

Dear IPA Members

I think you'll enjoy reading the July edition of the *IPA Review* that you'll be getting in your letterbox next week.

We couldn't have timed the theme of this edition of the *IPA Review* any better. On the cover is a picture of Malcolm Turnbull and Bill Shorten shaking hands that was taken during the last election. The Prime Minister and the Leader of the Opposition are both wearing a dark suit, a white shirt, and a red tie - which means it's not just their policies that are the same. Between them we've inserted the words that ask a key question about Australia - 'The end of liberalism?'

Obviously we planned the edition before the prime minister's speech in London where he said 'The sensible centre is the place to be. It remains the place to be.' The consequences of Turnbull's speech in the context of the internal dynamics of the Liberal Party is for others to deconstruct. As it happened the IPA's Matthew Lesh happened to be in the audience in London for the speech and a few hours after it was delivered Matthew had written a major opinion article about it that appeared in *The Australian Financial Review* on Wednesday.

My focus is on what being in the 'sensible centre' means for policy, and one of the problems I've got with the phrase the 'sensible centre' is that being in the 'centre' is entirely devoid of any philosophical direction. Being in the 'centre' defines you by what you are not - it means merely being neither 'right' or 'left'. But sometimes in life and in policy you need to choose a side - saying you're in the 'centre' just avoids making a choice. Being in the 'centre' doesn't tell you whether taxes should go up or down nor does it tell you whether freedom of speech is more important than avoiding someone being offended.

Matthew put it well in his piece when he wrote - "The centre is not a place of vision and purpose. It does not inspire either your political base or the country. It gives you no idea of what you want to achieve or why you want to achieve it."

Often when politicians talk about being in the 'centre' what they mean is that what they're doing is simply receiving implementing the mainstream opinion of 'experts.'

The reason that Australia had two decades of unparalleled economic growth is precisely because the policy path that Hawke, Keating, and Howard followed in the 1980s and 1990s was not in the 'centre'. At the time liberalising trade, cutting government expenditure, and deregulating the labour market was seen as radical - and it still is. If in the 1980s Australia had followed the path of the 'centre' we'd be further down the road to becoming Europe than we already are. As Chris Berg explains in his article in the *Review*, in fact 'the window for 'reasonable' policy ideas in Australia is remarkably narrow and parochial. No government wants to be caught stepping even slightly outside the thin band of mainstream policy ideas.' It was not always so.

The point that I and others in the team at the IPA have made many times is that once upon a time both sides of politics followed the path - not of the so-called 'centre' - but of economic liberalism. And the reason that both Malcolm Turnbull and Bill Shorten are on the

cover of the *IPA Review* is that both sides of politics have now abandoned that path of economic liberalism and policy reform.

On Sunday morning I participated in a great panel discussion on Tom Switzer's program on the ABC's Radio National, and we discussed this exact point. I was on with a good friend of mine Terry Barnes whose columns in *The Spectator Australia* are always unmissable reading, and Judith Brett, a left-wing academic from La Trobe University. We were talking about the future of liberalism in Australia and Judith said that in her view both parties were abandoning economic liberalism because it had failed. In response I said that my analysis is almost the exact opposite of Judith's. I argued that economic liberalism has given Australia unprecedented prosperity and that economic liberalism had become a victim of its own success. Prosperity has made Australians accustomed to thinking that any policy is affordable, and that the social welfare safety net can continue to be endlessly extended. One of the results of this way of thinking is that now the proportion of people who received more in government benefits than they pay in tax exceeds the proportion of those who are net tax payers.

One of the most telling things from this year's budget night was not even the announcement by Scott Morrison of his bank tax - a policy which only a few years ago would have been an anathema to a Coalition cabinet - it was the way that within minutes of Morrison announcing it, Labor came out in support of it.

In the latest edition of the *IPA Review* there's a number of articles about the real world consequences of abandoning economic reform. For example, Simon Breheny writes about how excessively high penalty rates hurt young people seeking their first job, which was the topic of a major research paper by the IPA's Gideon Rozner released this week. Yesterday in *Hey...What did I Miss?* we featured a graph which is just devastating, and, as we asked, "How is the not the biggest issues in Australian politics?" The graph showed the percentage of young people in Australia aged between 15 and 24 who are either unemployed or wanting more work is at the highest level since the 1970s. Governing from the 'centre' and accepting things as they are means more and more young people will never get to know the fulfilment that comes from having a job.

Climate change is of course another area of policy which few politicians want to challenge. I was intrigued this week when Labor politicians said that when it comes to climate change Australia should follow 'evidence-based' policy. That is a statement rich in contradiction because the ALP (and for that matter the Coalition) has refused to say what evidence exists to show that anything Australia does to reduce its carbon dioxide emission will make any difference to the planet's temperature. In this *IPA Review*, Brett Hogan, the IPA's Director of Research examines how at times some of the scientific 'evidence' for climate change comes to be manipulated and distorted.

Other great articles to look out for in the *IPA Review* are Bella d'Abrera's review of a new book on the Russian Revolution, Stuart Eaton's review of *The Second Rush: Mining and the Transformation of Australia* by David Lee, Richard Allsop's piece on why Theresa May holding up Joseph Chamberlain as a role model is not a good thing, and Kevin Donnelly on the importance of reasserting the importance of traditional liberal education.

When you open up the *IPA Review* keep an eye out for a copy of the IPA's membership and financial results for 2016/17 which I've included. You'll see just how successful the last twelve months have been for the IPA and that is entirely due to the support of our wonderful IPA members.

Thank you for your support.

kind regards John