



RECLAIMING OUR COMMON WEALTH

POLICIES FOR A FAIR AND SUSTAINABLE FUTURE

Edited by Ian McAuley, John Menadue, Nick Carney and Miriam Lyons

COMMON SENSE PAPER NO 1

June 2006 ISSN 1835-0070

RECLAIMING OUR COMMON WEALTH: POLICIES FOR A FAIR AND SUSTAINABLE FUTURE

Foreword	3
Introduction: Australia today - and tomorrow	4
Public values as the basis for policy	11
From values to principles	12
Freedom	12
Citizenship	12
Ethical responsibility	13
Fairness	13
Stewardship	14
From principles to policies	14
Policy priority - renewing democracy	15
Policy priority - rebuilding Australia	16
Economic prudence	19
A fair go and confidence as economic assets	20
Appendix - values and principles	22

ABOUT THE CENTRE FOR POLICY DEVELOPMENT

The CPD is a public interest think tank dedicated to promoting alternate voices in Australia's public policy debate. The Centre is a hothouse of creative, forward-looking ideas for fair and sustainable policy change. We work to combat the myth that we have no choice about the policies that affect our lives, by exploring new approaches to the relationship between governments, markets, society, and the environment.

The CPD is a non-profit organisation, funded by a mix of donations, subscriptions and advertising. To find out more go to <http://cpd.org.au>.

ABOUT THIS PAPER

Reclaiming Our Common Wealth is the output of an extensive collaboration process hosted by NewMatilda.com in 2005-2006. Major significant contributors (in addition to the editors) included Fred Argy, Don Aitkin, Paul Munro, Terry McCarthy and Eva Cox.

RECLAIMING OUR COMMON WEALTH: POLICIES FOR A FAIR AND SUSTAINABLE FUTURE

Foreword

Australia enjoys a bountiful stock of shared assets. These include not only our “hard” assets such as our roads and railroads and our natural assets, such as soils and water, but also our “soft” assets, including our public institutions, our standards of behaviour in public life, our levels of trust in one another, and the quality of our family and community life. These, collectively, form our “common wealth”.

Government is the custodian of our common wealth, and has a duty to sustain it by developing and implementing policies in the public interest. Public policy should be built upon consistent principles and underpinned by enduring values. But in today’s Australia, this ideal is a long way from reality.

Policy development in Australia suffers from the short-term thinking of the election cycle, leading to policies that are poll-driven, ad hoc, and inconsistent. While values may be given lip service in political speeches and marketing campaigns, they are often ignored in policy development.

Our values deserve more than this – they determine our common culture, our collective identity, our sense of belonging, and our norms of trust and respect. Those commonalities can be expressed in terms of freedom, citizenship, ethical responsibility, fairness and stewardship: these five values can then act as a practical guide to resource allocation.

Superficially, Australia seems to be in good shape. Most people are enjoying unprecedented prosperity. But this prosperity is fragile, for we are living off our assets and mortgaging our future. Even as people enjoy their affluence there is a sense of unease – a feeling that the good times cannot last.

Such unease is well-justified, for we are depleting our common wealth. Many people have allowed suspicion and fear to replace openness and trust. We are a meaner and less welcoming society than we have been in the past. Even in official economic indicators there are warning signs – high levels of personal debt, unsustainable foreign debt, widening inequality, unaffordable housing, incipient inflation and waning productivity.

This situation has its roots in a failure of public policy and political leadership. Rather than offering choices between competing public ideas, election campaigns have become popularity contests similar to corporate marketing campaigns. They are devoid of any long-term policy commitment or political vision.

It’s time for political parties, particularly the mainstream parties, to engage with the community in terms of values and principles rather than patronising election-time gimmicks. Whether wise or neglectful, the influence of government over our social and material wellbeing is undeniable. This influence should be exercised responsibly to build and sustain the assets we hold in common – our common wealth.

...this prosperity is fragile, for we are living off our assets and mortgaging our future.

INTRODUCTION: AUSTRALIA TODAY - AND TOMORROW

Australia has a reputation as a robust democracy and as a prosperous, confident society.

Most people are enjoying an unprecedented level of material prosperity: unemployment is around five percent, inflation below three percent, and economic growth at an impressive 3.5 percent. Politicians may claim we've won the economic trifecta; public opinion polls attribute this prosperity to ten years of "sound economic management", and even the Federal Labor Opposition is reluctant to criticise the Government on economic issues.

But these achievements are not sustainable without a fundamental change in direction. We are living off our past accumulations of capital and are drawing down on our future prosperity. In short, we are eating our seed wheat.

Our concern is with the longer term: Australia five, ten, twenty years from now, the Australia our children will inherit, and the Australia which will welcome future migrants. We want politicians, particularly those on the opposition benches, to show leadership and turn their attention to these longer-term issues.

Australia's democratic deficit

Democracy didn't come to Australia by accident. From the time Governor Macquarie decided Australia was to be a nation rather than a penal colony, to the twentieth century, Australian democratic innovations provided examples for others to follow. Australia was to shake off the ways of the Old World, but would not become a mini USA; unlike the Americans we would regard government as a benign force in our lives, capable of protecting the individual's dignity and liberty. This nation pioneered female suffrage, developed its own form of federalism, gave to the world the "Australian ballot", developed new forms of public institutions at arms' length from Executive Government, such as the Conciliation and Arbitration Commission, the Tariff Board, and publicly-supported broadcasters, and helped shape the global institutions of the post-war order including the UN and the GATT.

Today we are less of a democracy than we were ten years ago and we are less confident about our place in the world. At the federal level in particular, political opportunism has led to centralisation and concentration of power in the hands of executive government at the expense of other institutions and at the expense of our liberties. The task of public administration has passed from the hands of the many to the hands of the few.

The "war on terror" has provided the main opportunity for this concentration of power. Long-standing unwritten conventions have been broken. In the absence of constitutionally or legislatively protected rights, federal and state governments have taken on powers which would be unacceptable in most other democracies. The major parties in opposition, fearful of populist backlash, have been reluctant to defend basic democratic rights, such as the citizen's right not to be deprived of liberty without legal process.

This concentration of power has diminished the role of parliament, while intensifying the politicisation of the public service and security agencies. We are seeing more partisan appointments to public office, unprecedented use of public funds for government propaganda, the muzzling of dissenting voices in public institutions, and a culture of secrecy surrounding government actions.

We are seeing more partisan appointments to public office, unprecedented use of public funds for government propaganda...

The role of the governor-general has been diminished as the prime minister takes on more of the role of a head of state. We now have a US-style executive government, but without the protection of its strong Congress, because senators and representatives from the main political parties are tightly disciplined into party loyalty. Those who place national interest or even their electorate's interests ahead of party loyalty are branded as "rebels"; the act of "crossing the floor" is portrayed as treachery. Research suggests that Australia has the most disciplined two party structure of any democracy.

.....
Can we still call ourselves a robust democracy?

Civil society – that sphere of non-government collective action where alternative and minority voices can be heard – has also suffered as a result of policy interventions. Trade unions, already losing their influence, have been the target of harsh legislation. Many organisations giving voice to community interests no longer enjoy tax-deductibility of subscriptions and donations – a privilege which has been preserved for industry lobby groups; corporations have gained power at the expense of citizens. Some organisations which once had a community or church basis have become business enterprises administering government programs. Because of this dependence on government funding they have become timid, fearing vengeance from a government which is hostile to any criticism. Some of the silence of mainstream churches on important community or moral issues is undoubtedly linked to their dependence on government for school funding.

The media, increasingly concentrated and subject to commercial pressures, has lost its role as the "fourth estate". In much commercial radio, television and print media there is no longer any vestige of a separation of their commercial and editorial functions; the 'public interest' has been replaced by the interests of media owners.

