Re-framing public ideas

In January 2018 I mounted eight articles on John Menadue's blog Pearls and Irritations, on the theme "Re-framing public ideas". This is a consolidation of those articles.

Introduction

Our capacity to understand political and economic issues, and to shape better public policy, may be helped if we break out of established but no longer functional ways of looking at public policy – re-framing in other words. That is re-framing ideas of leadership, the role of government, economy and society, economy and environment, competition, jobs, capital and choice.

The year just past has seen no respite from the political upsets of 2016, a year marked politically by Brexit and the election of Trump.

Over 2017 those who view the world in terms of a swing to the right and hardening authoritarianism have found confirmation in political movements in Turkey, Hungary, and Poland, and in the easy re-election of the Abe Government in Japan. In China President Xi Jinping's retreat from openness fits the same general pattern.

Some people point to a re-emergence of xenophobia and racism, with America's move back to isolationism (while still unhelpfully meddling in Israel and the Korean Peninsula), Trump's failure to condemn racist movements, and the rise of nationalist movements such as Germany's Alternativ für Deutschland and Marie Le Pen's Front National. In Austria, a country that has been a refugee transit route, there is a new coalition government including the eurosceptic, anti immigration, far right Freiheitliche Partei Österreichs.

But there is also evidence pointing in other directions. In the UK Jeremy Corbyn, with a classic British socialist platform, came close to knocking off the Tories in an "unlosable" election. The French elected the hard-to-classify Emmanuel Macron. In Germany, while both the mainstream parties lost ground, not only the AFD but also the old communists did very well. If we can generalise from these three European elections they're about a rejection of traditional political groupings.

In Australia we have seen similar movements. Elections in Queensland and Western Australia have continued a disastrous electoral run for the Coalition, confirming opinion polls showing a rejection of both the Liberal and National Parties, but with less than a commensurate gain to Labor. Many of the gains have gone to One Nation and the Greens.

And the defining image of the end to our fractious parliamentary year was a bear hug between Warren Entsch and Linda Burney celebrating an overwhelming passage of legislation for same-sex marriage!

At times in the past political and economic issues have been fairly clear-cut along "left-right", or "liberal-conservative" lines, but that is not the case now and is unlikely to be the case in the future.

I suspect that as the conversations at our seasonal social gatherings turn to politics the consensus around the dinner tables and barbeques will be that there is no easy why to summarise these developments, and no agreement around the main issues or areas of conflict.

Perhaps that's because much of the way we think about such issues is in terms of frameworks that are losing their usefulness.

John Menadue, I, and others, for example, have been puzzled by the way journalists and other political commentators keep on assuming that the two-party system is a natural part of our immutable political landscape, even in the face of strong evidence that it's falling apart and is no longer fit-for-purpose.

There are many other ways of thinking that have become subtly entrenched over time. There is an almost unquestioned belief for example – almost an article de fide – that there is something intrinsically inefficient about government. The idea that any strong effort to contain climate change will be at the expense of our economic performance is subject to little scrutiny.

Such entrenched ways of thinking are favourable to those in power. The idea that "small government" is good government favours rent-seekers and others who benefit from privatisation; the idea that short-term fiscal management is the be-all and end-all of economic management favours those who want us to ignore our economic structural weaknesses; and the idea that taking action on climate change would damage the economy is of clear benefit to the coal industry.

There is no need for an Orwellian Ministry of Truth, or a Trumpian Ministry of Alternative Facts, to impose these ideas. They are reinforced every day by partisan or lazy journalists, by ministers backed by speaking notes prepared by their apparatchiks, and by the strident voices of self-interest calling for tax cuts for foreign businesses and protection of rent-seekers.

We can and do change our frames of thinking, however. The standout example in the last few years has been the way we see the legal definition of marriage.

But that has been easy. Apart from those who saw an extension to same-sex marriage as the first step on a road to moral depravity, it represented no great challenge. For most people it was simply an extension of the principles of separation of church and state, and of the distinction between personal morals and the law. It didn't involve anyone having to make any personal sacrifice.

Other re-framing, however, may be a little more confronting.

Each of these eight short contributions to Pearls and Irritations, deals with one aspect of public policy where it may be useful to re-frame the ways we have been thinking about public policy, emphasising on economic issues.

They cover the following topics, summarised below.

1. *Leadership.* Leadership is the hard task of getting communities to make progress on difficult problems requiring adaptive change. It is not to be confused with authority. Beware of the call for a "strong leader".
2. *Role of government.* We tend to think of a "left" seeking bigger government and the "right" seeking smaller government. But such a framework can see governments simultaneously neglecting important areas while interfering where they shouldn't.
3. *Economy and society.* Many public debates are framed in terms of compromises or balances between "economic" and "social" objectives. Such ordering is confused: economic policies are meaningless unless they serve social ends.
4. *Economy and environment.* Arguments around climate change and other environmental matters tend to assume some tradeoff between "economic" and "environmental" objectives. But the overriding principle is about making the best use of scarce resources.
5. *Competition.* Competition is a means of encouraging innovation and productivity, and bringing those benefits to the community. When it becomes an end in itself, however, it can become a destructive force, imposing costs on us all.

6. *Jobs.* Governments brag about the number of jobs created on their watch. Does our obsession with "jobs" distract us from other ways in which people can contribute to society and share in its bounty?
7. *Capital.* Barry Jones complained that we tend to think of "capital" in terms of stuff that hurts when we drop it on our toes. It's too easy to overlook other forms of capital – human capital, social capital, institutional capital and environmental capital.
8. *Choice.* Market-based capitalism, we are told, brings us choice. But often "choice" is within a limited range of similar products and services. In the name of supporting markets we can be denied the choice of being able to share services with one another, and the choice of opting out of markets.

The documents on John's blog, including comments from readers, can be accessed from his website:

1. Leadership, posted on 3 January.

2. The role of government, posted on 5 January.

3. Economy and society, posted on 9 January.

4. Economy and environment, posted on 11 January.

5. Competition, posted on 15 January.

6. Jobs, posted on 18 January.

7. Capital, posted on 23 January.

8. Choice, posted on 25 January.

Reframing public ideas Part 1: Leadership

> *Leadership is the hard task of getting communities to make progress on difficult problems requiring adaptive change. It is not to be confused with authority. Beware of the call for a "strong leader".*

"Because of Anthony, this nation and this state are fundamentally changed forever".

They were the words of Victorian Premier Daniel Andrews at the state funeral for Anthony Foster. With his wife Chrissie he had worked hard and persistently to bring the Catholic Church to account for the abuse inflicted on their daughters – Emma and Katie – and the abuse inflicted on thousands of other Australian children who had been entrusted to the Church's care and betrayed.

The abuse inflicted by paedophile priest Kevin O'Donnell had terrible consequences: when she was 26 Emma took her own life, and Katie, having turned to alcohol to deal with her memories, has enduring severe mental and physical disabilities after being hit by a drunk driver.

The work of Chrissie and Anthony Foster, including Chrissie's 2011 book *Hell on the Way to Heaven*, was influential in bringing the Gillard Government to establish the Royal Commission into Institutional Responses to Child Sexual Abuse.

