

Politics of revenge threaten a banana republic

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Former PM Paul Keating unleashing the forces of domestic competition.

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In a few weeks time, the annual release of the secret cabinet papers from a quarter of a century ago will take place. They will cover two years, 1986 and 1987. This will open a window on a past which the nation is in desperate need of repeating.

It was on May 14, 1986 that Paul Keating delivered his “banana republic” warning, an unpremeditated but explosive response to a bad set of balance of payment figures.

It’s worth recalling what Keating said: “If, in the final analysis, Australia is so undisciplined, so disinterested in its salvation and its economic well-being that it doesn’t deal with these fundamental problems ... then you are gone ... you are a banana republic.”

This was the point at which the nation suddenly got the message about why urgent and sweeping economic reforms were vital.

It gave the stark narrative which explained why the Hawke government had begun deregulating the Australian economy and why it would be necessary for Australians to accept harsh budget discipline and sweeping changes to unleash the forces of domestic competition vital to future economic prosperity.

This is now seen as the best period of government of the modern era.

Strong words from the wings

It is also seen as the best period of opposition. Or at least when John Howard, despite the internal upheaval it led to in the Coalition, basically acquiesced in his Labor opponents' agenda. It was, after all, the agenda that was close to Howard's own heart.

It is significant that key figures who were part of the Hawke-Keating economic reform team are now echoing a Keatingesque warning that Australia is in danger of sliding back down the banana republic road.

Professor Ross Garnaut and former Gillard government minister Craig Emerson – both of whom had big roles in the back rooms of the 1980s' reform era – have been conducting an open online forum aimed at bringing focus and urgency to the growing challenges facing the Australian economy and Australia's capacity to compete in the fast-changing global competitiveness race.

It says something about the state of contemporary politics that their Labor associations are now working to discount their efforts.

It confirms that the Australia public policy debate is now stricken by an intense partisanship which is working strongly against the national interest.

Labor wants payback

The most alarming dimension of this is the decision of the Labor Party to play payback politics.

Labor has decided to put political opportunism ahead of good public policy. It is a strategy driven by a strong desire for revenge for what it considers to have been Tony Abbott's destructively negative politics while in opposition. And it is a strategy which the early stumbles of the Abbott government are reinforcing.

Senior Labor figures are beginning to believe that the "one-term wonder" theory of politics applies to Abbott – that he and his mediocre team look beatable after just one term in office.

"Abbott is where he is because of his nihilistic attitude towards Labor in government," a senior Labor figure said.

"He was relentlessly negative and it paid off. He deserves to get treated exactly the same way."

With the prospect of a conservative majority in the Senate when the new senators take their seats on July 1 next year, Labor has decided to use the power it has in the Senate until then to block and frustrate Abbott's agenda as ruthlessly as he opposed Labor's policy agenda.

Prime Minister spouting dangerous caution

The payback for Abbott's campaigns against carbon pricing and the mining tax and his scare campaign on border protection is to reject his claim of a mandate for his policies and to treat every issue as an opportunity to undermine Abbott's ability to govern.

Labor's payback negativism also resulted in a decision to play hard ball on budget policy, going so far as to vote against its own measure to cut university funding to finance its Gonski education reforms.

Labor clearly intends to make Abbott pay a heavy political price for the measures his government proposes for dealing with the "budget emergency".

Abbott clearly recognises that the government will suffer the consequences of his hard-ball politics in opposition.

He told the Business Council of Australia this week that he wanted his government to be a "reforming one in the tradition of Hawke and Howard".

But he put an important caveat on this ideal: "In a stable, peaceful, pluralist democracy, few things change dramatically overnight, nor should they." These were the words of a true, slow-change conservative.

But this is a misreading of history and sounded ominously like an excuse for dangerous political caution – an excuse business leaders appear, oddly, to have chosen to ignore.

Abbott is no Hawke, Hockey no Keating

Things did change dramatically and almost overnight in the mid-80s. Hawke and Keating (and Howard, a fast-change conservative) saw the urgency and took on the challenge of rapid, deep reform. They refused to be bound by the conventional wisdom that the political system was not capable of fast, bold reform. The Hawke government had strengths which made it ideally suited to the challenge: a folk hero as its prime minister and, as chief advocate for the cause, a treasurer with a unique capacity to passionately articulate the economic arguments.

Abbott is no Hawke and Joe Hockey no Keating. The GrainCorp decision was alarming evidence of this. Just as alarming is the lack of recognition in the public debate about how serious and urgent is the economic reform challenge. An economic debate in which the leading causes are protecting troubled national icons Holden and Qantas is a debate which cannot see the sickly woods for the dying trees.

If only the culture-wars obsessed right-wing media could generate as much passion about the economic train wreck that Australia is headed for, without bold and urgent political action, as they do about the management of the ABC.

But then to the dominant commentariat: Ross Garnaut is a Labor stooge who, more than anyone, is responsible for the disaster that is the carbon tax. Why should anyone take any notice of him and his obviously politically motivated economic scare?

How far backwards do we need to go before these people recognise how much further we still have to travel?