Fear of litigation – which could be overcome with a national accident compensation scheme – has resulted in many local organisations, such as sporting and community service clubs, restricting their activities. As in the former communist societies the non-government public sphere is losing its voice.

Even our capacity to live together is being diminished. Australia has never been a homogeneous society; we have had to live together as people of different religious faiths and ethnic backgrounds. We have not always succeeded – racially-selected immigration and our disgraceful disregard for the original inhabitants of this land being our two greatest failures. We made progress, however. Multiculturalism is a work-in-progress growing out of the conscious efforts of politicians in both main parties. We remember the flowering of multiculturalism during the term of the Whitlam Government, but we are apt to forget that this transformation had its roots in the Menzies, Holt and Fraser Governments. We showed to the world that people of different backgrounds, ethnicity and beliefs could live together with mutual respect, bound by shared rules of conduct in the public sphere. But wounds have been opened and politicians are now referring to our nation as a collection of differentiated tribes – the term "Muslim Australians" being the most recent example. Our treatment of people fleeing tyranny who have landed on our shores without documentation has been shameful.

Political parties, which were once a vibrant source of conflicting ideas and ideologies, have become forums for factional conflicts over the spoils of office. Politicians have become complacent, even timid, in response to the assault on democracy. The mainstream

Those who place national interest or even their electorate's interests ahead of party loyalty are branded as "rebels" ...

opposition parties in state and federal parliaments now direct their energies to technical matters and to opportunities to expose financial and administrative scandals. These are important, but they have become an all-consuming distraction, a way of avoiding the hard work of bringing attention to emerging problems.

When the community is enjoying prosperity and is in a state of heightened tension (relaxed, comfortable, alert but not alarmed), there is unlikely to be pressure for political change. Insecurity favours the political status quo.

Australia's economic deficits

At a time when most Australians are enjoying prosperity, and when the government is claiming credit for that prosperity, it may seem churlish to refer to our economic deficits. But even in the official indicators there are warning signs, including high levels of household debt, unsustainable foreign debt (in spite of temporarily high commodity prices our deficit on current account as a proportion of GDP is the worst among all developed countries), widening inequality, unaffordable housing (among the worst of all OECD countries), incipient inflation (inflation being checked only by the influence of low-cost imports from China) and waning productivity (as measured in output per hour worked – our growth resulting from longer hours worked rather than more productive work).

Broad indicators, such as the Australia Institute's "Genuine Progress Indicator", which bring to account some costs not covered in the narrow framework of national accounts (traffic congestion and loss of leisure time for example) show that living standards have risen much more slowly than implied by per-capita GDP.

To an extent our material prosperity has been due to luck – we have iron ore and coal, China needs them for its development. Earlier we had the luck of an empty land (if we conveniently neglect 50 000 years of indigenous settlement), providing gold, wool, wheat and a new living for war-torn Europeans. It also helped that we had the good fortune of avoiding war on our own territory.

Forty years ago Donald Horne prophetically warned that Australia's luck will not last; unfortunately the longer the country's luck lasts the more we are apt to believe it's a permanent state of affairs and to ignore the problems facing our nation.

We also owe our prosperity to public policy – the long-term benefits of enlightened public policy in the past, and the immediate spoils of opportunistic policy at present.

Federation saw the introduction of a number of decisive economic policies, including White Australia and tariff protection. In hindsight we rightly condemn the racism in White Australia and we know that when maintained too long, tariff protection does not help our living standards. While there was a high degree of racist xenophobia behind White Australia the policy also had support from some liberals who believed it would prevent Australia from becoming a racially divided plantation economy of masters and coolies; our future was to be different from South America's. We would build a bourgeois democracy where all jobs would be good jobs, while South America was to become a "plantation society".

Then there was Curtin's wartime modernisation of Australia, and his laying down of the foundations for post-war recovery which was to be an era of vigorous nation-building, with investment in physical infrastructure and the construction of the institutions of a modern democracy. Mass migration merged into multiculturalism. With enthusiastic support from the Menzies Government our universities expanded. Australians slowly shook off their colonial mentality as the nation took its place in the world; and the three years of the Whitlam Government saw Australia re-establish itself internationally. More recently there have been the reforms of the Hawke/Keating government; tariff reform had served its purpose but was past its use-by date, financial regulation had been effective in providing affordable housing, but it was becoming too costly.

Over the last ten years, however, apart from an overhaul of our indirect taxation system, there has been no meaningful economic reform or any attempt to address the structural weaknesses in the Australian economy. The last period of sustained reform, the Hawke/Keating years, were marked by a number of changes which brought market forces to bear on areas of the economy previously protected by tariffs and officially sanctioned restrictive trade practices. Some say it was a period of doctrinaire neo-liberalism – a blind faith in the efficiency of markets – but the Hawke/Keating Government was well aware of the limits of markets, and of the need to provide public goods and services in those areas where public funding or provision is more efficient than reliance on the private sector. The Hawke/Keating Government, like its Coalition and Labor predecessors, was guided by the standing principle, articulated by Abraham Lincoln 150 years ago:

.....
The legitimate object of government is to do for a community of people, whatever they need to have done, but cannot do at all, or cannot so well do for themselves, in their separate and individual capacities.

We have now passed into an era of doctrinaire privatisation – a belief that even if the private sector is demonstrably inefficient, or incapable of providing a service, government should still hold back. Even if it is more expensive to have the private sector provide our water and roads, we should accept this cost. Even if private investors have no reason to invest in environmental protection or transport networks, the government should not step in. Even when governments have the funds to invest in public goods, they are likely to pander to the chorus of demands for tax cuts – a chorus directed by those with vested interests. Assets built up over generations – airports, airlines, utilities, banks – have been sold at low prices, with windfall profits for their new owners.

The next step is crony capitalism. Organisations with vested interests have funded election campaigns, and rich rewards have gone to cronies of the governing parties – in both state and federal governments. Corporate rewards include valuable television and gaming licences, forestry concessions, privileges showered on the financial sector (such as health insurers and superannuation fund managers) and protection from competition, while individual rewards include appointments to government boards and committees of enquiry, and even state funerals. Failed political candidates are given lucrative consultancies. Former ministers step out of their government offices into corporate offices, usually in industries with which they have been dealing. Discretionary grants are made to businesses in marginal seats.

Over the last ten years... there has been no meaningful economic reform or any attempt to address the structural weaknesses in the Australian economy.

Services, such as health and education, are no longer seen as universally shared; rather they are for those who cannot look after themselves or who cannot find a corporate sponsor.

Government has been reduced to the reluctant provider of last resort. Services, such as health and education, are no longer seen as universally shared; rather they are for those who cannot look after themselves or who cannot find a corporate sponsor. Our federal government has had to devote more of its revenue to personal transfers, particularly family supplements and disability pensions, to compensate for our economy's inability to provide well-paid jobs except for a fortunate few. (Thirty years ago the Commonwealth Budget was about one third personal transfers, two thirds direct services. Those proportions are now reversed.)