People variously describe their work in terms of courage, patience, persistence and integrity – all fitting descriptions – but it was also the work of leadership.

That is, the work of getting communities to make progress on difficult problems requiring adaptive change, a description of "leadership" used by Professor Ron Heifetz, Senior Lecturer in Public Leadership at Harvard's Kennedy School.

No one would deny that child abuse in religious and other institutions is a difficult problem requiring huge adaptive changes. As the Commission has pointed out, the established cultures of those institutions have to change. Within the Catholic Church traditions of assumed exemption from certain secular laws, clerical celibacy, the seal of confession, gender-segregated institutions, and the culture of "muscular Christianity" all have dysfunctional aspects.

The impetus for change did not come from the bishops and cardinals – the church's authority figures. Even after five gruelling years of the Commission's inquiries the church hierarchy is still in a state somewhere between denial and defensiveness. Nor did it come from the Government. To her credit, Gillard did establish the Commission, but not of its own initiative. No government, particularly a Labor Government, was going to take the initiative in confronting the Catholic Church and other respected institutions.

The impetus came from the Fosters, and others who worked tirelessly to bring the issue to the fore.

We tend to look for leadership in the wrong places, usually among those who occupy positions of authority – prime ministers, bishops, corporate CEOs, heads of institutions.

But, as Heifetz points out, that is to conflate the exercise of authority – a necessary function in any organization – with leadership.

While those in positions of authority have certain powers, such as the capacity to call commissions of enquiry or to direct research, they also have certain constraints. One of those constraints is the need – at least a perceived need – to maintain the organization's equilibrium, to protect it from disruption so that it can go on functioning.

In federal politics we see this phenomenon writ large. Prime Minister Turnbull's energies are absorbed in keeping the Coalition from splitting along ideological lines. Bringing hard issues to the fore, such as dealing with climate change, the fate of asylum seekers in offshore concentration camps, an incipient housing price crash, foreign debt and the corrosive effects of widening inequality would upset the political equilibrium.

Heifetz coined the term "work avoidance" to describe the mechanisms people use to avoid dealing with hard issues. The most common form of work avoidance is simple denial ("climate change is crap"). Others include appeals to tradition (clerical celibacy), adherence to simplified mantras ("small government"), denigration of experts (Trump's dismissal of science), creation of imagined enemies (refugees, dole bludgers, ethnic minorities), downplaying the adaptive challenge ("she'll be right mate"), disregard of unwelcome data (rising personal debt) and selective interpretation of data (a few positive scraps in otherwise miserable statistics on school education).

Sometimes people in authority acknowledge the existence of a problem, but mis-identify it as a technical problem calling for a technical solution rather than one calling for the harder task of adaptive change. The long-standing "war on drugs" is a case in point: even the most effective law-enforcement mechanisms do not deal with the underlying conditions that support a market in deadly substances.

Work-avoidance is not confined to governments. Business lobbies persist with a model of capitalism that bears little resemblance to economic realities; trade union bosses cannot come to grips with the way the workforce has changed over the last hundred years; political party officials and journalists cannot incorporate the decline of the two-party system into their models. All are bound by the constraints of authority – not only the formal rules and traditions of their organizations, but also the expectations of their stakeholders, who often call on their "leaders" to protect them from hard realities. Jobs, status, reputation and long-cherished beliefs are all at stake.

That's why Heifetz in his work does not talk or write about "leaders". It's an over-used term, and it leads to the easy assumption that leadership is something to be left to those in positions of authority. The idea that a strong "leader" can solve our problems relieves us from personal responsibility in tackling hard issues, and at worst it can provide fertile ground for a charismatic "leader" to take us to destruction – a Jim Jones, an Adolf Hitler, a Pol Pot – or for false prophets offering simple solutions to difficult problems.

Sometimes a release from the constraints of formal authority allows people to engage with the task of leadership. Malcolm Fraser and John Hewson are two prominent examples. Contributors to this blog – former ambassadors and other senior public servants who have held positions of high authority – are adept at raising hard issues.

Similarly a prime minister in the early days of office may take on hard issues, doing so before the constraints of positional authority are fully effective – before rent-seekers and other beneficiaries of the status quo have got the new government's measure. Would John Howard have acted so strongly on gun control if the Port Arthur massacre had occurred two years rather than two months into his term in office? Was it our good fortune that Kevin Rudd was able to respond decisively to the global financial crisis which developed before he had served a full year? Unfortunately however, policies developed in response to a crisis, even though they may be good decisions, lack the permanence of policies developed through processes of community engagement and involvement in the hard work of adaptive change.

In general, we should not expect leadership to come from those in positions of authority. The work of leadership takes place down the line and is largely unsung. Chrissie and Anthony Foster rose to prominence in part because of the particular horrors of their experience, but there were thousands of others involved in that task. And as Heifetz stresses, the work of leadership is ongoing. The work of leadership can lead to progress but adaptive change takes time.

Reframing public ideas Part 2: The role of government

We tend to think of a "left" seeking bigger government and the "right" seeking smaller government. But such a framework can see governments simultaneously neglecting important areas while interfering where they shouldn't.

Sydney's football stadium in Moore Park is 30 years old this year. Sydney's Olympic stadium at Homebush is even newer, having been completed for the 2000 Olympics.

Late last year the NSW Government approved a plan to demolish and re-build both venues, at a cost to the pubic purse of $2.3 billion.

Unsurprisingly the decision raised strong reactions, particularly among those who can think of other uses for a spare $2.3 billion (around $1000 per Sydney household).

The more basic question is why governments should be spending any money on venues for sport spectators.

It's not hard to establish a case for spending public money on community participation in sport. That case rests on savings on spending on health care and the general economic benefits of a fitter population. (See Michael Lambert's recent article on the costs of obesity.)

But these aren't venues for the Bankstown third division amateur football team, or schoolkids' little athletics. They are establishments for corporatised sport, a business sector quite capable of looking after itself without subsidies from the public purse. Sales of tickets and broadcast rights can easily generate enough revenue for elite sportspeople to enjoy a lifestyle beyond most people's imagination, with plenty left over for tycoons to provide VIP facilities for their corporate and political mates.

Perhaps, if NSW were an oil-rich sheikhdom with public money to spare, or if it had a 1940s-style socialist government occuping the commanding heights of the economy, these decisions may make sense. But NSW has a conservative Coalition Government – the party that's supposed to exemplify austerity with public funds.

It's hard to understand this decision because we are conditioned to believe that while parties on the left – Labor, Labour, Democrat, Socialist – stand for "big government", parties of the right – Liberal, Conservative, Republican, Christian Democrat – stand for "small government".

Such neat classification, if it ever had explanatory power, doesn't explain much in 2018.

In the realm of civil liberties that simplistic classification certainly doesn't hold. Apart from the rare libertarian, politicians of the right have enthusiastically extended "nanny-state" paternalistic interventions on film and literature censorship and on private sexual behaviour. Furthermore, as recent Australian experience confirms, parties on the right have been strong advocates for expanding the surveillance powers of government. Big government.

