

## **Australian politics heading towards Greece**

By Henry Ergas, The Australian, 23 March 2015

AS things turned out, Malcolm Fraser's prime ministership was not a fresh start; it was merely the final act in the long crisis of the 1970s.

Yes, the chaos of the Whitlam years was brought to an end. But with "stagflation" replacing sustained growth, Fraser was unable to recognise that the old way was finished and a new way had to be found. Australia had come to a turning point but Fraser refused to turn.

Nor was he alone. Throughout the developed world, governments struggled with successive commodity price shocks, accelerating inflation and increases in labour costs that outstripped the growth of productivity.

### **Public spending papered over the cracks**

As unemployment soared, public spending was used to paper over the cracks, setting the ratio of government debt to gross domestic product, which had been low and stable, on its inexorable rise.

But the Keynesian nostrums just aggravated the disease, and with frustrated electorates claiming the scalp of world leaders from America's Jimmy Carter to France's Valéry Giscard d'Estaing, the Trilateral Commission diagnosed a breakdown in governance. "Overloaded with participants and demands", said its report on 'The Crisis of Democracy', "a substantial increase in governmental activity" had only produced "a substantial decrease in governmental authority".

### **A revolution of rising expectations**

Unable to contain, but frightened to disappoint, a revolution of rising expectations, even those leaders who recognised it was crucial to "restore the balance between activity and authority" lacked the political capital needed. It took the new politics of Margaret Thatcher and Ronald Reagan to end a wasted decade.

Fast forward 40 years and the parallels are obvious. With the global financial crisis precipitating unsustainable spending increases, governments face the dilemma succinctly expressed by Luxembourg's long-serving prime minister, Jean-Claude Juncker: "We all know what to do; we just don't know how to get re-elected after we've done it".

### **"No one really wins elections anymore"**

That dilemma is all the more acute, the political theorist Pierre Rosanvallon recently wrote, because "no one really wins elections anymore"; rather, as electoral instability reaches new heights, "those who come to power are merely the transient beneficiaries of the electorate's distrust of their predecessors".

With elections conferring office but not a mandate, a new politics that could reshape the response to today's crises as effectively as Thatcher and Reagan did theirs has not yet emerged.

Tony Abbott is therefore in good company. But there are important respects in which our crisis strikes deeper this time, as it goes to the heart of our system of government.

### **Change is desperately needed**

After all, Abbott, unlike Fraser, knows change is desperately needed; if he is stymied, it is not out of a reluctance to act but because the senate stands implacably in his way. That, no doubt, is its prerogative; but it would be wrong to view the impasse as merely the playing out of our constitutional arrangements.

To say that is not to absolve the framers of the Australian constitution. Well aware of the risk of deadlocks between the senate and the house, they chose to address that possibility by adopting the Norwegian approach of a double dissolution followed by a joint sitting of the chambers. However, they believed that mechanism would not work were the number of senators fixed, as in the American constitution, since population-driven increases in the size of the lower house would make the senate an ever smaller part of the total.

### **Opened the way to fragmentation and extremism**

They therefore imposed a “nexus” between the size of the two chambers; but that “nexus” has steadily reduced the relative senate quota in the smaller states, with the quota, expressed as a share of the Australian population, more than halving in Tasmania since federation. While the American system pushes the senate towards the middle ground, our decreasing hurdle has opened the way to fragmentation and extremism.

But it was the Chifley government’s decision, as defeat loomed in 1949, to save Labor’s presence in the senate by introducing proportional representation, which made those outcomes likely.

Fraser’s refusal of supply (which appalled Menzies) then emboldened the senate, giving obstruction even greater legitimacy than it had previously had. And the Hawke government’s electoral reforms in 1984, adopted with an eye to preventing the Coalition from ever regaining a senate majority, finally sealed our fate, as the combination they engendered of above the line voting, opaque preference deals and complex vote transfer rules transformed the senate election into a lottery, delivering a veto to senators only there by chance.

### **Governments having responsibility without power**

With governments having responsibility without power, while the senate crossbench has power without responsibility, the consequences could only be disastrous; and that has become a certainty as fiscal constraints make it ever harder to rely on giveaways to muster the support reform requires.

That Labor and the Greens think their interest lies in chaos only makes matters worse. Whatever may happen, there is no prospect of our major parties following the recent example of their Swedish counterparts and agreeing that the party of government will have the right to implement its fiscal program, allowing the electorate to hold it accountable for that program’s effects.

### **The only glimmer of hope**

The only glimmer of hope is the unanimous agreement, brokered by its Liberal chair Tony Smith, of the Joint Standing Committee on Electoral Matters to introduce optional preferential voting in senate elections.

That proposal, which has not yet been acted upon, is among the most important reforms the government could adopt, as it would limit the likelihood of preference deals voters neither know nor understand distorting the senate election.

### **This decade too could go to waste**

But that is not to claim it is a panacea. Like voters elsewhere, the Australian electorate is exasperated; having been told it can have whatever it wants, the placard in Athens' Syntagma Square — “Stop austerity, we want promises” — captures the mood. Just like the long crisis of the 1970s, this decade too could go to waste; and with as much useless pain along the way.