This policy path cannot be sustained. While some of our material prosperity rests on the economic reforms of the Hawke/Keating and previous Governments, and some is due to productivity advances associated with information technology, much of it is unsustainable. We have depleted our individual and collective wealth, and have borrowed from the future – all in ways that are real but most of which are not necessarily revealed in standard accounting measures. These include:

- » **running down household reserves and accumulating debt.** Some would say household wealth has remained robust, for as debt has increased so have the value of houses and equities, but to compare debt, which is fixed and well-defined, with housing and stockmarket values, which are volatile and subject to a thin trade, is a fundamental error, akin to comparing a stable currency with an inflating one;
- » **running down collective infrastructure** – roads, railroads, public transport and other urban infrastructure in particular. What infrastructure spending remains, such as the “Roads to Recovery program” is generally allocated on a political basis rather than on the basis of cost-benefit criteria;
- » for the sake of impression management, **moving public debt “off balance sheet”**, through high-cost privatisations and public-private partnerships;
- » **depleting environmental resources.** The pressure we are putting on the planet's resources is unsustainable. Locally we have depleted our soils and are depleting our water reserves. Globally we are a major contributor to global warming. With our delicately-balanced climate, neglect of global warming is irresponsible both globally and locally;
- » **spreading our foreign aid, military and other security resources thinly**, away from a focus on problems of terrorism and failed states in our region;
- » **under-investing in human capital**, particularly education, which has come to be seen as a commodity rather than a preparation for life. We have ignored the huge benefits to be reaped from investment in early childhood education and development of children's multiple talents. At the other end of the education experience we are making tertiary education less accessible to those without means, thus depriving our nation of the services of our most talented people, and saddling many young people with high burdens of debt;
- » **draining the reservoir of community trust** – trust in one another and trust in our public institutions, commonly referred to as our “social capital”. Trust has been replaced by suspicion and fear, with the result that costs of audit, accounting, policing and litigation (“transaction costs”) have risen, and many transactions do not occur at all;

- » **depleting our “leisure” time** – the time we spend with families, friends and the community, the time we spend resting and exercising, the time we spend on private and community chores. Those Australians who have full-time work are now working longer hours, and this trend will continue with the new industrial relations laws. This is placing strain on relationships, and is placing our children at high risk later in life. It is also contributing to immediate public health problems, such as obesity and mental illness;
- » **depleting the sense of underlying legitimacy or a “fair go”**, as people see the massive rewards to CEOs, to idle property and stock market speculators, and to those who can corner a privileged position in a market thanks to government favours. (Economists tend not to understand the extent of this problem, for they look only at the immediate monetary costs of these transfers, rather than the corrosion of any sense of legitimacy which can hold society together);
- » **distorting incentives** – aggravated by changes in capital gains taxation and the failure by governments to act on “negative gearing” and trusts. Our tax system is heavily biased towards rewarding speculation rather than productive effort, innovation and entrepreneurship;
- » **accumulating foreign debt** – Australia’s current account deficit as a proportion of GDP is up with the worst of all developed countries, and more of our corporate profits are necessarily being diverted to foreign equity holders to pay for our past extravagance. The rest of the world will not finance our consumption forever;
- » **depleting our international goodwill**, on many fronts. Australia was once a champion of human rights and multilateral liberalism. We once took a strong part in South East Asian regional cooperation. We have now retreated to trade bilateralism and isolationism in areas such as global warming;
- » **depleting the goodwill that has been accumulated through multiculturalism**. For most of the last half of the twentieth century there was a convention among politicians that there would not be any exploitation of underlying community racism or xenophobia. In the interests of political opportunism that convention has been broken;
- » **ignoring the accumulating costs of inequality**, exclusion, and an emerging “underclass” – people who are not sharing in the nation’s newfound prosperity and whose fortunes are reversing. Indigenous people are most clearly affected, as are many rural poor;
- » **allowing many of our industries to lose competitiveness** as our exchange rate has been kept high by high interest rates (to offset partially a policy-induced housing boom) and by rapid extraction of mineral resources;
- » **reverting to a simple extractive economy**, away from a complex mixed economy with a range of activities providing both well-paid employment and resilience when commodity prices eventually fall. We are not even investing in value-added processes on our natural resources. Australia’s economic structure is starting to resemble that of an oil-rich sheikdom rather than a modern industrialised nation.

The most worrying aspect of this current boom is that politicians in the present government attribute it to their sound economic management, and most voters believe them. In fact, even the Opposition conceded economic management to the government in the 2004 election campaign when it decided to run dead on economic matters, and Labor is still reluctant to criticise the government for its economic weaknesses.

It is the duty of any party aspiring to government, however, to speak honestly to the electorate; the longer we try to sustain this boom by borrowing against the future the higher is the price we will eventually have to pay.

Just as we have been brought to this point by poor public policy, most of these problems can be addressed, at least in part, by responsible public policy.

The deficit of public policy

Government has become residual. It is no longer seen as subject to the sovereignty of the people. Rather, it is seen as a large corporation. Accountability has displaced the notion of responsibility, and that accountability is limited, as in a public company, to a set of financial statements, prepared with the intention of complying with legislative and audit requirements, rather than informing the community. (We have even lost the word “Commonwealth” from our government.)

Election campaigns have become popularity contests rather than contests between competing public ideas. At each election political parties publish what they call “policy platforms”. These are cautiously-drafted technical documents with estimates carefully costed against budgetary constraints. “Policies” are published one by one, usually close to the time of election, and, if the party fails to win office, it goes back to re-write these “policies”. (An outstanding example was Labor’s forest “policy” in 2004, which had a lifetime of no more than a few weeks between its launch and scuttling.) There is no evidence of any long-term policy commitment.

These so-called “policies” are superficially attractive; they have usually arisen as a result of careful electorate research by opinion pollsters. But they are generally devoid of coherence or relationship with other “policies”. Because of this lack of coherence people are left confused, particularly when it comes to the contender’s “policies”. The lack of coherence in Labor’s offerings may result from the structure of the party – some policy points are won by the “left”, some by the “right”, a little socialism here, a little free enterprise there. (An outstanding example of such incoherence was Labor’s set of health proposals in 2004, which supported free bulk-billed medical consultations, while allowing for higher co-payments for pharmaceuticals, and keeping the distortion of private health insurance which had done so much to undermine its own Medicare initiatives.)

And while these “policies” are costed against budgetary resources, they are not evaluated by any serious economic criteria such as cost-benefit analysis. Through cost-shifting to other parties or later periods it is possible to produce impressive budgetary outcomes while imposing community-wide economic costs.

The process is more akin to a marketing campaign by a conglomerate company with a number of unrelated product lines, than a campaign by a political party in democratic engagement with the community. Political parties have become political corporations.

Through cost-shifting to other parties or later periods it is possible to produce impressive budgetary outcomes...

Without any coherent themes in these proposals, the electorate is presented with nothing more than a cacophony of noise, like the blaring appeals one hears in a bazaar in a tourist town. It is little wonder that electors become cynical and disengaged from the process.

There was a time when the two main parties in Australia had distinct policy ideas or ideologies, but, particularly in the Labor Party, ideas have given way to marketing. (Political scientists refer to the emergence of what is called “public choice” theory, a practice based on techniques of marketing and strategic gamesmanship.)

This process is inimical to the development of genuine public policy – policies which may address some of the hard issues Australia is facing. The task of leadership – convincing people that they may need to hold off on buying a new plasma TV and a luxury car so that we can modernise our industrial structure and invest in the next generation’s education is a hard one. It takes time. It cannot be squeezed into a four week election campaign, and it is hard to wrap in the marketing spin which has now become our major parties’ main form of communication with the public.

The task of leadership ... is a hard one. It takes time. It cannot be squeezed into a four week election campaign.

PUBLIC VALUES AS THE BASIS OF POLICY

The political process has to change; it needs to put forward specific proposals based on consistent principles, which, in turn, are underpinned by a set of coherent values. But what values are those?

Our values determine our common culture, our collective identity, our sense of belonging, our norms of trust and respect. Values are enduring, and they should be relatively uncontentious; an overwhelming majority of the community could be expected to adhere to the same basic values, while having different views on their relative importance and how best to put them into practice.

The behaviours and attitudes Australians value (our “values”) can be summarised in five terms – freedom, citizenship, ethical responsibility, fairness, and stewardship.

