



Australian Citizens Party

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MEDIA RELEASE

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Dump the jargon of discredited economics to revive the real economy

Use the CEFC to invest in new manufacturing and badly needed productive infrastructure.

The COVID-19 pandemic and economic crisis has dramatically overturned four decades of economic consensus in Australia.

While the Liberals and Labor are clinging to their corrupt financial policies—evidenced in the Morrison government’s massive bailout of the banks under the cover of the pandemic, with no protest from Labor—they can no longer cling to the ideas that destroyed Australian manufacturing and turned the economy into a raw materials quarry and financial casino.

Although Australian manufacturing had already been in decline since its high-water mark in the 1960s, due in part to the global economic turmoil of the 1970s, it was Australia’s aggressive adoption of free trade in the 1980s that smashed the nation’s capacity to produce for itself.

Beginning with Hawke and Keating, both major political parties embraced free trade with such fanaticism that in global trade negotiation forums Australia became known as the “free trade Taliban”.

Our country used its bipartisan willingness to smash our own manufacturing as some kind of moral authority to demand other countries smash theirs.

Manufacturing collapsed from almost 20 per cent of the economy at the time Hawke and Keating took office in 1983, to just six per cent today.

The key policies that Hawke and Keating initiated with the support of John Howard’s neoliberals deliberately dismantled Australia’s productive capacity. These included:

- floating the dollar, which exposed producers to the global roulette wheel of currency speculation and destroyed long-term stability;
- the privatisation of all federal and state public banking institutions, which the 1981 Campbell Financial System Inquiry report demanded so private banks would not have to compete with public institutions like the Commonwealth Development Bank that invested in industry;
- deep tariff cuts that drew in a flood of cheap imports from outsourced factories in China and other countries; and
- the pernicious National Competition Policy, written and implemented by a gang of Macquarie Bank financial predators, which dictated the mass-privatisation of public assets and policies like “compulsory competitive tendering” by which all three levels of government were forced to increasingly procure government supplies from foreign multinationals that were able to undercut local industries.

Economic jargon, empty promises

The promises made by the architects of these policies in the 1980s and 90s, that they would lead to a promised land of prosperity, were accompanied by economic jargon that has entered the lexicon.

Australia manufacturing for itself was inefficient, they said, we should stick to our “comparative advantage”, namely mining and grazing. This idea saw Australia plunge down the Harvard Atlas of Economic Complexity index from 56th in the world in the 1990s to 93rd today, behind Uganda and Senegal.

The government shouldn’t be “picking winners”, they said, even as their policies deliberately picked banks and financial speculators to be the winners, and productive independent factories and farms the losers in the new economy.

After more than three decades of these economic reforms, the promises had proven empty even

before the current pandemic and economic crisis. Behind the mantra claiming the reforms had produced “28 years of uninterrupted economic growth” was the reality of falling living standards, rising living costs, and record foreign and household debt from an economy no longer able to pay its own way.

On top of that, the coronavirus pandemic exposed Australia’s acute vulnerability in a crisis due to our dependence on foreign imports, even for crucial medical supplies. This reality would have been similarly exposed by any number of other possible real-world events, such as war or global financial crisis.

National survival

The current crisis is forcing a drastic re-think of the policies that led to this vulnerability. According to the 15 April *Australian Financial Review*: “The federal government will use its formidable powers of procurement to rebuild and consolidate the domestic manufacturing of critical products, especially medical supplies.”

Most Australians might find it hard to believe, given the regular campaigns to “buy Australian”, but for decades Australian governments have not bought from Australian businesses if a foreign company supplied it cheaper, under the policy of compulsory competitive tendering.

In a 10 April interview with the *Sydney Morning Herald*, Industry Minister Karen Andrews acknowledged: “What we’ve learned out of this is that there are some things that we have to be self-sufficient in. So let’s not look to what’s going to give us the cheapest price”.

Even signalling the change, however, Andrews stuck to the discredited economic jargon. “Governments historically don’t like to pick winners”, she told the *AFR*. “But there are pretty critical industries emerging that we can build on.”

With their hand forced by the reality of the crisis, the government has appointed a national manufacturing taskforce headed by Australian former Dow Chemical Company boss Andrew Liveris, to operate under the National COVID-19 Coordination Commission.

Liveris, who promotes ideas such as a domestic petrochemical industry, coastal shipping and packaged food exports, told the *AFR* on 9 April that Australia was vulnerable because it “drank the free-trade juice” and decided off-shoring was the way to go. “Well, that era is gone”, pronounced Liveris. We should never have allowed our manufacturing based to be hollowed out, by what is now an “old and broken model” of economic policy, he said. “We’ve got to now realise we’ve got to really look at on-shoring key capabilities.”

This is a no-brainer, yet once again the government is sticking to the discredited jargon, with Treasurer Josh Frydenberg calling for a refocus on Australia’s “comparative advantage”, according to the ABC on 19 April.

As long as the government clings to the jargon of the discredited theories that dismantled our economy, it will be a brake on our economic recovery. For our national survival, Australians must demand a full transformation of our economy centred on an industrial revival.

The Citizens Party joins with Bob Katter in calling for the government to turbo-charge this transformation by repurposing the Clean Energy Finance Corporation as a national investment bank to immediately invest in new industries and overdue nation-building infrastructure.

[Click here to sign the petition: For national survival, Australia needs a national bank—now!](#)