

Turning point in battle between two systems



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Lead Editorial

14 October 2020

Vol. 22. No. 41

With a sound economy based on production, investment in science and technology and a strong role for government, any crisis can be tackled. Four decades of dismantling the role of governments in fostering the growth of the real economy, and outsourcing not only drivers of economic growth such as infrastructure development but vital public functions such as healthcare, has gutted the capability of nations to promote the common good.



In 1996, the Citizens Party's New Citizen exposed the neoliberal British Mont Pelerin Society fronts directing Jeff Kennett's gutting of Victoria's public services, including crucial health infrastructure. Melbourne's dragged out lockdown is the legacy of those policies, which subsequent Labor governments continued or failed to reverse (p.4).

As "Melbourne's drawn-out lockdown is a multi-decade policy failure" on p. 4 demonstrates, Australia's public health capacity, particularly in the neoliberal experiment state of Victoria, was virtually non-existent, leaving us almost defenceless against a novel virus. Infrastructure, including development of new, cutting-edge economic platforms, not just maintenance of currently disintegrating stock, has been pimped out to the private sector—left to the whims of the market and profiteers. Infrastructure is like the marrow in the bones of a functioning economy, yet governments essentially handed big business a siphon to suck it dry—see "[Failed PPPs a hallmark of collapsing neoliberal system](#)" in this week's Almanac.

Nations which have maintained strong industrial economies, such as China, Japan, South Korea and Taiwan, have proved far more capable of successfully combatting COVID-19. Those nations adopted economic systems modelled on the best methods America, Australia and other countries formerly employed, which prioritised a government role in promoting industry, agriculture and public infrastructure as a solid basis for economic growth and security, with national banks playing a central part. Yet the greatest exemplar of that system today, China, is demonised for sharing its approach with the world, like Japan was in the 1980s when it tried to develop three African nations, to inspire all of Africa, as Asian countries had been inspired by Japan's development. (See "[Japan got the 'China treatment' when it tried to launch development in Africa](#)", Almanac, AAS 7 October.)

Earlier this year the World Health Organisation (WHO) was falsely attacked for being in China's pocket, and the media stopped reporting its advisories. If they hadn't they would have seen that WHO COVID-19 Special Envoy David Nabarro had long been saying that lockdowns are not the primary means of fighting the virus. Lockdowns are a last resort when it is impossible to get on top of spread, he told CNN in July, to create "breathing space" to "get ahead of" the virus via testing, tracing and isolation. That public health response is what the East Asian countries have done very well, he said in his 8 October interview with *The Spectator's* Andrew Neil. This is the approach the Citizens Party

recommended from the beginning, but our governments, particularly Victoria, squandered the chance to rebuild our public health capability.

Today, many nations that can no longer ignore the desperate need for infrastructure are considering returning to public investment policies by establishing national banks. Though what is clear from many of those examples, reported in "Not all infrastructure banks are created equal", p. 10, is that unless the underlying axioms of the neoliberal system are challenged, creating such a bank may not have the required impact to lift nations from depression.

Too many people falsely believe the economic choice is between communism and capitalism. The actual choice is between the old British liberal free trade system, revised as neoliberalism, and the American System of national banking, public infrastructure and fostering industry. As 19th-century American economist and chief advisor to Abraham Lincoln Henry Carey stated: "Two systems are before the world.... One is the English system; the other we may be proud to call the American system, for it is the only one ever devised the tendency of which was that of elevating while equalising the condition of man throughout the world." For instance, one of Carey's collaborators, E. Peshine Smith, brought the American system to Japan (back page). Australia shares this tradition and must return to it.

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