When stated so generally it would be difficult for anyone to disagree with such ideals. But as Australians translate these values into policy principles, we make choices. To Australians they are more than vague statements of ideals; elaboration provides meaning to these general terms.

FROM VALUES TO PRINCIPLES

The principles outlined below, under the headings of these five values, reflect deliberate choices about the way these values are put into action. Competing views generate competing principles - these are considered in the Appendix.

Freedom

As a general rule, except where the rights of the vulnerable are at stake, government should not reach into the private realm.

Australia subscribes to the conventional liberal notion that all have rights to the extent that they do not lessen the rights of others. As a general rule, except where the rights of the vulnerable are at stake, government should not reach into the private realm. Australia should follow the example of other democratic nations with a bill of rights, limiting the reach of government by guaranteeing freedom of speech, worship and association, and protection against the arbitrary deprivation of liberty.

Protection against totalitarianism and abuse of government power should be supported by a dispersion of power between institutions.

There is an argument that rights may have to be restricted in the interests of security. However, basic human rights are absolute and, in the longer run, our safety is compromised if we do not assert the primacy of rights. If we compromise our freedoms because of fear of “terrorists” or other demons, we surrender to those very groups whose power we fear.

Citizenship

The individual lives in a network of relationships. Some would suggest there is no need for any concept of “society”, that we exist as individuals linked only by market transactions.

A richer view sees no conflict between the individual and the community. Our life in the public sphere is no less necessary for our fulfilment than our life in the private sphere. The public sphere is where we come together in formal and informal associations: it is where we enjoy and contribute to the public good; it is where we show respect for others, intimates and strangers; it is where we abide by shared rules of civic conduct; it is where we build those networks of trust referred to as “social capital”.

The public sphere includes government; government is not just another corporation. Rather, it is owned by and responsible to its citizens.

As citizens we enjoy our protected freedoms and we exercise the obligations which are the price we pay for civilization. Political participation is one of those obligations. This includes the legislated obligation to vote in elections. Beyond such formal requirements, citizenship carries the responsibility to maintain a sceptical vigilance towards those who hold power and who would seek to extend their power. Paying a fair share of taxes is another strong obligation of citizenship – an obligation which some tend to devalue.

Ethical responsibility

Public office carries responsibility for the community's shared assets – our common wealth – and is exercised in positions of prominence. It therefore carries a duty of ethical behaviour – a duty to act with honesty, to avoid the temptation to inflict damage on the nation for the sake of short-term political or personal gain, and to sustain the community's trust in public institutions.

It also carries an opportunity to promote civic values. While governments should refrain from prohibition and censorship, public office holders can use their rhetorical powers to promote tolerance and respect, to quell fear, to inspire hope and confidence, and to encourage those who use their talents for the common good.

.....
*To draw on Lincoln's words again, those in public office
 can appeal to "the better angels of our nature".*

Governments can exercise leadership by helping to shape the national image, dispelling xenophobia and exceptionalism, while celebrating our genuine achievements, such as our forging of an open, multicultural society. Governments can provide a bulwark against sectional interests and can help communities deal with difficult issues, rather than yielding to the allure of populism.

Fairness

Some would see the Australian tradition of the "fair go" as an impediment to economic progress. At another extreme some would see equality of outcomes as a desirable end, regardless of the cost. But the tradition of the "fair go" is primarily about equality of opportunity. It is about rewarding contribution and risk-taking, giving a chance to newcomers, helping those who have failed get back on their feet, and keeping opportunities open. This is not a permissive tradition; the companion of the "fair go" is a tough attitude towards "bludgers" – those who reap the rewards of the efforts of others through avoiding their tax obligations, living off the benefits of inheritances and speculation, enjoying protection from competition, and, in some cases, cheating on social security.

Fairness is both a pre-condition for economic progress, and a desirable outcome of economic progress. Unless people believe they will justly share the rewards of their effort, they will not contribute to their full ability, and it is meaningless to celebrate economic progress while ignoring the distribution of the fruits of that progress.

Governments should promote equality of opportunity, starting with but not confined to access to education. Any measure that impedes social mobility should be resisted.

There is a strong and admirable Australian tradition of striving for a society that is less dependent on government handouts. The path to prosperity is through productive and therefore well-paid employment supported by investment in human capital; in that way we can hold our own in the global economy.

**Unless people
believe they will
justly share the
rewards of their
effort, they will
not contribute to
their full ability...**

The current government believes that we can use social security to compensate for our under-investment in human capital, and that we can achieve employment growth through lowering wages and lowering labour productivity. We need not emulate the American policy of using low wages and parsimonious social security to drive economic participation; it is hugely destructive of human value. Nor do we need to emulate the mainstream European model of the unconditionally generous welfare state with strict and constraining employment laws. The Scandinavian countries, with their emphasis on education and incentives for economic participation have demonstrated that fairness and economic progress are not incompatible and that there is no conflict between generous public welfare and a requirement for people to take reasonable responsibility for their own lives.

Stewardship

We have inherited a bountiful stock of assets – our common wealth, comprising not only public and private physical capital, but also human capital (education in particular), family capital (the wealth embodied in family and friendship bonds), environmental capital, social capital (the trust that holds society together), cultural capital and institutional capital (government and non-government institutions).

Much of our new prosperity is based on spending down that capital and on incurring future liabilities. We need to re-build our capital stock, in all its dimensions. This is a responsibility we have towards our children, our future immigrants, and to one another as we age.

The practice of putting up specific proposals is flawed, for it bypasses the opportunity for a government to consult with the community.

FROM PRINCIPLES TO POLICIES

While principles are the general means to give effect to values, policies translate principles into practical actions. They are the mechanisms which drive resource allocation. This document, however, is not a specific budget. Those who are hoping to see a detailed “platform”, with budgetary proposals for specific measures – such as proposals for apprenticeships or bulk billing medical care – may find this to be unfamiliar territory.

The practice of putting up specific proposals is flawed, for it bypasses the opportunity for a government to consult with the community. The traditional methods of policy development, involving technical analysis, release of discussion papers, community consultation and other open processes make for sound policy – much more sound than the “take it or leave it” offerings associated with recent election campaigns (and much more sound than the closed-door policy reviews carried out by the present government). A party aspiring to government should be able to campaign on its values and principles, with a commitment to consult on the ways it will put those into action.

A cynical interpretation may argue that this paper deliberately tries to hide detail in order to evade questions of resource allocation – to give politicians an open cheque book – but that is not its intention. If a government is elected on the basis of explicit values and principles, however, it is morally and politically constrained to act within those stated values and principles.

This is a break from recent practice, which has seen parties put up a set of detailed and unconnected proposals for taxation, expenditure and legislative changes, and then break those promises once elected, using the usual excuses. It is the lack of explicit values and principles in fact which gives governments the flexibility to break promises, for, apart from some soon-forgotten specific proposals, no promises are ever made.

This document starts from a different basis, and one which clearly departs from the practices of the present federal government and those of the opposition in recent campaigns. The renewal of our democracy should be based on the values of freedom, citizenship and ethical responsibility in public life, while the Australian nation will be rebuilt on the values of fairness and stewardship.

Policy priority - renewing democracy

It would be easy to accept as inevitable the erosion of democracy that has occurred over the last ten years. When a government has centralised power to executive government and has weakened other sources of power, an opposition party is strongly tempted to wait for its turn and enjoy that power itself.

To succumb to this temptation would be to lose sight of the purpose of seeking public office, however. A political party which simply seeks power for its own sake and enjoyment of the associated perquisites is not worthy of office.