In the economic realm a more useful ideological classification may be between those who see government as a large, unproductive overhead – a body subject to the unreasonable and insatiable demands of electors – and those who see governments as serving a necessary economic function – a function that the private sector either cannot fill or cannot fill so well.

The former vision is captured in the Liberal Party's statement of beliefs, asserting that "businesses and individuals – not government – are the true creators of wealth and employment". It's an extraordinary assertion: a toll road owned and operated by Transurban is a useful asset, but a physically similar road, without tolls and publicly-owned, has no value. A nurse in a Ramsay private hospital is doing something useful, while his or her counterpart in a public hospital is an unproductive dependent on the public purse.

This idea is captured formally in a model known as "public choice theory", a theory dovetailing with economists' simplified models of how markets work. Citizens elect governments, and in a political "market" demand things like schools, hospitals, rods, police forces, and social security. The art of government is to provide just enough of these services, regardless of their merits, without suffering the consequences of a backlash against the tax burden necessary to fund them.

According to the public choice model it really doesn't matter what citizens demand – it's all waste. If people want a new stadium, then it's OK to cut back on education or transport, because these too are wasteful. If a National Party member in a vulnerable electorate wants an upgrade on a little-used country road, then it's OK to divert funding from roads subject to congestion and high accident rates. That's because one form of waste is as bad as another.

Ideally there should be no public expenditure at all, but if people are silly enough to want these things, then the government's objective should be to contain public expenditure so that the productive private sector can operate in the space left over. (Such an objective is encapsulated in the Commonwealth Government's goal of a tax-to-GDP cap of 23.9 per cent, regardless of the nation's need for public goods and services.)

A more realistic vision, in line with the latter view of government, acknowledges the complementary economic roles of the public and private sectors. It is captured in a statement by a Republican President:

> 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 do so well for themselves, in their separate and individual capacities.

That was Abraham Lincoln's pithy explanation of the economic role of government – one echoing earlier but more wordy statements by Adam Smith, and one covered in contemporary textbooks on public sector finance.

Unfortunately many Australian universities, whose graduates take up work in public services, have allowed public choice theory to displace this more traditional and economically grounded theory on the role of government.

In an attempt to re-invigorate this theory that acknowledges the legitimate economic role of government, Miriam Lyons and I encapsulated it in a book *Governomics: can we afford small government?*, covering similar ground to that covered in academic texts, but without the equations and graphs that tend to scare lay readers.

In our conversations with politicians and senior public servants we have often been surprised to find how much of that traditional theory has been new to them. "I had a gut feeling that there was something wrong with privatising electricity networks/subsidising private health insurance/cutting back on the CSIRO but I hadn't realised that my gut feeling aligned with solid economic theory."

This gut feeling for the public interest has probably protected conservative state governments from going all the way with the public choice model, and there are a few members of parliament with at least a basic understanding of the economics of the public sector. But without a clear understanding of the economic role of government there is little to stop governments from blowing public money on boondoggles such as stadiums for spectator sports and pork barrel projects in marginal electorates, while denying the community the important services that the private sector cannot provide, or that the private sector cannot provide as efficiently ane equitably as government.

Reframing public ideas Part 3: Economy and society

> *Many public debates are framed in terms of compromises or balances between "economic" and "social" objectives. Such ordering is confused: economic policies are meaningless unless they serve social ends.*

"We had to destroy the village in order to save it".

This was one of many absurdities emerging from the Vietnam War. It has never been clear who said it, but it encapsulates the means-ends confusion that kept America (and Australia) engaged in that terrible conflict.

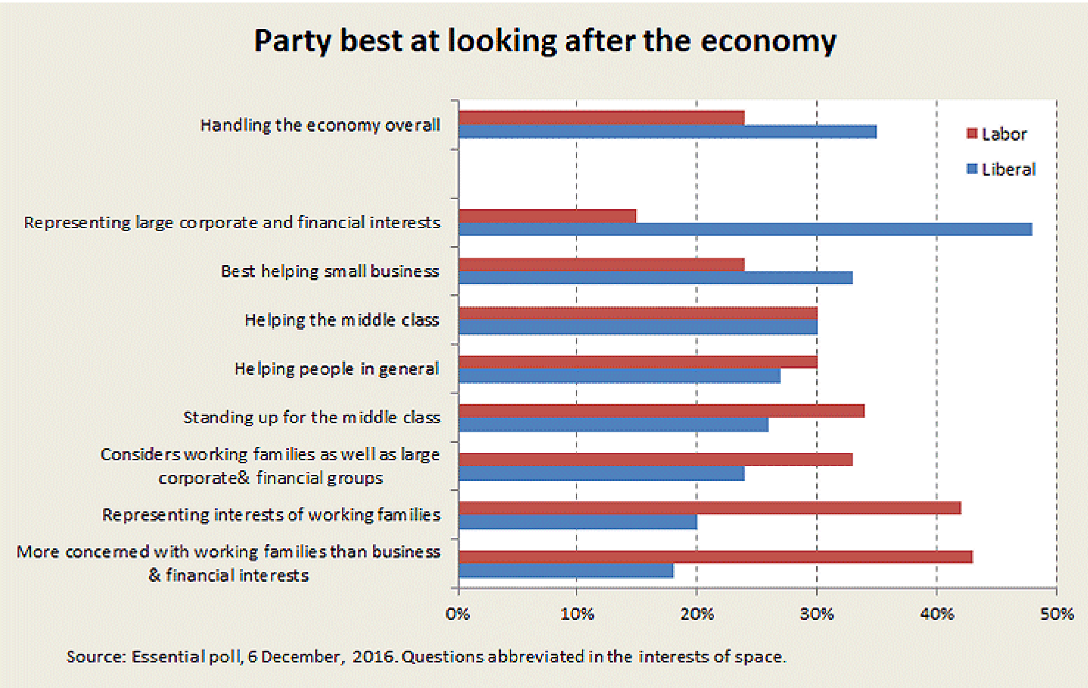
In everyday public policy there is a similar means-ends confusion in economic policy. Among most policymakers and media commentators it is a matter of faith that there has to be a balance between "economic" and "social" objectives, with the economics assuming a primacy.

The idea of a "balance" seems innocuous, but it implies that economics and the society are separate entities. It is in contrast to the idea that economic policy should serve social objectives, and it elevates the status of economic indicators.

In the Vietnam War the "body count" became the perverse performance indicator of American and allied forces. In economic management GDP growth assumes a similar role. A run of 26 years without a recession, the longest run of all "developed" countries, has become a testament to the success of our economic management. (I'll unpack that claim a little further on.)

But what is the point of generating impressive economic indicators if our economy is not serving society?

We are suffering a confusion of means and ends, a confusion evident in opinion polling.



The chart above, derived from [Essential media polling](), reveals what comes to people's mind when they think of economic management.

Australians clearly believe that in the economic domain the Liberal Party is more competent than Labor. But the poll also reveals what people consider economic management to mean. The Liberal Party's supposed competence rests on its capacity to look after the interests of "business", large and small, as if "businesses" are incarnate entities that have some interest apart from and superior to those of their stakeholders. Labor's supposed competence is about looking after people – "working families" in particular.

