

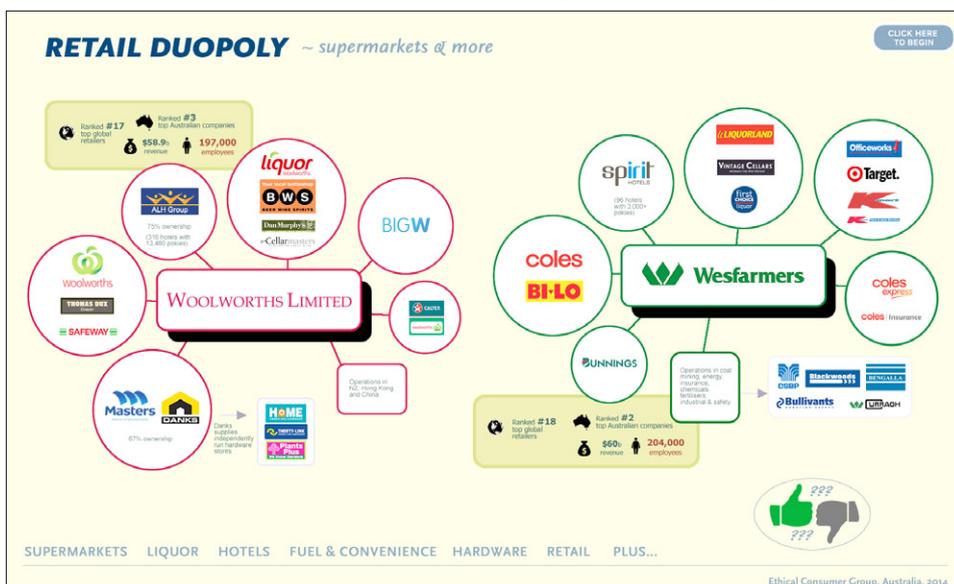
Economic looters double down on competition policy

Treasurer Scott Morrison announced on 24 November the Turnbull government's response to the Competition Policy Review initiated by his predecessor Joe Hockey. Morrison revealed the government accepted 39 of the recommendations in full, five in part, and remained open to the remaining 12. This means that more sectors of Australia's economy—including health, education and community services, the taxi industry, and pharmacies—will be subject to the same “competition” reforms that in the past two decades have decimated small businesses and local production and led to the Coles-Woolworths duopoly.

The Competition Policy Review was chaired by economist Ian Harper, a director of Deloitte Access Economics and former professor at the University of Melbourne. Harper is on the Academic Advisory Board of the Centre for Independent Studies (CIS), an Australian front for the British Crown's Mont Pelerin Society (MPS) apparatus of multinational businesses and academic think tanks, which plotted and directed the wholesale deregulation of the global financial system that started in the 1970s and '80s—in the UK under Margaret Thatcher and in Australia under Hawke and Keating. The CIS influenced every “free market” economic reform imposed by the Hawke-Keating and Howard-Costello governments, including bank deregulation, tariff cuts, privatisation, union busting and national competition policy—all of which transformed the Australian economy from an agro-industrial powerhouse into a services economy centred on a financial casino and raw material quarry. In 1996 Peter Costello, himself a member of the MPS's union-busting front the HR Nicholls Society, appointed Harper to the Wallis Inquiry into the Financial System, which further deregulated Australia's banks.

By appointing Harper to review national competition policy (NCP), the government pre-determined the outcome. An honest review of competition policy since its beginning, following Macquarie Bank executive Fred Hilmer's 1991 report which designed the policy, would record:

- how its removal of regulations to ensure local production decimated the dairy industry, driving thousands of family farmers out of business and hundreds to suicide and leaving less than a thousand farms today, concentrated in Victoria and Tasmania;
- how its *compulsory competitive tendering* provisions destroyed local businesses in regional communities by forcing local councils to procure goods and services, traditionally sourced locally, from large corporations in capital cities and even multinationals based overseas;
- how it mandated the mass-privatisation of government utilities that turned infrastructure from services into profit-gouging business, beginning with Jeff Kennett's fire sale of Victoria's electricity system in 1996 (most of which sales involved Macquarie Bank, either as a broker, charging the government tens of millions in fees to handle each sale, or as a member of the various consortia which bought the assets);
- and how rather than increasing competition, NCP



actually *destroyed* real competition, as evidenced in the way the policy has resulted in the extraordinary concentration of the Australian economy such that just two mega-retailers, Woolworths and Wesfarmers (Coles), control over 80 per cent of all groceries, hardware, liquor and fuel retailing (image).

Harper, predictably, ignored the wreckage left by NCP and concluded instead that it “resulted in substantial economic benefits for Australia”, namely “efficiency improvements” that supposedly boosted Australia's GDP by 2.5 per cent. However, considered in context, this figure is nothing to brag about. Given that NCP has been in place for a little over 20 years, during which time the Australian economy has grown by about 400 per cent in GDP terms, the fact that NCP can only be credited with 2.5 per cent of that growth should force even monetarist economists to take stock as to whether it was worth all of the economic destruction it caused.

The intent of Harper's 56 recommendations is to expose every sector of the economy to the same destruction. Harper specifies the fast-growing sector of human services—health, education and community services, the latter including aged and disability care—as a new target for NCP. The clear intention is to break down the current system of government provision of such services, to let in private providers including multinationals, justified under the pretext of introducing “user choice” (with the caveat that consumers must be provided the “right type” of information so that they make the “right” choices). He also identifies a slew of existing regulations which should be repealed, in areas including product standards, taxi licensing, professional and occupational licensing, broadcast media rules, liquor and gambling regulation, private health insurance regulation, agricultural marketing rules and air services restrictions. Australia's regulated system of pharmacies is also in the NCP's sights. Harper singles out water utilities, complaining that public utilities currently supply urban water too cheaply, which is “discouraging private sector participation in providing urban water”. In future the NCP is used to dictate the wholesale privatisation of Australia's water utilities and the price of water skyrockets the way electricity has, remember: that's the intention, as is the looting by giant corporations that will result from the rest of the new NCP plan.