If we value freedom, citizenship and ethical responsibility we need to restore the integrity and independence of our institutions and to ensure we use the power of law to protect our basic freedoms. We also need to restore the dignity of public service.

In this regard, this document addresses two broad democratic aims, one relating to public institutions (our “institutional capital”) and the other to individuals.

We should restore the strength and independence of public institutions. The primary institution of a democracy is Parliament. We need electoral reform to restore the balance between Executive Government and Parliament, to embed the sovereignty of Parliament. The government, after consultation with the community, should implement reforms such as fixed terms, term limits, campaign finance reform, and controls on government advertising. It should review the Public Service Act to restore the independence and professionalism of the public service, and to re-establish the notion of responsibility in the term “public service”. The public service should be re-established as the prime source of disinterested policy analysis.

The government should reform the processes of appointment to the judiciary and Commonwealth offices to give more power to Parliament and should enact legislation relating to post-separation employment. In particular, police and other security agencies should be free from political interference by executive government.

The ministry should behave with high standards; obfuscation and lying are not acceptable. Cynics may claim such a wish to be hollow; surely once in office a new government will be tempted to follow the example set by the present government because their poor standards of behaviour have not always been to their disadvantage. But there has been a loss of trust in our political system; politically a government has more to gain through a restoration of trust than it has to lose from having to expose its inevitable shortcomings.

The public service should be re-established as the prime source of disinterested policy analysis.

When it comes to matters of national security trust is essential. By politicising security issues the present government has jeopardised that trust and has therefore compromised our national security. The same holds for any measures which lack immediate appeal but are in the long term national interest; unless there is trust, governments are unable to implement such measures.

Not all public institutions are in the public sector. We need to nurture those civic institutions which are outside the public sector.

No democracy can be sustained without diverse and dissenting voices. The government must encourage media diversity through lowering the entry barriers for new players, reviewing existing licences, and placing funding for public broadcasting on a secure footing.

The government should ensure public policy does not undermine civic institutions; in this regard it should pay particular attention to laws on libel and public liability. Lobby groups representing corporate interests have significant power; to balance this power the government should provide financial and legal support for groups such as welfare, environmental and consumer organisations.

Providing support for dissenting voices is necessary not only as a question of civil liberty. It is also a way in which governments can check their own performance. The current federal government, in particular, considers every critic to be an enemy, rather than a channel to community opinion. Government should listen to the community, and share as much information with the community as is consistent with security and privacy requirements. Governments have no right to withhold information for which the community has paid; employees on the public payroll should engage honestly with the community whenever possible, and should appreciate that their ultimate responsibility is to the community through its elected parliament, not to the political party in office.

Individuals need protection of their basic rights. Australia stands out in not having constitutionally or legislated protected rights. We have seen an encroachment on those rights we have tended to take for granted. As a first step we need a legislated set of rights.

Policy priority - rebuilding Australia

We have allowed the “economy” to become detached from its social purpose, and to be seen in a very narrow context – as a set of statistical indicators. Prime Minister Curtin, by contrast, rightly saw the economy as part of “the social question”.

Economic activity is meaningless unless it contributes to social ends.

Economic activity is meaningless unless it contributes to social ends. There is no reason to take a narrow view of economic activity, for example, to see household production or voluntary work (not measured in national accounts) as any less valuable than activity in the measured economy. There is a wide range of activities in and out of the market sector that contribute to our welfare. Artistic and sporting endeavours, bringing up children, and care for the frail are some examples.

The government’s responsibility and influence extend to our wealth in its widest meaning – our wealth of human, family, social, natural and physical capital. Some may suggest that this implies an unacceptably wide reach of government, but over the last ten years we have

seen the present government use its wide reach to deplete our nation's wealth; it is only reasonable that an incoming government make amends by using its reach to re-build that wealth.

In fact, debates about the "size" of government are barren, because they reduce government to one dimension. Governments should retreat from our private lives: there is an expanded role of government in providing public goods, while withdrawing from those interventions that are not economically justified, such as subsidising favoured industries. As our economy is strengthened there will be less demand placed on public budgets for personal welfare payments.

Stewardship is about protecting those capital assets we have inherited from past generations and from nature's endowment, and building assets to pass on to future generations of Australians. Fairness is about ensuring those who contribute reap the rewards of their efforts.

Rebuilding human capital

While we once saw our assets in terms of agricultural and mineral resources, we now live in a world in which the most valuable assets are the skills and knowledge of our people. This is why education is the highest priority in rebuilding Australia.

Education is about more than the development of functional survival or industry skills (though these are necessary). It is also about developing shared experiences, developing the contracts and conventions of living in a society, and allowing a full range of talents to be developed. It is about developing all the properties of scepticism, self-respect, tolerance and creativity, which will allow for development in all its dimensions to flourish. And education is the most effective means by which we can give realisation to our ideal of equality of opportunity.

Through use of fee-for-service, we have reduced education to a marketable commodity. We are seeing our best and brightest heading into areas such as law and finance where the financial rewards are highest but where the contribution to our community is less than may be expected from other areas – science, arts, and engineering to name a few.

Free education is essential, but "free" education should be seen as part of a social contract – those who enjoy free education should repay their debt to the community not through specific individual debts (such as HECS), but through progressive taxation, community participation and creative pursuits.

Access to quality education should not depend on parental means. This is not only in the interests of equity; it is also to ensure we don't waste our natural talents. This is particularly relevant with respect to the benefits of early childhood education.

Rebuilding family capital

"Family" refers not only to the isolated "nuclear" family, but also to the wider extension of kinship and friendship into neighbourhoods and more distant networks of relationships – perhaps best evoked by Australia's tradition of "mateship". In the 21st Century 'mateship' must be inclusive of all in our community. In a deregulated "labour market", the wealth generated in these relationships is in danger of being lost. Measures such as minimum

A well-regulated labour market should offer both flexibility and choice, for both employers and employees...

wages, maximum working hours and penalty rates of pay have proven successful in the past. While they may need to be revised and updated they should not be abandoned. A well-regulated labour market should offer both flexibility and choice, for both employers and employees, while recognising the asymmetry of power in employer/employee (and contractor) relationships. In contrast to recently enacted arrangements, flexibility and choice should be beneficial to both parties, allowing people to regulate their work and other choices at different times in their lives.

Rebuilding social capital

Social capital – that network of trust in one another and in our institutions – is another vital asset which has been severely depleted over the last twenty years. We risk leaving some communities behind – detached and alienated, with no stake in society. There are many such people, some in multiple classifications – poor rural communities, ethnic enclaves, people in burnt-out industrial rustbelts, people in outer suburbs disconnected from urban amenities, transient people.

Of all these groups the most disadvantaged are Indigenous people. It is intolerable that in this country there are still many Australians living in third world conditions with poor health and diminished life expectancies, and who are constrained to limited choices and opportunities. Attention to their needs must be the highest policy priority – providing material assistance without paternalism, encouraging self-reliance and independence without abandonment, supporting social development without imposing alien standards.

There are others in our society who, while not necessarily suffering from material poverty, are excluded through prejudice and disrespect. Anti-discrimination legislation can go some way, but we can go further, much further, to bring all Australians together. In particular the diversity of experiences and abilities brought to this country by immigrants is a huge and partly untapped asset – a basis for creativity, innovation and engagement with the world. Managing this energy and tension will always be work-in-progress, needing care and support. Those who have been trusted by the community to hold public office have an obligation to use their persuasive and rhetorical power to encourage tolerance and respect.

We must not underestimate the magnitude of the task in bringing Australians together. We cannot meet this challenge simply by spending public funds. Funding, of course, is required, but passive welfare programs can reinforce a culture of dependency. We need to draw on all resources available within the disadvantaged and marginalised communities themselves, and in the wider community. There are resources of goodwill and local leadership ready to be drawn upon.