The only way this and similar opinion polls make any sense is if people believe that "the economy" is something to do with business, but has little to do with people. Otherwise they would not have scored Liberal ahead of Labor in overall economic management. One may quibble with the accuracy of people's judgements (for example, the Keating Government was generous to corporations), but the message about people's perception is clear. We have allowed economics to become defined as looking after business interests, de-coupled from its public purpose. No wonder economists are not trusted.

Good economic management should be about people's well-being, but when economic management becomes an obsession with economic indicators, people do not necessarily benefit. Let's look at the prime indicator, GDP growth.

Australia's impressive run of GDP growth has been bolstered by high population growth. Since our last official "recession" in 1990-91 annual GDP growth has averaged 3.1 per cent, but per-capita GDP growth has averaged only 1.6 per cent (and only 0.9 per cent over the last ten years). For the business sector GDP growth means a growing market, but in terms of people's material welfare it's the per-capita figure that's more relevant, and by that measure we were in recession in 2000 and 2008 when per-capita GDP went backwards.

It gets worse, because GDP is an indicator of production that takes place in Australia, not the benefits that flow to Australians from that production. Because of our dependence on foreign capital, the indicator that should count is what's left after the flow of dividends and interest to foreign investors. The mining boom inflated our GDP, but many of the benefits flowed overseas, and national accounts disregard resource depletion as a cost. (Think of Nauru's short-lived prosperity in the 1970s.)

With the end of the mining boom our net disposable income per-capita – a measure that nets out payments to foreign shareholders and creditors – has hardly risen since 2012. As many people know when they do their weekly shopping, our real incomes have been stagnating.

All these gross measures say nothing about how the benefits of economic activity are distributed. And they are subject to long-recognized limitations in official accounts, which measure only transactions in which money is exchanged, and tend to understate the value of publicly-provided goods and services because they are not produced in a "market". If a public hospital uses efficiency improvements to reduce per-patient cost, GDP falls: if a private hospital manages to charge more per-patient without any improvement in service, GDP rises.

Car accidents and cyclones boost recorded economic activity, but they don't make us better off. A reduction in domestic violence or institutional sexual abuse would clearly be of benefit, while probably reducing recorded GDP. Commercial child-minding contributes to GDP, but similar services provided by grandparents don't. When set with an assignment to list the limitations of GDP as an indicator of well-being, students find it hard to keep to a 3000 word limit.

Those who developed national accounts in the 1930s, most notably Simon Kuznets, appreciated their limitations, and never intended them to assume league-table importance. Recognising the need for something more relevant, between 2000 and 2013 the ABS led the world in developing a broad set of well-being indicators, Measures of Australia's Progress, that went well beyond the limitations of national accounts, but this initiative was axed by the Abbott Government, presumably outraged at the idea of a government agency achieving world-acknowledged excellence.

Economic management is a means to an end, that end being the maintenance of well-being for all. It should not become an end in itself. It is true that without attendance to economic management material living standards will fall or stagnate, but it's a logical fallacy to believe that everything that generates impressive economic indicators improves living standards. That's an incorrect inversion of a syllogism, and one doesn't have to be a logician to see the fallacy. Every wheat farmer, for example, knows that without rain crops will fail, but that doesn't mean rain will always improve the harvest – not if it comes at the wrong time, or if it comes as a torrential downpour.

The idea of a tradeoff between "economic" and "social" objectives, with a primacy for economic objectives, has led to the belief that good economic management is about attending to business interests. That's been convenient for corporate executives and speculators. Unfortunately, many on the "left" have also bought into that belief, leading them to disengage from economics and therefore to abandon the economic principles that have historically underpinned progressive political movements.

Reframing public ideas Part 4: Economy and environment

> *Arguments around climate change and other environmental matters tend to assume some tradeoff between "economic" and "environmental" objectives. But the overriding principle is about making the best use of scarce resources.*

Commenting on the Paris climate agreement, Foreign Minister Julie Bishop said: "We have to get that balance right between environmental and economic outcomes."

I'm not singling out Julie Bishop: many politicians and journalists talk about the supposed need for a "balance" between the economy and the environment.

But it's a deeply flawed way of thinking about our choices, because economics is concerned with the best use of scarce resources, and what we categorize as "environmental" resources are indeed scarce. These include most notably the capacity of our atmosphere to regulate our climate, and other life-support resources including fresh water, soils and biodiverse ecosystems.

A full explanation of the flaw is expressed by the Argentinian philosopher Jorge Mario Bergoglio (emphasis mine):

> The principle of the maximization of profits, frequently isolated from other considerations, reflects *a misunderstanding of the very concept of the economy*. As long as production is increased, little concern is given to whether it is at the cost of future resources or the health of the environment; as long as the clearing of a forest increases production, no one calculates the losses entailed in the desertification of the land, the harm done to biodiversity or the increased pollution. In a word, businesses profit by calculating and paying only a fraction of the costs involved.

The name Jorge Mario Bergoglio may not ring a bell, but his ofher name is Pope Francis, and the quote is from his Encyclical Letter Laudato Si', On Care for our Common Home. It's an economically rigorous statement, referring to what economists call the need to account for environmental "externalities".

The idea that there is some tradeoff between "the economy" and "the environment", implied in statements about "balance", ignores the fact that economics is (or should be) about all scarce resources. Separating out environmental resources, as if they are subject to different rules, or are somehow less important than those resources that appear in corporate financial statements, is really a way of hiding subsidies to industries that are wrecking our "common home".

For example, spokespeople for the coal industry complain about "subsidies" paid to the renewable energy industry, but they fail to acknowledge the subsidy the coal industry enjoys in not having to pay for the industry's contribution to damaging climate change. If a factory was polluting the Yarra, Swan, Parramatta or Torrens Rivers, leaving it to downstream parties to pay for cleaning up the mess, it would be clear that the factory was enjoying an unjustified subsidy. The coal industry's situation is no different – it's just that the costs are spread more widely in time and space.

It's not just the coal industry that uses the frame of a tradeoff. Many companies and governments engage in "triple bottom line" reporting, providing separate reports on their "economic", "social", and "environmental" performance, as if these are all separate domains. But the "triple bottom line" is a meaningless construction, because it puts the "economy" and "society" on the same plane, a misrepresentation covered in my third essay, and does the same with the "environment". (In response to me third essay Colin Cook points out that the Productivity Commission uses the same triple bottom line division.)

As my colleague Miriam Lyons points out "the economy is a fully-owned subsidiary of the environment".

To put the economy and the environment on the same plane is what philosophers call a "category error", in this case a confusion between the general and the specific. It's akin to talking about "Aborigines and Australians", or "British and Europeans".

As with many false beliefs, flawed categorisation serves vested interests. The idea that effective action on climate change threatens our economy and therefore our living standards is convenient for those who benefit from government policies that impede change and freeze present industrial structures.

