

## Albanese's inevitable slide into a Whitlamesque economy

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*Getty Images*

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A common mindset held by too many on the left is that production is inevitable, and will be maintained irrespective of the taxes levied and regulations imposed upon productive processes.

For many, the issue for activist politicians is simply how do we divide people's incomes between the part they are permitted to retain, the part for promoting the political class's preferred ideologies, and the part for the all-important task of maintaining themselves in power.

This may explain why the first and immediate act of the Albanese government was to grant favours to Labor's key paymasters, the union movement, including putting in place arrangements which make the non-unionisation of the workforce more difficult to avoid. This has been followed by pay increases for certain workers, initially those in childcare, but only if their employer is union-friendly.

In requiring greater unionisation, there has been little concern about the effects of this on costs to the governed as both consumers and taxpayers. Nor is productivity a high priority... In the case of construction unionisation, we have seen reductions of 30 per cent as a result of the conditions required by the government including granting designated unions monopoly rights over who may work and the conditions of the working arrangements both for direct employees and subcontractors' workers. National productivity, according to the latest figures, is falling.

In concert with this, we see with the CFMEU that alleged corruption is apparently tolerated until it is exposed for all to see and politicians' averted gaze can no longer be sublimated to the notion that the prerequisite of an omelette is breaking eggs. Even then, politicians who have worked side-by-side with the miscreants now profusely claim ignorance of union misdeeds with political leaders straight-facedly insisting that they are unaware.

A rapid increase in spending is the hallmark of Labor governments other than (for the most part) the Hawke-Keating era. Albanese has been no exception, with the size of the Commonwealth rising to comprise over 26 per cent of GDP – and with even less of this than previously devoted to the most important feature of government – national defence. And arrangements are in train for further damage in providing greater scope for the government to control and therefore expand the money supply by suppressing interest rates with its attendant implications for inflation and

wealth destruction. Depreciating the currency for short-term gain is the eternal temptation of governments and the Treasurer is only just getting started.

Politicians' lack of awareness of (or indifference to) the drivers of increased income levels brings the sort of decisions that Tanya Plibersek has recently made regarding a \$1 billion gold mine program near Orange. Thinking that she can remove some of the bricks supporting the project without the venture totally collapsing, in defiance of the very development approval processes which she has in place, she capriciously required additional regulatory conditions to appease particular anti-development mini interests, promoting clearly conflicted issues.

The mindset behind such arbitrariness owes much to the fact that very few politicians, particularly on the green-left, have ever had to make the trade-offs, cost savings, or search for solutions that confront those in the private sector.

We see the very same contempt for those involved in production with squeezes on water supply from the Murray Darling (again part of the Plibersek portfolio). Similar measures crippling productivity are seen in Queensland, where avocado farmers are suddenly losing their water rights within a pristine river system in spite of having used them for generations. And gill net fisherman are being denied access to the fisheries, which have been sustainably harvested for many years, because of conflicted fears about loss of the Great Barrier Reef, which is in excellent health and in any event is hundreds of miles away

Using access to the machinery of government to perpetuate themselves in office is a primary goal of all politicians but those without the awareness of the damage that overrides commercial market forces are more prone to abusing their power.

Thus, forms of arbitrary regulatory damage compound that being fomented in subsidies and grants to non-commercial wind, solar, and hydrogen energy and to facilitating the collection and distribution of that energy via transmission networks. Previous governments had built those subsidies to a level costing over \$9 billion a year, but the Albanese government immediately stepped this up to \$16 billion a year with its Safeguard Mechanism, the direct renewable energy purchases through the \$68 billion Capacity Investment Scheme, its Hydrogen Headstart scheme, and a massive new build of transmission to deliver the diffuse power these schemes entail.

The mania of decarbonisation is also being used to justify proposals to force off-road vehicles to pay the fuel excise that funds roads. While also providing short-term revenue gains to government, this means long-term damaging costs to competitiveness.

Ideological preferences were also behind the Voice to Parliament. Under this, a parallel government would be in place across large swathes of economic activity with all the additional work-gumming and patronage this would bring in its wake. And there has been the reckless attitude to Gaza visas where Australia, a nation that is geographically just about as far away from the conflict as any in the world, is granting 95 per cent of the visas to this troubled community.

All governments naturally seek self-preservation and this will always and appropriately mean setting policies that align with some form of majority opinion. And it is expected of those in power to exercise leadership on emerging issues. But the ALP has finely honed the notion of assembling the right array of interest groups to ensure a survival oblivious to the consequences of its policies on general welfare.