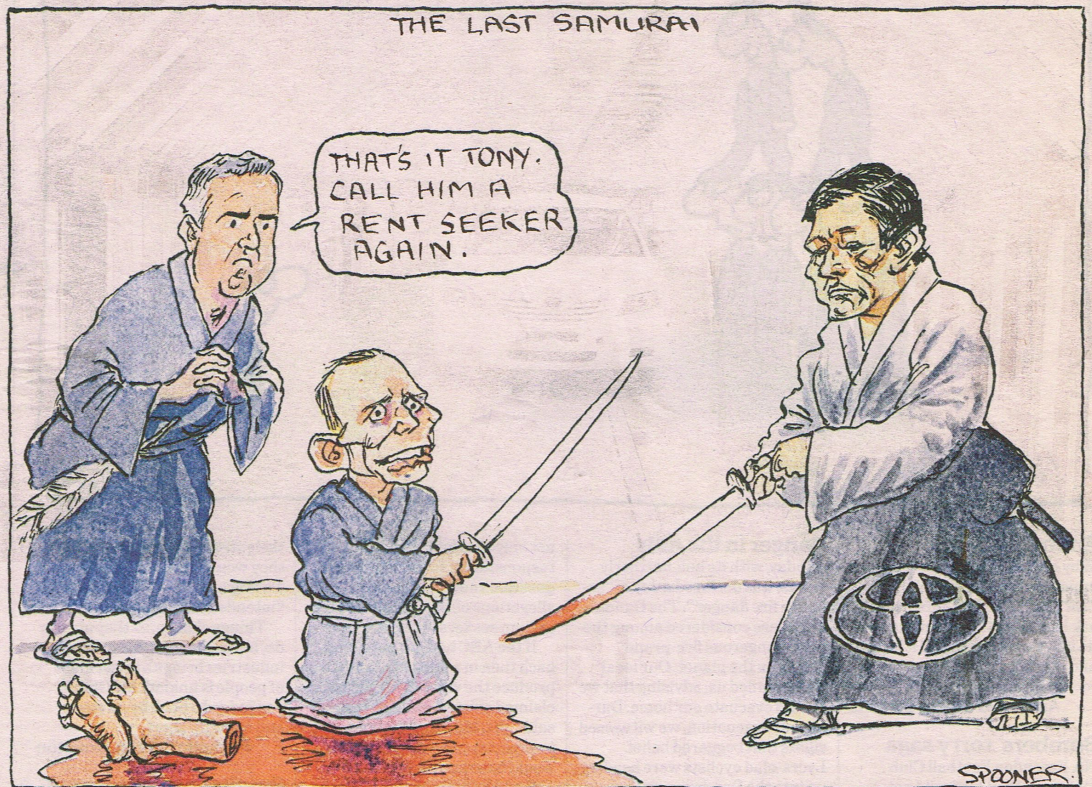
The second industry policy is the abolition of "corporate welfare" – at least where blue-collar workers are concerned – and this has produced rapid results.

Three of the world's largest corporations have voted with their feet even though midway through last year two of them were on the verge of investing a combined \$1.5 billion in their local operations.

The closing down of the car industry will cost Australia, over the next three years, about 45,000 direct jobs and a large proportion of the 200,000 indirect jobs that partly depend on the industry.

That's a big handicap for any government to make up before it can claim to have grown the economy in any significant way in its first term.

Now the Abbott government has to decide whether to intervene or let laissez-faire economics take its course. The prerequisites for the latter are already in place: there are no goals, no vision for what the Australian economy should look like in 10, 15 or 20 years.



The only settings we see at present appear to be lower living standards for workers through the reduction of working conditions and, where possible, wages, less regulation for companies, more power (sorry, "flexibility") to employers and no restrictions on trade or dumping or price gouging, as practised by many multinational companies in Australia.

It's hardly an agenda to give solace to the nation's workers.

If this is all we are going to get, it seems Australia is destined to continue descending the industrialisation ladder. With no government intervention, Australia could possibly end up somewhere that would be recognisable to students in Economics 101.

What they are taught is that countries should focus on what they do best and let others do the rest. Which is all well and good, except that this looks suspiciously like putting all your eggs in one basket.

The example most often given is that of a Pacific island. It has plenty of coconuts, so it should make copra and import everything else. Except that it doesn't earn enough from copra exports to import everything else, so the standard of living remains low.

In the case of Australia, also a Pacific island, our advantages would appear to lie in agriculture and mining.

We may well be good at agriculture (although Woolworths and Coles can

get it cheaper elsewhere), but is it wise to base the future on crops and cattle when you live on the driest continent in the world, the continent that is going to suffer most from climate change?

And mining is no great saviour of the economy. First off, it is mostly foreign owned, so the bulk of the spoils flow offshore. Second, it is the most highly capital intensive industry on the planet and, therefore, offers even fewer jobs than robotised car factories.

What is required is an industry policy, a framework of legislation that encourages, nurtures and, yes, even protects industries so they get established and build momentum.

This needs to be firmly directed by ministers, not left to bureaucrats.

In recent years we have been treated to the immensely frustrating scenario wherein a cheap and successful automotive industry policy – the cheapest of any automotive assistance policy in the world per capita – was repeatedly undermined by laissez-faire economists in the bureaucracy.

Let's face it. What is the point of assisting the car-makers with \$6 billion over 10 years when another department is cutting tariffs to zero, regardless of how strong or weak the currency is.

Zero tariffs were fine for the car industry when the Australian dollar was at US55¢, but the Rudd/Gillard government failed to do anything when the currency soared to parity and

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beyond, effectively giving the importers up to a 65 per cent subsidy to help put local manufacturers out of business.

The Abbott government finished off the execution with its disgraceful depiction of the car-makers as rent seekers.

And who should take responsibility for the series of "free trade" agreements signed in recent years, deals that laid open the Australian market while bringing no new export opportunities?

Manufacturing will continue to unwind unless the Abbott government acts in Australia's best interest.

It has to act like all the governments of south-east Asia, Europe and the Americas and start by asking: "What is in this for Australia?" We have been shaken down time after time by other countries only too happy to grab our market while not sharing theirs.

Perhaps the biggest danger on this level is the Trans-Pacific Partnership, a proposed trade deal so disruptive that the government will not publish any of the proposals being pushed by corporatist America and others.

Laissez-faire economic battles are won by the biggest companies, the strongest countries.

A smaller country with a population of 23 million has to use legislation and policy to tilt the playing field. Otherwise it will just be trampled.

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