Resolute action on climate change would impose some costs in the short term, particularly because it would inevitably involve an accelerated closure of coal-fired power stations and strong action in other areas such as a carbon tax on energy-intensive industries and high taxes on gasoline. But the longer the pain is deferred, the more intense will it be in the future.

The costs of not coping with climate change, already certainly manifest in phenomena as diverse as days of extreme heat, coral bleaching, more intense cyclones and more frequent bushfires, can be very high. A few people may not be concerned about the future, but most people are concerned. Also, just as World Trade Organization rules allow for countervailing duties on nations that unfairly subsidise their industries, it is possible that in time there will be similar sanctions imposed on recalcitrant countries such as the USA and Australia that are free riding off other countries' efforts to combat climate change.

Those same vested interests seeking to thwart the transition to a low or zero-carbon economy are adept at reminding us of the short-term costs of strong action on climate change – unemployment in certain industries and higher household bills – but they never mention the costs of opportunities forgone. These are the clean energy firms that don't get established, the new transport systems that don't get past the concept stage, and the loss of trade opportunities as other countries develop markets around new low-carbon products and processes.

We need to get away from the supposed tradeoff between the "economy" and the "environment". It's a false distinction, because without care of our scarce natural resources there is no economy. The only parties to benefit from the distinction are those who stand to make short-term but unsustainable profits from trashing our "common home", while impeding opportunities for economic adjustment.

Reframing public ideas Part 5: Competition

Competition is a means of encouraging innovation and productivity, and bringing those benefits to the community. When it becomes an end in itself, however, it can impose costs on us all.

In 1968 I went through the rites of passage of the time – I graduated in engineering, started in a proper job, and rented a small apartment. Younger readers would find it hard to realise how easy we had it.

But there was one difficulty: I had to buy a refrigerator, a vacuum cleaner, kitchen appliances, and something on which to play my Bob Dylan LPs, and all this stuff was expensive. So expensive that in those days toasters and irons were often given as wedding presents.

There were no Good Guys, Bunnings, JB Hi Fis or Bing Lees. The big department stores were the main outlets, and their prices were all the same.

The only option was the grey market. My colleagues introduced me to Károl ("I'm Hungarian but call me Karl"), whose business premises was the bar at the Overway Hotel in Adelaide's Hindley Street. There the deals were done, usually about 20 per cent off retail price with an exchange in cash. Later in the evening one would pick up the goods, all in factory wrapping, from his house in the western suburbs.

Károl wasn't a smuggler: in fact almost everything he supplied was made in Australia, with the help of a protective tariff. Nor was he a tax evader: he had bought everything wholesale and consumption tax in those days was paid by the wholesalers.

His offence was far worse, for he was working around what were known as "retail price maintenance" agreements. Under such agreements, manufacturers and importers could refuse to supply to retailers unless they agreed to abide by a pre-determined price. No discounts, no special deals.

Retail price maintenance suited the suppliers and the department stores, but not young graduates setting up house, and it didn't suit Karl. He never revealed how he managed it – he'd simply say that having lived with Hungary's communist bureaucracy he found getting around Australia's retail price maintenance relatively easy.

Retail price maintenance wasn't the only cosy arrangement between corporate mates. As I mentioned there were tariffs and other forms of protection against imports, and just to make sure people didn't have too much time to compare products and prices, there were restricted retail trading hours, effectively giving most workers only three hours a week for shopping. And that's not to mention geographical franchises in industries such as brewing. While my colleagues and I were enjoying the security of corporate or government employment, Gordon Barton, who later went on to form IPEC, bought an old truck and raised his early capital through smuggling Victorian beer into South Australia. (It was no better than West End.)

Paradoxically, it was the Menzies Liberal-Country Party Government that maintained these anti-competitive rackets, and it was the Whitlam Labor Government that finally brought in effective trade practices legislation and reduced tariffs. In the 1980s it was the Hawke-Keating Government that brought in more substantial tariff reductions and widespread moves to introduce competition in most previously protected sectors of the economy under the name "National Competition Policy". Never believe the rhetoric that the Coalition are more committed to free markets than Labor – it just isn't true.

When it comes to our everyday shopping for cars, kitchen appliances, clothes, travel, beer, the benefits of competition have become obvious. Tariff protection, for example, did protect some "blue collar", jobs, but in sustaining extremely high prices for basic necessities such as cars and clothes, the costs of protection fell most heavily on those least able to afford them.

But is all competition beneficial? Have we taken competition too far? Have we forgotten that competition has costs as well as benefits?

At universities many students do preliminary economic units, where they study idealised competitive markets – markets in which every party behaves rationally, in which all sellers and buyers are well-informed, in which there are no "transaction costs" (i.e. shopping around is costless), and so on.

In such an idealised world, competition is always beneficial to buyers. It's a good starting point to study economics, but its ignores real-world realities. In junior high school students are introduced to physics through an idealised model of a mechanical world where Newton's equations are unrestrained by the hard reality of friction – a good introduction, but a long way from practical engineering. So it is with economics: what friction is to engineering, transaction costs are to economics. While a few students go on to study applied economics, for many students basic economics is a simply service unit on the way to qualifications in law, commerce, public administration or business.

In the real competition is costly. Advertising expenditure alone costs about $15 billion a year, or more than $1000 per Australian household. Then consider all the duplication in markets – all those shop assistants and real-estate agents who spend so much effort on sales that never take place, all the stock and floor space in competing shops, all work that firms put into tendering for projects, and all the time people spend searching for deals in markets. (How much time did you spend last year searching through electricity, telecom and ISP websites?)

This is not to suggest we should prefer central planning to competition. As Károl would have asserted, central planning in Communist Hungary was hardly an outstanding success. But in each situation policymakers should bring the costs of competition into account, and if those costs are less than the benefits, then they should consider other means to bring low prices and meaningful choice to consumers.

But in many cases competition has become mad. One example is in electricity. Up to late last century state governments operated electricity supply as vertically-integrated government-owned utilities. But in the name of "competition" these enterprises were broken up into four components – generation, transmission, distribution and retail, in an arrangement known as the "National Electricity Market" (NEM).

The NEM spawned a whole new set of incentives and behaviours. People who had once cooperated with one another became rivals, turning their attention to competitive stratagems to the benefit of their corporations, rather than to customer service. In turn these behaviours spawned a whole new financial industry, the "retailers", whose task is to smooth out the market-induced price fluctuations, to read people's meters and to send out bills. A quarter of your electricity bill – $300 to $350 per customer – goes to pay these "retailers". That's about the same as goes to the firms that actually generate electricity.

We hear a great deal of argument about the costs of generating electricity (coal vs renewables and so on), but little about what we pay the "retailers". These costs are borne in the name of "competition", and competition is sacred. According to the Competition and Consumer Commission (ACCC), customers are served by at least 19 "retailers", all with their own bureaucracies and expenditure on promotion. The ACCC realises that all this competition has not reduced "retailers'" costs or profits. Its proposed solution – more competition!

I have chosen electricity as an example because it's a topical and clear example of competition gone mad, but throughout the economy the costs of competition are pervasive, and they rarely allow for neat quantification. They include the costs of overwork in competitive workplaces, fear and insecurity among all workers in firms whose fortunes rest on the next tender, miserable pay in the highly competitive "gig" economy, and lost opportunities for the development of meaningful and trusting commercial relationships. These are the proximate costs: the society-wide costs are even less easily calculated.