Our priorities must clearly be humanitarian, to eradicate the obscenity of poverty in a prosperous country. But poverty and disconnection are also a national cost. Those who are excluded from society are not able to contribute to their fullest, and because of costs ranging through welfare, health care and law enforcement, poverty and exclusion place a strain on public budgets. The most extreme consequence of social exclusion is home-grown terrorism as witnessed in London and Oklahoma City.

Some well-intended public policies can result in social exclusion, particularly if they are so strongly targeted that they raise envy among those who are ineligible. For that reason, policies should generally be universal in their reach, with exclusion only on clear criteria,

It is intolerable that in this country there are still many Australians living in third world conditions with poor health and diminished life expectancies...

such as economic means. Programs for those with special needs should be used only as a last resort, and should be implemented with a clear sunset provision.

Rebuilding natural capital

The “environment” isn’t some middle class luxury, and it isn’t something to be treated with token programs. It is the set of natural resources which provide a basis for all our material well-being, and we are depleting these resources at an unsustainable rate. Many of our most precious resources are under-priced; the prices at which our water and energy resources are exchanged do not come anywhere near the full cost of their depletion.

This under-pricing gives an opportunity to use resource taxes in a way that not only strengthens public revenue but also results in more efficient use of these scarce resources. In consultation with scientific and economic experts the government should implement resource taxes, emission quotas and market schemes for emission trading.

Market solutions are preferable, although there are clearly limits to the power of markets. Governments should set aside land for conservation purposes and strengthen restrictions on activities such as grazing and clearing. The notion that “ownership” of land is absolute must be dispelled; it carries responsibilities of stewardship, and land can be subject to multiple but compatible claims. We should ensure that those whose livelihood is jeopardised by changes in land use are adequately compensated and supported in new activities.

Rebuilding physical capital

Our public infrastructure, particularly our surface transport and municipal infrastructure, is dilapidated. State and federal governments, obsessed with the notion of “balanced budgets”, have let our public infrastructure decay. In many cases, with the sole aim of keeping assets and their associated liabilities off the public balance sheet, governments have resorted to expensive financing deals under the euphemism “private-public-partnerships”; for the most part these have been mechanisms to secure finance at very high cost but to keep that high cost out of public scrutiny, while imposing high liabilities on citizens.

In line with normal prudent business practice, Australia should borrow to finance productive assets, with no need for slick financing deals designed to hide liabilities. We must pay attention to both sides of our public balance sheet – assets as well as liabilities.

Economic prudence

Critics may suggest that the program outlined in this document is a high cost one, which will make heavy calls on public finances. There are two responses to this criticism.

First, unlike the present federal government, we expect an incoming government not to abandon economic responsibility for the sake of financial impression management. It is easy, as we have seen over successive public budgets, to shift expenses off-budget to private sources or to future generations, usually at a far greater total expense to the community than would have been incurred had these programs been financed publicly.

Blind ideological faith in either the “private” or “public” sector is not helpful. The question about whether goods and services should be provided in the private or public sector is largely a technical one, which should be resolvable by consideration of cost-benefit

The
“environment”
isn’t some
middle class
luxury...

analysis and by reference to the economics of market failure. Publicly-owned corporations can be even more dismissive of consumers and other stakeholders than private companies. Conversely, well-run government business enterprises can be more efficient in program delivery than their private counterparts. Case-by-case evidence and analysis should guide “private/public”, regulatory and governance issues.

Second, the present path of federal fiscal management is unsustainable. We cannot continue using public budgets to pay for welfare to compensate for our economy’s incapacity to provide well-paid employment. We need to develop a more robust and resilient economy that is less dependent on welfare, thus freeing scarce public revenue for the provision of much-needed public goods and services. We need not only high employment growth, but also, as in past times, we need an economic structure that ensures all jobs are good jobs, that don’t need the supplement of welfare payments. There will of course be swings in business cycles, exchange rates and commodity prices; when we are enjoying the good fortunes of these cycles we should use these times of plenty to build our resilience to endure the inevitable downturns, rather than squandering our gains on unsustainable consumption.

A fair go and confidence as economic assets

Our future wealth should be secured in the form of a robust and resilient economy. Fairness refers to the encouragement and incentives we should provide to those who create wealth for our future enjoyment, rather than to those who simply spend it or transfer it from one group to another.

That will take many policy changes, for our incentives have become severely distorted. Some people refer to the poverty traps in our tax and welfare systems. There are further distortions which discourage saving (other than superannuation saving), distortions which encourage asset speculation and passive investment, distortions which allow people of means to use tax shelters such as family trusts, and the political processes which encourage interest groups, ranging from cane farmers through to pharmacists, to secure privileged protection from market forces.

It is particularly concerning to see developing in Australia the phenomenon of inherited wealth; we are in danger of our country becoming a plutocracy, where a privileged few live off the efforts of the many, and where the benefits of social mobility are lost. Such rigidities and closing off of opportunities kill all incentives.

To rectify these distortions we need thorough tax and welfare reform. The present structure of government, which separately compartmentalises revenue collection and welfare, is inimical to genuine reform. The cult of managerialism, which discourages public servants from thinking beyond their own immediate sphere of assigned accountability, does not allow for the solution of problems which transcend departmental boundaries.

We need to define fiscal responsibility more rigorously, so that it means more than simply using creative accounting to balance public budgets. It should be defined as ensuring that over the business cycle recurrent budgetary revenues and expenditures are balanced, and that public borrowing is used only for productive investment. Budgetary management is only one aspect of sound economic management - contrary to the views of the present federal government.

Fairness refers to the encouragement and incentives we should provide to those who create wealth for our future enjoyment...

With proper incentives – a “fair go” – we can all set about the task of re-building our nation’s wealth. Australia should develop an economic structure which is more resilient to external shocks, and which can provide a wide range of employment opportunities. With a well-educated and creative workforce we will be able to become integrated into the global economy, rather than being a quarry providing raw materials for more developed countries.

The other aspect of fairness is security. It has become convenient for politicians to confine discussion on security to the threat of terrorism. That focus has given an opportunity for a high profile and visible response, such as the saturation of public venues with police and security guards and closure of public places. More sinisterly, it has also given government an excuse to suppress civil liberties and dissent as it extends its authoritarian control over the nation.

This focus has distracted us from other aspects of security, and in many ways has made us less safe from day to day threats.

While we do face physical threats from crime (including terrorism), and governments have a clear duty to protect citizens from such threats, we should remember that for most people the threats of insecurity relate to illness, unemployment and other events that can plunge us into poverty. For that reason it is imperative that governments provide adequate safety nets in housing, income, and health care to ensure people can lift their concerns beyond mere survival, and to encourage people to have reserves of liquid savings rather than the insecurity of high debt. People need to be secure in their basic needs before they can consider more adventurous pursuits such as upgrading their skills. If people are fearful of change, or if they believe they will not share in the rewards of economic change, they will mobilise political resistance against change and in favour of protection. Australia must not revert to the old ways of protectionism.

The cost of structural change can be lessened if we have active programs of re-training and re-skilling. Structural change must not add to the welfare rolls.

Finally, we need to restore our self-confidence and our sense of hope, which have taken a battering over the last ten years. We have withdrawn from the world – from regional engagement with our Asian neighbours, from multilateral forums, and from international treaties. Rightly or wrongly, we are seen as the “deputy sheriff” of the USA economically, and as a British colony emotionally. Pride in and celebration of our national achievements has given way to ghastly displays of jingoistic nationalism (of which the Cronulla riots were the worst example) and adulation of sporting stars. These are poor substitutes for genuine pride.

