

Reply by Stewart McArthur, former Liberal Member for Corangamite:

Who will be the next Prime Minister of Australia?

A women and it will be sooner that you think!

By

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The Address went over very well, amusing, vigorous and interesting with Michele Levine's (CEO, Roy Morgan Research) clarity on the environment as an issue which concerns the people. I would like to challenge some of the matters raised in the interest of long term accuracy.

Five major Parliamentary reforms which I agree with:

1. Free university
2. Floating the dollar
3. Reduction of tariffs
4. GST
5. Industrial Relations reform

However I observe that students now pay a HECS fee through their taxation arrangements, this constitutes about 25% of the degree cost. It is also interesting to note that the Labor Party floated the dollar, reduced tariffs and advocated a consumption tax. And even Keating began IR reform.

In the interest of long term good policy, the re-election of the Howard Government to consolidate IR reform was important. Unfortunately the Labor Party under pressure from the Union movement could undo this flexible wage setting system.

McArthur stood in Corangamite to support this fundamental policy decision if Howard were returned, which was a good chance when Beazley was ALP leader.

Your assessment of the electoral climate in 2001 was about right on the ground and it is true that 'Tampa' and 'Border Control' gave Howard a big electoral advantage.

Likewise your view of the Latham campaign is correct in that Latham was ahead in the polls prior to the 2004 campaign beginning; most commentators have forgotten this fact.

The Forest Industry workers' meeting in Launceston in the last week of the 2004 Federal election campaign put the 'final nail' in Latham's 'coffin' as blue collar timber workers were seen as Howard's battlers supporting a Liberal Prime Minister.

I challenge the proposition about Australia is 'becoming more progressive'; Michele Levine's figures show 34%, what about the 66% who remain 'conservative' in attitude.

Roy Morgan is correct on the environment being an issue for 89% of the people.

In my view Rudd won the election because there was a perception he would **address 'climate change'** and **Howard did not have the answer**. This climate change debate started in the Question Time in the House of Representatives in February 2007. Howard's answers gave a wonderful boost to the committed climate change religious faithful who see no scientific questioning of climate change as developed by Al Gore and the Europeans.

It is no surprise that in September 2008 Prime Minister Rudd and Garnaut are encountering the same problems and dilemmas that John Howard did in Government. There is no 'free lunch' in carbon taxes or carbon trading and its impact on Australian businesses and the standard of living.

Your paper strongly suggests that the Howard Government lost its credibility; **I contest this view as Rudd adopted all the Howard positions except for Kyoto and IR**. It is very hard to argue a case that the Government was changed on credibility grounds or policies differences when Rudd agreed with the Howard Government on most issues!

In your proposition that Government 'lied' about a number of issues, **again I strongly reject that statement**, however I agree that there were some political perceptions out in the electorate about these issues that were unhelpful to John Howard and his Government.

For the record, the factual situation on the perceived 'lies' is as follows:

1. **Children Overboard**

Ruddock and PM received formal advice from the Navy that refugees were sinking their boat so that they could be rescued and become refugees in Australia. This was a factual report. The 'infamous' Reith photo with refugees in the water was certainly open to interpretation.

2. **Iraq War**

A very difficult issue for Prime Minister Howard with Australians not enamoured with a 'War' in foreign lands supporting the USA. Because Howard believed in removing dictator Saddam Hussein, attempting to

control 'terrorist cells' and overcoming the use of 'weapons of mass destruction', Howard proceeded to argue the case and support President Bush against the Australian electorate's populist view against the Iraq War.

3. **AWB**

AWB was established as a statutory marketing body to sell wheat to overseas consumers that operated at arms length from the Government of the day. AWB was fiercely independent. Minister Downer had no jurisdiction or control over AWB's activities. Both Rudd and the commission of inquiry failed to make a case against Government failure.

4. **Jobs**

Since Billy McMahon's time in 1972 the 'Unemployment benchmark' has been accepted by both sides of politics as a measure. I accept your view that it may be incorrect and there is a big pool of 'Underemployment' if the true figures were presented.

5. **Work Choices**

Howard was extremely careful never to imply that some workers might be worse off under a deregulated Labour market.

On the Work Choices debate it is important to remember that the Union movement in their last hurrah spent between \$20-\$30 million in an attempt to demolish the Legislation and re-establish their power base.

Reserve Bank of Australia - Interest Rates

The RBA is independent of Government. They make a judgement about achieving 'Inflation levels' in the band 2.5-3.5%. Changing 'Interest rates' and the impact they have on 'Business confidence' and 'Business spending' is the economic tool that RBA uses.

Under Howard and Costello, 'Interest rates' were progressively reduced; one could argue that the low interest rates fuelled the domestic property boom and share market. I did not see any Gary Morgan comment advising the RBA to put interest rates down further during this period!

Inflation is a difficult beast; export income from iron ore and coal were huge threats to a stable low inflation economy. The new IR Laws by Howard helped to contain wage pressures in this 'twin' economy - 'resources boom' in the West and 'difficulties' in NSW.

Underemployment as advocated by Gary Morgan is probably correct, however the politics of unemployment is reflected in the ABS statistics like it or not.

We know for a fact that when inflation is rampant unemployment grows rapidly e.g.; Whitlam Government and the later half of the Fraser Government with inflation at 9% and unemployment at 11%.

Your assessment on Work Choices is **correct, \$45 an hour on Sunday**, cf \$18 during the week is a 'joke'. The **key to this debate is the annualised salary of workers not their overtime rate on public holidays**. Alcoa in Geelong made big improvements in productivity when they annualised all salaries.

You are correct on the assertion that Work Choices was not a big factor in the defeat of Howard. The Union movement spent \$30 million on a PR campaign and took Union members to key seats on Election Day to intimidate the voters. This tactic worked in some electorates including the electorate of Corangamite where large numbers of 'orange suited' unionists were out in force to represent their cause.

You are correct on Gillard needing Martin Ferguson and Bill Shorten. **Martin Ferguson is the most sensible realistic member of the Federal Cabinet** and has a very good understanding of the business, resources and politics.

The ongoing Gary Morgan comments of Consumer Confidence is technically correct but does not mean that the 'South Sea' bubble of the 'inflated' share market 'Indices' and Sydney 'house prices' should not be curtailed by an upward movement of interest rates with the intention to slow this 'over confidence' in the market.

Historically the 'boom and bust' Australian economy of the 1950's culminating in the 1961 'credit squeeze' is now being addressed by an independent central bank (RBA) to even out the 'irrational exuberance' to use Greenspan's terminology to keep the economy on an even keel.

The Howard Government lost office November 24, 2007 on the following criteria:

1. End of political cycle of 11½ years in Government, a long time.
2. Rudd young, the future and a safe pair of hands.
3. Rudd perceived to fix the greenhouse climate change.
4. Howard, after 11½ years could not claim a long future in the next Government.
5. Rudd agreed with the Government on most issues therefore expressed no negativity like Hayden, Crean and Beasley.
6. Canberra Press Galley on side with ALP. No challenge to slogans, 'education revolution' and 'working families'.
7. The economy was in good shape, voters could risk a Labor Party.
8. Queenslanders voted for Rudd.

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