There's an emerging backlash against competition gone mad, but it would be unfortunate if this resulted in a reversion to Károl's Hungary or Australia of the 1960s, with all manner of crony deals to protect privileged interests. Rather, policymakers should remember that competition is not a meaningful or useful economic objective. It's a means to an end – the outcomes being the benefits of lower prices, innovation and meaningful choice. Competition imposes costs, and if those costs exceed the benefits, policymakers should find other means to serve those outcomes.

Reframing public ideas Part 6: Jobs

> *Governments brag about the number of jobs created on their watch. Does our obsession with "jobs" distract us from other ways in which people can contribute to society and share in its bounty?*

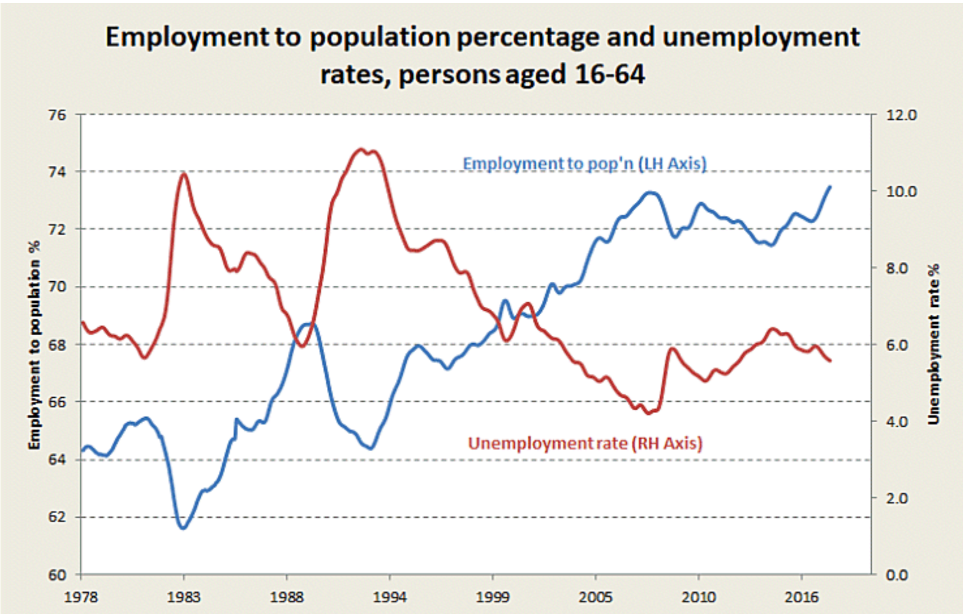
Next to figures on GDP, governments are most concerned with monthly employment data. Because the ABS produces so many labour force data series, governments almost always find at least one positive figure – the number of new jobs, hours worked, the unemployment rate, the participation rate, with a choice of original, seasonally-adjusted or trend terms. By the same token those seeking a negative story can always find data to support their partisan lines.

An obsession with these short-term fluctuations distracts us from long-term trends in the way work is changing, or – in the terms of those economists who reduce all transactions to commodity exchanges – trends in the "labour market".

Over the last forty years Australians of working-age (in itself a shifting concept) have been putting in about the same number of hours of paid work every year – in fact a little more. But those hours have been spread over more people doing some form of paid work. Within that broad trend, the gender mix has changed profoundly: 40 years ago there were roughly two men for every woman in paid work; now the mix is close to 1:1.

The strongest trend has been the erosion of full-time employment. In 1978, 85 per cent of people at work were in full-time jobs: now it's just below 70 per cent. Among men the decline over the same period has been from 96 per cent to 83 per cent.

Among both men and women there has been a trend towards part-time and casual employment – some by choice, some by necessity. Self-employment, once confined to farmers and a few trades and professions, is growing. At one end of the spectrum some are thriving in the "gig" economy, while at the other end "self-employment" means exploitation in the shadow economy of cash payments and sham contracting.



While there is a long-term trend for the officially-recorded unemployment rate to fall, some people, particularly those without post-school qualifications, suffer high and often long-term unemployment, under-employment, insecure employment and low wages.

There are many who would like to work more hours but cannot find the opportunity, while there are others, under the pressure of oppressive performance management schemes, are trapped in an "arms race" of overwork.

Behind these trends has been a widening dispersion in people's income from paid work. Average incomes are pulled upwards by generous pay for senior executives, some professionals, and people in the finance and legal sectors (not extending to front-counter staff). Median wages, however, are significantly lower than average wages.

In sum, people's workforce experience is diversifying: some are doing well, some are doing badly.

The "job" with benefits of sick and annual leave, workers' compensation, and certain protections is not in imminent danger, but nothing will restore it to its earlier prominence. Malcolm Turnbull may prattle on about "jobs and growth", Donald Trump may promise to bring back those "jaarbs" in mining coal and making Fords that once made America great, but they're not coming back, because the nature of our economies has changed.

The overwhelming economic development has been a huge advance in labour productivity, particularly in the market sector. Put simply, we just don't need so many people to make and distribute all the stuff we want (let alone the stuff we really need). That's been the tremendous achievement in 300 years of technological progress, and it isn't just about globalization – even India and China are moving away from labour-intensive farming, manufacturing and production.

At the same time there are unmet needs in areas that markets cannot serve, in areas such as health care and education – tasks that are intrinsically labour-intensive – but we are constrained by a dogma that there is something virtuous about "small government".

Then there is unpaid work, ranging from caring for children and the elderly, through to community activities such as Landcare. According to an ABS survey in 1997, around a third of our economy's output is in unpaid and unrecorded work.

Automation, once the bane of "blue collar" and simple clerical jobs, is now making its way into technical abd professional employment. Information technologies have also been shifting work (and a certain degree of control) on to the customer. Your internet searches do away with the travel agent, your supermarket self checkout does away with the checkout staff. That's work-shifting, not work-destroying, but it eliminates "jobs".

While automation threatens many "jobs", people with confidence, qualifications and social skills are enjoying expanded options, particularly if they have aims in life other than making a heap of money. They can find alternatives to corporate or government employment in a "job". Self-employment, establishment of microbusinesses and contracting are all options, made possible by new technologies and the tumbling costs of tools of trade. Many older workers, tired of being ridiculed and humiliated by corporate martinets, make such moves, and some young people short-cut the process by venturing straight into self-employment.

As Voltaire said "work keeps at bay three great evils: boredom, vice, and need", and for those whose material needs are easily satisfied, driving a Uber cab, establishing a craft brewery, developing new apps, or writing a novel – all highly competitive ventures – may gain little in the way of monetary rewards, but such activities satisfy many other needs. The "gig" economy is not new, but it can no longer be dismissed as something on the margin: it's becoming mainstream.