Therefore a republic must be high on our agenda. We must not allow the process of this transition to be scuttled as it was in 1999. The most appropriate model is not predetermined: it will emerge in community consultation. The government’s first step, immediately on taking office, should be to put an indicative referendum to the community – do we want a republic? The response from the Australian people will be a clear message.

**We have
withdrawn
from the world
- from regional
engagement
with our Asian
neighbours, from
multilateral
forums, and from
international
treaties.**

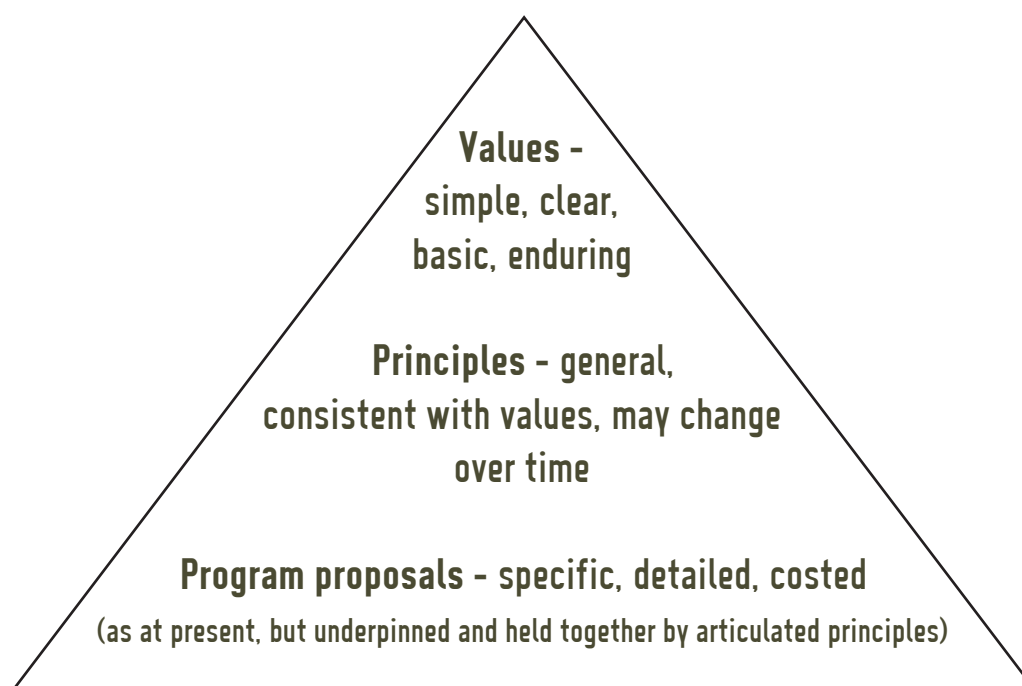
APPENDIX - VALUES AND PRINCIPLES

Any discussion of values and principles can easily descend into a litany of meaningless platitudes. The words “values” and “principles” have multiple and often overlapping meanings in everyday language.

Values are enduring. That is not to say they are immutable, but what change occurs does so only incrementally, and is often in terms of the weight people give to competing values. Over time people may come to give different emphasis to the relative weights they assign to the values of fairness and freedom, for example. Indeed, in different countries we can see quite different weightings between these values.

Principles, which give effect to values, are the design rules for public policy. They are contested, and can change over time. A principle of limited government contrasts with a principle of the all-encompassing state, for example.

Public policy comprises the totality of values, principles and specific proposals, as shown in the “policy pyramid” below.



In order to avoid statements of what is incontestably obvious, those principles characterised as ‘Common wealth principles’ are contrasted with defensible alternatives below. These alternatives could perhaps be argued for in a different society or in this society at a different time.

Common wealth principles are defined so as to avoid halfway points between them and competing principles. Such compromises lead to incoherence; in fact the outcomes of compromise often embody the worst of both principles. An example in Australia is provided in health care, where, as a result of compromise in design principles, some of the worst outcomes of centralised government controls and of unfettered markets are realised.

Value: Freedom	
Common Wealth principles	Competing principles
We all have rights to the extent that they do not lessen the rights of others.	There has to be some shifting “balance” between liberty and safety. <i>Common wealth response: Basic human rights are absolute, and, in the longer run, our safety is compromised if we do not assert the primacy of rights.</i>
We are protected by the separation and dispersion of power between institutions – most important of these being executive government, parliament, an independent judiciary and open and diverse media.	Dispersed and separated power is inefficient – it makes for expensive conflict between institutions and can frustrate achievement of people’s expressed wishes. <i>Common wealth response: That small burden is an acceptable price to pay for the benefits of democracy. Even if totalitarian institutions may appear to be efficient in theory, in practice they are inevitably inefficient and wasteful.</i>
The realm of government is defined and limited; it respects and does not intrude on the private realm, except when the interests of those who are vulnerable to exploitation are at stake.	Governments have a legislative duty to defend and uphold “community standards” in matters involving private behaviour. <i>Common wealth response: This is dangerous: government should be extremely careful in using paternalistic law to prevent people from yielding to their own self-destructive instincts (although government may use its rhetorical powers to encourage or discourage certain behaviours.).</i>
There is constitutional or legislated freedom of speech, worship and association, and constitutional separation of church and state.	

Value: Fairness	
Common Wealth principles	Competing principles
In all our relations we treat all in this country with fairness – the principle of the “fair go”.	Those who argue against the “fair go” often confuse fairness with equality of outcomes. <i>Common wealth response: In fact a reasonable set of rewards and incentives is absolutely compatible with the notion of fairness.</i>
Fairness is a guiding principle, consistent with enlightened self-interest, in foreign policy, trade and aid.	Some argue that multilateralism has gone as far as it can go, and has failed to meet expectations. <i>Common wealth response: Australia has been a powerful voice for multilateralism in the past and can provide such a voice in the future. We should not join with those who seek to undermine multilateralism.</i>

Value: Fairness	
<p>We are all equal before the law, and are protected by a set of defined human rights.</p>	<p>Some suggest that the law is an expensive luxury, and that bills of rights are meaningless because they do not necessarily change behaviour.</p> <p><i>Common wealth response: A bill of rights may not be sufficient in itself to bring about justice, but in the absence of such protection injustices will proliferate.</i></p>
<p>Equity is promoted through equality of opportunity. Such opportunity focuses initially on early childhood, later on access to quality education, to develop multiple talents. Equality of opportunity is supported throughout life by means of anti-discrimination legislation and through targeted assistance for those most in need.</p> <p>In our aspirations and hopes we accept the possibility for all to grow and for those who have fallen on hard times to get back on their feet.</p>	<p>There is a view that life is intrinsically tough; there will always be winners and losers whatever policies are adopted.</p> <p><i>Common wealth response: Equality of opportunity does not claim to achieve equality of outcomes.</i></p> <p>There is also the view that at any stage in history some talents will be more useful and therefore more worth developing than others.</p> <p><i>Common wealth response: In a rich and resilient society the development of all talents should be rewarded.</i></p>
<p>Inequality is contained within bounds. To the extent that choice for all can be sustained, individuals have control and choice over their economic circumstances. Economic incentives and rewards are related to merit – effort and contribution to the collective good.</p>	<p>There are two extreme views. One is that inequality is a spur to economic contribution. The other is a romantic view that equality of outcomes is achievable; rewards can be de-coupled from all forms of contribution and because people can be motivated by higher ideals than economic rewards, those rewards are unnecessary.</p> <p><i>Common wealth response: Neither of these views is helpful in dealing with real human beings.</i></p>
<p>Because there is equality of opportunity there is social mobility, reducing the risk of envy, alienation, disengagement, and class tension.</p>	<p>Many people believe that because of some combination of genetic and intergenerational environmental factors, there will always be a self-perpetuating underclass, and a class of those who are intrinsically superior. Any attempt to change this natural order is futile and at worst raises false expectations and envy.</p> <p><i>Commonwealth response: Australia's history over the eighteenth and nineteenth centuries entirely undermines this dismal view.</i></p>
<p>Life's fortunes can change; with social insurance even the well-off may need a safety net.</p>	<p>The alternative view is that while survival of the luckiest may not be fair, it is a practical way to distribute resources.</p> <p><i>Common wealth response: This view is limited because it fails to recognise that safety nets are essential to overcome natural risk aversion. Without a safety net many potential innovators and entrepreneurs may not be willing to take risks.</i></p>

Value: Fairness

As far as possible, economic well-being is achieved through economic participation in productive and fulfilling work, rather than dependence on welfare.

