

## **Beware creeping authoritarianism in Australia**

By Maurice Newman, The Australian, 11 October 2017

Green shoots of authoritarianism are sprouting in the nation's capital as calls come for executives to rush to Canberra to receive lectures from senior politicians.

Scott Morrison's "cry me a river" comment after hitting the top five banks with a special tax certainly sounded dictatorial, as did his cop-this announcement that delivered the banking regulator even greater powers to intervene in senior management through the Banking Executive Accountability Regime. It requires executives and senior managers to register with the Australian Prudential Regulation Authority.

If the culture in some banks needs attention, that's the preserve of shareholders and boards, not politicians.

Rather than oppose the Treasurer's proposals with a vigorous campaign objecting to this intrusion into bank management and explaining how it will weaken international competitiveness and lead to risk aversion, the industry association says the regime should be extended to all entities regulated by APRA, such as insurance companies and superannuation funds. Go figure.

Energy companies also have incurred the wrath of Canberra.

In a letter to seven retail electricity chiefs, plus the Australian Energy Council, Malcolm Turnbull said the companies' various hardship programs were not enough. Australian Energy Market Operator chief executive Audrey Zibelman said the federal government would have no choice but to put more regulation on electricity retailers if they could not show how they were going to cut prices, especially to poor households.

What the Prime Minister really means is that it's fine for companies to profit handsomely from incoherent energy policies that predictably lead to higher electricity prices but, should the government lose votes as a consequence, they will be blamed and disciplined. As the companies' revenue depends on taxpayer and consumer subsidies, they will obey.

These days industry is careful not to upset its political masters. Most discussions occur behind closed doors. Publicly, business leaders such as Minerals Council of Australia chairwoman Vanessa Guthrie endorse the government's policy direction. While representing Australia's extensive, high-quality coal interests, "which can deliver clean, affordable and reliable

energy”, Guthrie says, “Our singular goal must be a more affordable, reliable electricity supply which meets our international commitments and our community’s desire for a lower environmental footprint.” All bases covered.

That “lower environmental footprint” has distorted the domestic energy market, resulting in a possible gas shortage next year. Former Labor resources and energy minister and now gas industry adviser Martin Ferguson says the gas sector is being used as a political pawn and held to ransom to solve the instability created by short-term political decisions.

After the federal government threatened to impose export controls, the major gas exporters agreed to meet the predicted shortfall, but on price, committed only to “reasonable terms”.

Depending on what those terms are, a self-inflicted political crisis will be averted. But is coercing business for political ends to become the new policy normal?

Well, when governments choose state corporatism over the efficiency of market forces, yes. When the priorities are political, not economic, shareholder sovereignty takes a back seat. Increased corporate welfare and regulatory protection have empowered government, and captured and politicised much of big business. It gives credence to the notion that business operates under a “social licence”. This encourages morally virtuous social engineers in industry superannuation funds and elsewhere to push their latest environment, social and corporate governance fashions. The “one size fits all” mentality is socially driven and adds to red tape and distractions for management.

The media-left loves this form of collectivism. It promotes anti-capitalist ideas and beats into submission businesses that fear community reprisals from non-compliance. It explains why so many companies give uncritical support, however marketed, to perceived popular causes such as global warming and same-sex marriage. Political correctness may be a topic of wonder and derision at family barbecues, but to the business elite, in language and in deeds, it is deadly serious stuff.

German author Sebastian Haffner kept a secret journal in the 1930s in which he wrote: “There are few things as odd as the calm, superior indifference with which I and those like me watched the beginnings of the Nazi revolution in Germany, as if from a box at the theatre.”

Like today, it was easier to accept the lived realities and adapt to them than to resist. When your and your organisation’s future are linked to being on one political side, you pay close attention to the new doctrines. It shapes your

behaviour. Haffner calls this “sheepish submissiveness”. “There was not a single example of energetic defence, of courage or principle. There was only panic, flight, and desertion,” he wrote.

It may be melodramatic to draw parallels between 1930s Germany and contemporary Australia. But there is no denying Canberra is warming to a culture of enforcement. And freedom’s champions are few. Today, all economic actions are seen through a political prism. The leadership of both parties is rapidly finding the allure of command more appealing than markets. And, like those in Haffner’s box, we miss how this is affecting our own freedoms. Meanwhile, the political class uses capitalist prosperity to underwrite our social decay.