Yet the "job", an arrangement involving an "employer" in a paternalistic relationship with an "employee", dominates policymakers' idea of work. Our superannuation system, for example, works superbly for someone who after graduating in their early twenties has 45 years of unbroken employment, but for many others it fails. Our income tax and social security provisions are designed around steady, rather than fluctuating incomes. Universities and professional bodies are still largely bound by the idea of an upfront education for a lifetime profession.

Trade unions, which historically kept the excesses of capitalism in check when most workers were in full-time work in large establishments, now find their base concentrated among older professional workers in teaching, health care and public administration: only 17 per cent of workers are now in trade unions.

Industry lobbies such as the ACCI and the BCA, and many politicians and journalists, still live in the nineteenth century world where there was a class of enterprising and worthy "employers" and a class of dependent "employees", with a clear division between the two.

More generally we seem to accept that any policy that creates or saves "jobs" is good policy, without questioning the nature of those jobs or asking if they create any value for the community. Surveys find that perhaps 50 per cent of people are unhappy with their work, and a proportion actually hate their work: the work environment is a contributing factor to clinical depression.

We are all familiar with what anthropologist David Graeber calls "bullshit jobs" in the administrative layers of public and private sector organizations, and "jobs" that add little or no value (even negative value) in industries such as advertising and public relations.

Politicians pride themselves on saving "jobs", but there is surely a lot of work we could do without. Improving Queensland's deadly Bruce Highway, for example, could take away a lot of work from police, nurses, surgeons, mortuary workers, smash repairers and others, but by any measure society would be better off without this work.

We need to broaden our thinking beyond "jobs" and think more about ways in which people can make a meaningful contribution to society, can enjoy the non-monetary benefits of work such as status and recognition, and can share in the benefits of their contributions, be those contributions in paid or unpaid work.

The "job" as we have come to know it, is not always serving those purposes. Perhaps we should be thinking about a universal basic income : in Finland, a country with a centre-right government, there is a UBI experiment underway, and even the Scots, whose Adam Smith has so strongly influenced our economic ideas, are giving it a thought.

Otherwise our search for "jobs" as we once knew them is going to be elusive.

Reframing public ideas Part 7: Capital

> *Former Science Minister Barry Jones complained that we tend to think of "capital" in terms of stuff that hurts when we drop it on our toes. It's too easy to overlook other forms of capital – human capital, social capital, institutional capital and environmental capital.*

One of the technological treasures in Sydney's Powerhouse Museum is a working Boulton and Watt steam engine, built in 1785. It saw 102 years of service in England's Whitbread brewery, before it was decommissioned in 1887 and sent to Australia as a museum exhibit.

Standing 9.1 metres high, weighing 33 tonnes, and incorporating a flywheel of 4.3 metres diameter, it's a massive piece of equipment. In its working life in the brewery it needed a team of workers to keep its exposed bearings lubricated and to supply it with coal and water.

Its power output is about 20 KW – a fifth of a Toyota Corolla's.

A 20 KW electric motor made today would be the size of a small coffee table, would weigh less than 100 kg, would need hardly any maintenance and would cost $1000 or less.

The industrial revolution was about big, heavy, noisy and expensive machines – the "capital" that gave capitalism its name. Those assets were factories, ships and buildings that wealthy capitalists, and *only* wealthy capitalists, could afford. We tend to confuse money with wealth, but money itself has the capacity to store and create wealth only if it is invested in productive assets.

We still stand in awe of big pieces of capital – an A380 aircraft, China's Three Gorges Dam, the International Space Station. These are "stuff that hurts when we drop it on our toes". But for our future prosperity they are not the most important forms of capital.

Over the years since James Watt brought steam engines into factories, for the most part the cost of machinery has tumbled. Trucks, motors and workshop equipment have become much cheaper, and the most spectacular price falls have been in information and communication technology.

As a young engineer I worked in a factory with a state-of-the-art IBM 360 computer which would have costed the firm more than $1 million in today's terms. Its climate-controlled temple occupied about the same space as a Boulton and Watt engine and because it was too valuable to be left unused, 15 or so staff were employed on three shifts to keep it running.

Now we carry in our pockets machines with vastly more computing power. In Whitbread's brewery and in that factory in the 1960s labour was employed to keep the piece of capital running: labour was an adjunct to physical capital. Now the roles are reversed: in many situations machinery is an adjunct to labour.

In Watt's time what we would now call "physical capital" was the important factor of production, while "labour" was considered to be a replaceable commodity, hired for its brute force and capacity to submit to authority and tolerance of boredom rather than as a repository of skills. Masons, shoemakers, druggists and others had artisan guilds, but they were seen as relics of a pre-capitalist order. Karl Marx considered them to be anachronisms to be swept aside by capitalism (which in turn would be swept aside) as history took its inevitable path.

If Marx were to turn up in 2018 he would have to re-write chunks of *Das Kapital* to incorporate human capital. The Marxist scholar Jerry Muller, of the Catholic University of America, has had a go: he sees the knowledge worker as the new capitalist.

Muller's new capitalist does not fit the stereotype of the bloated plutocrat: he (increasingly she) is more likely to be wearing jeans and a designer T-shirt than a striped three-piece suit, is more likely to be driving a Prius than riding in a chauffeur-driven limousine, and is more likely to vote green than conservative, but he still holds the capital. In fact he holds it more tightly than the traditional plutocrat, because his capital, “human capital”, is embodied. And those with less human capital are still exploited. (Because the exploited do not form a distinct class, no communist revolution or a mass trade union movement is going to alter that power.)

Yet our traditions and institutions are still guided by classifications of an earlier era. Economists talk about separate factors of production – “labour”, “capital” and “natural resources” – as if they are clearly delineated. Companies record on their balance sheets only financial holdings and physical assets such as machinery, buildings and trading stock. When we assign a market value to a house or commercial building we forget that most of that value is its related human capital. Governments and business lobbies still talk about the “labour market” in the same terms that they talk about the market for iron ore or soy beans, as if “labour” is some homogeneous commodity.

So it is with other forms of capital – environmental capital, institutional capital and social capital.

Much of our economy still functions as if natural resources either have no value or are in inexhaustible supply. Only in recent times has there been growing awareness of our dependence on environmental capital, but getting businesspeople to understand the limited capacity of our atmosphere to absorb greenhouse gas emissions without subjecting us to catastrophic risk has involved decades of struggle. And our national accounts do not account for depletion of natural resources.

Nor do we fully appreciate the value of institutional capital. Many politicians see democracy only in terms of elections for executive government, while ignoring or devaluing parliament, the legal system, the public service, independent media, universities and cultural institutions. Politicians see funding for universities, the ABC or the CSIRO as expensive indulgences rather than as investments in our institutional capital. Similarly clerics of almost all denominations have devalued the reputational capital of their respective churches.

Perhaps the most important capital is social capital, which is about the general respect and trust we show towards one another. We know it by its absence: when people feel they have license to denigrate others because of their political opinions, religion, race, sex, or sexual orientation; when politics becomes a gladiatorial battle rather than a competition of ideas about serving the public purpose; when social behaviour is no longer regulated by norms of decency but by specific laws and regulations; when years of hard work developing the Uluru Statement get dismissed without so much as a “thank you”.

