

A Year Of Tony: Credit Where Credit Is Due (And They're Running On A Lot Of Credit!)

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The Abbott Government was elected one year and one day ago. Ian McAuley celebrates the countless successes that have slipped under the radar.

A year into the Abbott Government's term we can reflect on its impressive economic achievements.

The highlight is the repeal of the carbon tax. It's easy to stand up against tree huggers and left-wing romantics who prat on about global warming, but it takes political courage to stand up against scientists and economists.

A close second has to be repeal of the mining tax. Some people refuse to understand how Australia works. For 200 years, ever since Macarthur opened up the wool trade, we have been selling raw materials for cleverer people to make into useful products.

For a few years after 1945 we thought we could be clever ourselves and make things like cars and airplanes – even Menzies got carried away by that delusion – but thankfully that era of unreality has passed.

The world needs a quarry and we're in the business of providing it. Australia can be the Saudi Arabia of the twenty-first century.

The Government hasn't scrapped the Renewable Energy Target, but, with a bit of help from Dick Warburton, it has created enough uncertainty to kill this crazy scheme. Joe Hockey is right when he says windmills are ugly – they distract one's attention from advertising billboards on the roadside.

More seriously, all this renewable energy eats into power companies' profits.

Some say that Australia shouldn't break a long-standing bipartisan commitment on the RET because to do so increases our sovereign risk, but don't they realize that there has never been a sovereign risk as bad as six years of a Labor Government?

Six years when foreign investment fell to the lowest on record! (The ABS statistics on investment erroneously show high foreign mining investment during Labor's term – proof if ever you needed it that you can't trust public servants).

Australia is open for business, but not all businesses – certainly not businesses that undermine our world-standard coal industry.

The cuts to science are well-directed: \$75 million from the Australian Research Council; \$120 million from the Defence Science and Technology Organisation; \$8 million from the Institute of Marine Science; and \$111 million from the CSIRO.

We don't need all these boffins. The CSIRO served us well in the past when it focussed on crop yields and sheep fertility; it could serve us well in the future if it concentrates on mining research.

One of the Government's least-understood achievements is reversal of most of the Future of Financial Advice changes – Labor's meddle in the financial market, which made it hard for financial advisers to reward themselves with ongoing commissions.

These are proper, respectable, upstanding people, not like the unionised riff-raff who work in car plants or in companies like SPC-Ardmona. Their jobs need support. In fact, with re-training, unemployed scientists could find useful work in the finance sector, or in the tax avoidance salary packaging industry.

Then there is repeal of small business tax concessions. These concessions – instant asset write-offs and offsetting future losses against past losses – were highly favourable to new companies and to companies expanding into new ventures.

The trouble with encouraging such businesses is that they put competitive pressure on existing businesses to improve their performance or lower their prices. That's just not fair.

In any case the concessions were introduced by the Labor Government – a clear indication that they were not good for the country.

An achievement which has passed almost unnoticed is the abolition of the Australian National Preventative Health Agency. ANPHA was one of those wacky Labor nanny-state bureaucracies, all about getting people to lead healthier lifestyles in order to take pressure off health care resources.

Had it survived it could have moved through the health sector like a wrecking ball, putting specialists out of work, and hitting the profits of pharmaceutical firms and private health insurers.

Worse, their first campaign was on obesity – an obvious threat not only to the bariatric surgery industry (literally one of our promising growth industries) – but also to our successful fast food chains.

Don't they realize that corpulence is the new chic? Public money should not be in the hands of scrawny vegetarian do-gooders.

Getting rid of that fibre-to-the-premises National Broadband Network idea was timely – nipped in the bud before it got its own momentum. It could have spelled the end of telegram boys and could have put the telex network out of business.

Unfortunately some of the Coalition's most far-reaching reforms are having a hard time in the Senate.

One of these, the proposed changes to higher education, are truly far-reaching. Let's face it, there are just too many over-educated people in this country.

We need a few mining engineers and technicians, but we can get them on 457 visas. Our economy needs more taxi drivers, nannies, cleaners and others to attend to the worthy classes.

The Coalition is having a hard time putting to rest Labor's highfalutin idea that Australia could become an internationally competitive industrialised country. It's hard to put down a stupid idea like that.

People just don't understand the Coalition's education and labour market policies. We need people who can read and write if they're going to operate a mining truck or work in the market gardens of our northern food bowl. But take education too far and people become sceptical and start thinking critically.

It's dangerous in a democracy if people think too much for themselves. Our state education system should take people to the level that they can read Sydney's Telegraph or Adelaide's Advertiser, but no further.

Our private schools can teach higher-order skills, such as negotiating with a BMW dealer or getting a coal loader proposal past legislative roadblocks.

Another set of blocked initiatives are the cuts to the Newstart allowance, the extension of retirement age to 70, and the reductions in the Age Pension.

These are all designed to get people into the workforce. Some armchair economists say there aren't enough jobs, particularly not enough unskilled jobs, but they don't see the vision in the policy.

It's intended to put supply-side pressure on the minimum wage. If Australia can get rid of the minimum wage we can have a labour market more like America's – a tremendously successful economy to emulate.

If only people would stop whingeing about unfairness in the Government's Budget measures. There's nothing wrong with giving a leg-up to those who have done well.

The rich wouldn't be rich unless they were competent and deserving. The poor blow their money on things like rent, food and fuel: it's the rich who invest and create jobs for the less deserving.

That was the essence of President Reagan's successful "supply side" economics, a policy which has generally been followed by both Democratic and Republican administrations. OK – there has been a little collateral damage, like the GFC, but give America's business-friendly policies time and it will all come good.

About the only economic idea the Coalition has wrong is the plan to re-introduce fuel tax indexation, sensibly dropped by the Howard Government in 2001.

There's plenty of oil in the world, and one of life's few remaining pleasures in a country where the nanny state has encroached on almost all our freedoms is to hoon around in a hotted-up V8 ute, topping it off with a drag race and a burnout.

That's the freedom our diggers fought for when they thrashed the Turks at Gallipoli. Thankfully the Greens have the good sense to block this proposal.

And lest readers believe this contribution to be partisan, I should give credit to the Rudd-Gillard Government for their demonstrated commitment to cutting taxes.

Out of the most prosperous 18 OECD countries, only the USA has lower taxes than Australia. That's some achievement.

While high-tax countries like Germany have wasted money on schools, universities, public transport, fast trains, and autobahns, we have wisely made sure the government hasn't crowded out productive private sector investments, such as casinos and dinosaur parks.

Perhaps the Coalition's greatest economic achievement, however, has been to convince the electorate of its economic competence.

Opinion polls show they are well ahead of Labor on the question "which party – Labor or Liberal – do you think is best when it comes to handling the economy well?"

Labor scores only 23 per cent, while the Liberal Party scores 37 per cent.

Not all credit for this score goes to the Government, however, for Labor still seems to be reluctant to engage with the community on economic policy.