There is the notion that we should be highly specialised in a globalised economy. Although specialisation results in wide disparities in private income and limited opportunities for productive or fulfilling work, these disparities can be overcome with welfare payments.

Common wealth response: Such arrangements are unsustainable, particularly when that specialisation is built on non-renewable resources. And a society with a few people employed in highly specialised employment while others are comparatively unskilled lacks the resilience to cope with external shocks.

Value: Ethical responsibility**Common Wealth principles**

Without coercion, those in prominent office promote and support those qualities which draw on the best of the nation's traditions and the noblest of people's instincts and which sustain the nation's long-term health and vitality.

Competing principles

An alternative view is that there is no such thing as "public office"; all positions of authority have limited and defined roles.

Common wealth response: This is a very restrictive view, which does not allow that public office is a reward for merit, and carries heavy ethical responsibilities.

Some also fear that celebration of national identity easily slips into exceptionalism, ugly nationalism and ugly xenophobia.

Common wealth response: This is to dismiss the possibility that we can celebrate what we find noble and uplifting in Australia without descending into such behaviour.

The duty of those with public influence is to encourage hope and redemption rather than despair and condemnation, confidence rather than fear. It is to nurture and promote the common good – to encourage those who use their talents for the common good. It is to respect truth and strengthen learning to withstand the powers of populism and vested or sectional interests.

Some would hold that fear is a useful and legitimate political instrument; without fear people will suffer complacency.

Common wealth response: This is a very negative view of human nature.

Many people take a "postmodernist" view; that is, to deny the existence of any objective reality or of any verities. This view is exemplified in the acceptance of lying in political statements.

Some would hold that in a pluralist society there is no "common good".

Common wealth response: Without pursuing deadening social conformity, there are clearly certain behaviours to which we can all ascribe.

Value: Citizenship	
Common Wealth principles	Competing principles
<p>The individual exists in a network of relationships – family, friends, acquaintances, local community, nation, global. He or she obtains fulfilment as a member of society, with rights and duties.</p> <p>He or she is mindful of the rights and needs of others and is compassionate towards others, no matter how far the social and kinship separations.</p>	<p>“There is no such thing as society”: interactions between people are functional market transactions, devoid of rights or obligations other than those specified in laws designed to promote smooth commerce.</p> <p>Government is either a separate and limited institution with arm’s-length accountability to individuals (as customers of services) rather than responsibility to citizens; or government is viewed as all-encompassing, as epitomised in theocratic and former communist regimes.</p> <p><i>Common wealth response: Neither of these views allows for non-government non-market civic engagement.</i></p>
<p>Many relationships between people are in the “public realm”, which includes, but is wider than the public sector. Being part of the public realm the state is part of, not apart from, society.</p>	<p>“Government is just another corporation”.</p> <p><i>Common wealth response: Governments may adopt many business practices, but government is not a business. It is responsible to society – a responsibility which is much deeper than the mere accountability of private businesses.</i></p>
<p>All relationships, intimate and “stranger”, are characterised by respect. Social relationships are founded upon individual toleration or based on core rules of social conduct. Communities may have some ethnic or other identities, but there are no firm boundaries between communities; rather there is a range of interaction between all of us. Society comprises all individuals and groups; to the extent we exclude or ghettoise any we have failed in our social obligations.</p>	<p>Australia can be seen as a collection of separated “communities” or “tribes” in sullen co-existence.</p> <p><i>Common wealth response: This opens the way to excluding groups on the basis of notions such as “race”, which is unacceptable. Neither is full assimilation desirable. Our rules of social conduct should be confined to those which are necessary to ensure social harmony without detracting from people’s opportunities to express their identities.</i></p>
<p>We contribute to and draw from accumulated social capital; this is the essence of mutual responsibility and duty.</p>	<p>Cynics argue that social capital is a vague concept; because it is not amenable to measurement there is no point in measuring it.</p> <p><i>Common wealth response: Social capital is very real: when it is diminished we pay dearly, for behavioural norms of trust have to be replaced with strong instruments of compliance and accountability.</i></p>
<p>We value self-reliance and we value care where care is needed, and that care is given and received without the expectation of immediate reciprocation.</p>	<p>There are two extreme views: that people should be left to fend for themselves because welfare promotes dependence and suppresses autonomy and self-reliance; and that people need constant care and protection from paternalistic government.</p> <p><i>Common wealth response: These views are based on greatly oversimplified views of human behaviour.</i></p>

Value: Citizenship	
<p>While shared services may be supplemented by the activities of charities and private philanthropists, and delivered through either public or private providers, there is no substitute for government’s responsibility to its citizens.</p>	<p>Some suggest that in a wealthy country most can look after themselves, with charity and philanthropy providing for the few who cannot. <i>Common wealth response: All citizens have the right to access high quality essential services and care in times of need. This should not be dependent on income, or on the pity or generosity of others. Private philanthropy will never have the resources to solve the really big problems - and it tends to dry up when it is needed most: in times of economic strain.</i></p>

Value: Stewardship	
Common Wealth principles	Competing principles
<p>We are responsible for sustaining and developing our common wealth, national and global. Our common wealth is our collective stock of capital. This comprises not only public and private physical capital, but also human capital (education in particular), family capital (the wealth embodied in family and friendship bonds), environmental capital, social capital (the trust that holds society together), cultural capital and institutional capital (government and non-government institutions). We, who have benefited from inherited capital, are responsible for passing on an improved capital stock to the next generation.</p>	<p>While such a statement may seem to reflect established prudent practice, there are alternative views. One is that over 250 years of strong global growth and depletion of particular resources, we have always found new or alternative resources to overcome supposed limitations. Another is that all needed physical infrastructure can be funded and provided by private markets; run down infrastructure will be replaced by the private sector once they see the opportunities. And yet another is that attempts to account for non-tangible forms of capital involve high cost with little benefit; at worst they can result in progress being stymied by the conservative force of institutions which are no longer functional. <i>Common wealth response: All of these are rationalisations to avoid the task of paying attention to our future needs. The first is dangerous; the second ignores the fundamental principles of economics, and the third essentially says if we cannot measure an asset it doesn't exist.</i></p>
<p>We sustain and nourish the wealth-creating potential in households and communities – individuals, families, local communities.</p>	<p>There is the view that households and local communities are inefficient productive units – it’s better to have people in the paid labour force where benefits of specialisation can be realised. <i>Common wealth response: This is a view that places economic specialisation ahead of human interests.</i></p>

PUBLISHED BY THE CENTRE FOR POLICY DEVELOPMENT
MAY BE REPRODUCED PROVIDED ACKNOWLEDGEMENT IS GIVEN

THIS DOCUMENT CAN BE DOWNLOADED FROM

http://cpd.org.au/policy_papers



P: (02) 9264 0263 E: contact@cpd.org.au
LEVEL 7, 280 PITT ST SYDNEY, NSW, 2000