When people stop cooperating with, respecting, and trusting one another not only does life become less pleasant, but also we incur huge financial costs – more resources devoted to audit and policing, more expenditure on personal and business security, the norm of the “fair go” replaced by costly legal disputes over workplace and consumer rights, more legal contracts taking the place of informal agreements, and more activities prohibited or restricted because of the risk of liability claims.

Unfortunately the way we think about “capital” is still influenced by the economics of times past, when national prosperity was clearly associated with investments in physical capital. That thinking seems to dominate in our so-called “business” lobbies who carry so much sway in public policy.

More enlightened businesspeople and policymakers, however, understand the importance of capital in all its dimensions, and that owning lots of big, heavy and noisy stuff is not the path to future prosperity. To them the term “our people are our greatest asset”, once a cliche in annual reports, has meaning.

Some of these businesspeople and policymakers believe that we should try to bring all assets, particularly human capital, to account, while others point out that because our present private and public sector accounting systems cannot even assign meaningful values to physical assets, it makes no sense to extend the distortions of accounting conventions into other asset classes.

But they agree that we need to appreciate the value of everything contributing to our individual and common wealth. That is all forms of capital, and not just stuff that hurts when we drop it on our toes.

Reframing public ideas Part 8: Choice

Market-based capitalism, we are told, brings us choice. But often "choice" is within a limited range of similar products and services. In the name of supporting markets we can be denied the choice of being able to share services with one another, and the choice of opting out of markets.

A fast-food shop in suburban San Diego offers hamburgers with a choice of seven different bread buns, each type toasted or plain, eleven sauces, three types of meat (organic, Angus, Wagyu) in single or double serves, three types of fried onions (or none), three types of jalapenos (hot, medium, mild or none), and six types of cheese.

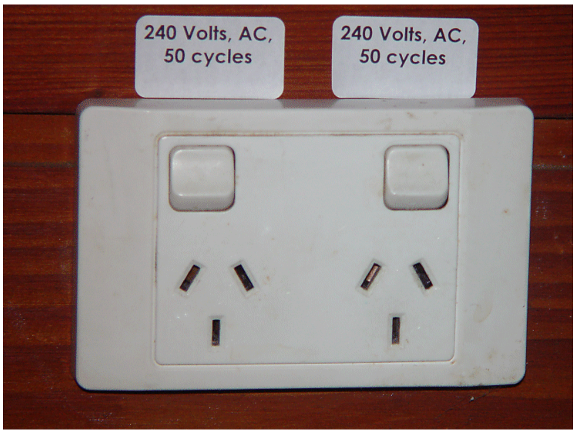
That's 88,704 options.

And that's the cornucopia of capitalism. Choice. The consumer, not the paternalistic company or the Ministry of Production, is sovereign. He or she is in control.

At least that's the rhetoric when we are invited to contrast the vibrancy of capitalism with the grey misery of central planning. Who can forget the movie Good Bye Lenin, with the constrained choice in East Germany – Spreewald Gherkins, Mocca Fix coffee, Vita Cola and Rotkäppchen wine – contrasting with the more than 50,000 food and grocery products (not including fresh produce) available in free-market economies such as West Germany and Australia.

The story is more complex – but not as complex as buying a hamburger in San Diego.

For a start, choosing between alternatives involves effort. It's much easier to ask for a "hamburger with the lot" (still on offer in Crookwell NSW) than to go through the process of specifying a hamburger with "sesame bun - not toasted - Angus single - caramelised onion - mild jalapenos - Swiss cheese". Research in behavioural economics shows that consumers welcome choice up to a point, but beyond that point they suffer "choice overload". Adding more options is likely to drive customers away, who cannot be bothered with going through the process. We have better things to do with our time than designing a hamburger.



Quite often "choice" carries no benefit for us. One of the more absurd innovations in recent years has been choice of electricity "retailers", which really means choice of which company sends you a bill, because these companies have nothing to do with the physical product (they're financial intermediaries), and in any event you want your electricity delivered at a vanilla 50 cycles, 240 volts. They don't really offer choice of electricity. Electricity is delivered, as it always has been, through the distribution monopolies.

The theory is that the "retailers" compete on price, but using clever tricks such as "confusopoly" (think of all those bundles and conditions) and trusting consumers not to spend too much time shopping around, there is little effective price competition and the "retailers" are still making high profits.

Health insurance is another product offering choice without variety. Those who want health insurance are offered look-alike products from financial intermediaries. In part this is because the industry is heavily regulated, which results in diminished choice (for example insurers cannot offer insurance with more than $1000 of front-end deductibles). Also, as with electricity, health insurers are masters of confusopoly. But even if insurers were behaving ethically it is also a market in which people find it extremely difficult to make any rational choice, because it is impossible to assign any meaningful estimate of one's future health care needs.

That's not the only way in which our choice is constrained in health insurance. Those with incomes above the threshold for the Medicare Levy Surcharge ($90,000 single, $180,000 family) face financial penalties if they do not hold private hospital insurance. This means their choices are limited in two ways.

First, they are penalised if they opt out of insurance because they prefer to save for their own contingencies and buy private care from their own means. They have to pay the surcharge and are denied the rebate (currently 25.9 per cent) which they would have enjoyed had they held private insurance. Their option of acting in the market as self-reliant agents is discouraged.

Second, if their preference is not to hold private health insurance, but to share their health care services with other Australians, their choice is similarly discouraged. Not everybody who is well-off wants a two-tier health care system – one for the well-off, one for the "indigent". A desire for a single system may be driven by a sense of solidarity, or a moral disgust at being given an offer to jump the queue. Or it may be driven by a realisation that one's fortunes change over time, and that it's safer to have a shared high-quality system, because systems designed for the "indigent" lose their well-off supporters and deteriorate.

We see a similar situation in school education. There are good reasons for people to want their children to enjoy education in socially-mixed public schools. But when the reasonably well-off, encouraged by subsidies for private education, drift away from public schools, those schools start to lose a cohort of children and their parents who help to sustain the school's standards, and an irreversible segregation is set in chain. Government policy has denied choice to those who value social mixing. (Among high-income "developed" countries, Australia has one of the highest proportion of students in private schools.)

In another case of government paternalism we have been told that we should accept slightly lower taxes to a proper broadband network.

We may not have an East German-style Ministry of Production deciding what we can eat or what sort of car we can buy, but our governments do many things that paternalistically constrain our choice.

In spite of general opposition to privatisation, we have been treated to a bipartisan paternalism which has seen privatisation of huge parts of our economy. Some of these privatisations, most notably airlines, have been in the face of changed economic conditions, but many have stemmed from a paternalistic dogma that Big Brother government knows what is best for us. Some privatisations, such as the Commonwealth Bank and technical education, have been disastrous. Others, including airports and electricity networks have transferred publicly-owned natural monopolies into private hands, resulting in economic inefficiencies and huge unearned profits for infrastructure owners. And some, such as toll roads, have been absurd by any criteria.

But they have gone ahead because our paternalistic governments, oblivious to our wishes, have determined that privatisation and "small government" are good for us. So much for choice.