

For now, the Bliss of Ignorance

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The Treasurer, Jim Chalmers, has said that the focus of the second term of the Albanese government would be productivity. But Chalmers has never shown any understanding of how productivity – more output per unit of input – is achieved.

He has presided over a record level of government spending with increases in debt planned for over the next five years. This is debt that is incurred not to finance higher levels of infrastructure, which might facilitate productivity improvements, but to finance more social spending and government winner-picking industries like hydrogen power and renewables. Those particular expenditures are worse than useless, since they cause the existing, commercial sources of energy to become uneconomic and to close, thereby raising the costs and unreliability of the economy's life-blood.

Regarding productivity, [Gina Rinehart](#) asks how present policy can attract the investment to underpin our living standards when the central features are the Paris Accord, unreliable electricity, the [Nature Positive Plan](#), high cost over-regulating government, and IR policies that have proven successful only for strike disruption and unreliability?

But can Albanese, Chalmers and others adopt reformist policies, as Hawke and Keating did forty years ago? Though they were from the ALP right, Hawke and Keating were fully immersed in leftish, redistributionism but they quickly transformed themselves into economic reformers. However, they did so with the help of platoons of academic followers (including within the public service). Many of these were economists who had long opposed the import restrictions and rural boondoggles that had characterised the near 35 years of Coalition governments. And they had, in Peter Walsh, a Finance Minister who opposed all new spending programs and sought to carve the fat out of existing ones

That ALP tradition retained some momentum with [Kevin Rudd](#) prior to his investiture, which featured a policy of lower spending. Hurling insults at the Howard-Costello government pre-election splurge, Rudd bellowed, "Today, I am saying loud and clear that this sort of reckless spending must stop". But with an economic downturn in 2008, Rudd readily seized upon the advice from Treasury under the left wing, Ken Henry, to spend big and 'Go early, go hard, go households.' He never succeeded (even if he tried) to reverse the subsequent \$52 billion spending spree.

Many changes since then make it almost inconceivable that the Albanese Government repeat the policy success of Hawke/Keating. [Simon Benson](#) suggests, "the internal constituency for Chalmers becomes harder to manage against the idea that government exists to effectively supplement people's income". And while the indigenous Voice failed 60/40, as [Andrew Hoskins](#) points out, missing from 97 per cent of the voters was any advantage to them in a "Yes" result.

Added to the ALP's redistributionism is a culture of loading the dice against employers/enterprises and bogging down, at the very least, developments involving land use.

Moreover, today's Australian politics revolves around a fulcrum of climate change and energy. Australia's political establishment shows few signs of resiling from its renewables/climate alarmist psychosis, notwithstanding the continued need for massive subsidies for renewables, the clear evidence of their bringing higher costs the more prominent their energy share and mounting evidence of their unreliability. Scientific quacks - their quackery demolished [here](#) by Harry DeAngelo and Judith Curry - and their acolytes are shaping the educational curriculum. Together with subsidy-seeking businessmen, they have set a Teals/Greens agenda that most ALP and many Coalition politicians share. In many cases this is because of the associated campaign funding.

In any event, the interventions in supply and subsidies over the past 20 years probably now ensure a semi-permanent absence of market-based electricity supply – investors will be wary that future government interventions will undermine long term investments. The issue is: will the supply be based on wind/solar or will coal, gas (and nuclear) be the main generation source?

Australia's climate and energy position is increasingly isolated.

The US has aggressively abandoned the Biden Administration's green energy fixation.

In the UK, Nigel Farage's Reform (akin to Australia's One Nation) is now the most supported party with 29 per cent of the vote (Conservatives 17 per cent; Labour 22 per cent). UK elections might be four years away but Reform is already changing the major parties' policies with Labour royalty, Tony Blair, declaring net zero is doomed and with the Conservatives also rejecting it.

In the EU, only the German government – itself weakened by internal dissent and facing a growing climate-sceptic opposition AfD – remains resolute. Other countries have either not had restraints as serious as Australia's or are quietly abandoning any such restraints.

While political leadership can be blamed for the poor prospects the climate focus has brought to Australia, politicians, in promoting costly unreliable energy are largely responding to public sentiment. The leadership in the major parties has been delinquent in simply following the public sentiments its voter research reveals, foregoing any attempt to explain the vital nature to the economy of low-cost reliable energy.

“Labor lies” have featured strongly in the Lib/National Coalition's post-mortem. The electorate has proven to be so gullible on energy policy - as well as on a budgetary policy that entails spending anticipated future incomes, and environmental policy which fails to understand the importance of the mining and agricultural industries being impeded by regulatory restraints.

Lies and exaggerated claims have always played a role in elections. But the growing complexity of societal interactions and the far greater role of government within economies has made the “wholistic” appraisals required of voters to be increasingly less anchored to what they understand and what they perceive to be in their interests.

The Communist playwright Bertolt Brecht satirised the East German communist leadership's repression, following disturbances in 1953, with the words, “Would it not be easier ... for the government to dissolve the people and elect another?” Though in the East Germany of 1953,

the people's revolt was doubtless well informed, this is clearly not always the case in modern elections.

While electing another people is an absurdity, we do have supposedly fixed constitutional restraints on the activities that the people may mandate an elected government to do. A far greater tightening of the elected government's' discretions in aggregate spending, regulatory intrusion, taxation and immigration would improve economic well-being without infringing upon liberties. Without this, carpet bagger politicians and vested interests will continue to weave seductive webs that leave democracies less wealthy.