

We The People
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Good day to you. The CCP 19 global pandemic has revealed an inconvenient truth for Australia, we have a national economy **sadly founded on consumption**. In fact, it is both our societal values and political ideologies that are geared to increasing **consumption** to grow our economy rather than focusing on productivity, innovation and trade. When Donald Horne used “The Lucky Country” as the title for his book, he was proposing that Australia’s economic prosperity was based almost entirely on luck and the product of other people’s ideas rather than the strength of our social and economic systems, which he believed were “second rate”. He argued that Australia’s lack of leadership and lower levels of enterprise and innovation were masked by the wealth and power of the economy, largely derived from rich natural resources and immigration. Horne suggested Australia’s leaders “so lacked curiosity about the events that surround them that they are often taken by surprise”.

Almost 60 years later, these thoughts are echoed by the Harvard University Business School, which developed a database of 133 economies to map economic progress and opportunities of the world and called it the Atlas of Economic Complexity. The analysis confirmed that Australia lacks the economic diversity and productive capability to enable it to grow strongly relative to other countries. The authors stated the ability of a nation to achieve strong growth is dependent on the productive knowledge that goes into making goods and creating output diversity. Of 133 countries, Australia ranks as 93rd most complex. Compared to a decade before, Australia’s economy has become less complex, worsening 22 positions in ranking due to its dependence on commodities. The report concludes that Australia’s worsening complexity has been driven by a lack of diversification of exports and that in the future Australia is positioned to take advantage of only a small number of opportunities to diversify. Economic growth, according to this model, is driven by diversifying know-how to produce a broader and increasingly more complex, set of goods and services. In Australia, export growth over the past five years has been driven by expanding the global market share of existing services. However, globally, long-term economic growth has been driven by diversification into new products that are incrementally more complex. The report said that, based on Australia’s export profile, Australia has diversified into too few products to substantially increase income growth into the future. The Atlas of Economic Complexity reveals another inconvenient truth, that our natural resources have masked and contributed to a failure to innovate and develop the industries needed to maintain our position in the top ranks of developed nations. Mind you, our relatively small population is a national and environmental asset.

With the effective closure of Australia’s international borders to immigration as a response to the pandemic representing about 60 per cent of Australia’s historic population growth, a continued reliance on immigration as a source of economic prosperity, **is no longer possible or sensible**. So, in the face of a global recession and economic demise, our historic reliance on natural resources and immigration, are not likely to resurrect our economy or society. To truly make Australia the enduring 'Lucky Country', **curiosity is required**. It is no longer acceptable that our economic prosperity should be based on luck. In the gamut of policy options, the task may appear daunting to the Federal political parties and the States. There is no more important time than now for leadership and **no one wants to be taken by surprise again**. The pandemic has in fact hit the 'pause button' where we are able to think about our future and our attractive low density living. In other words 'better not bigger' and 'smarter not just lucky'.

Until next time this is Kent Bayley

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