

Dr John Hewson AM

2021- An Even More Challenging Year?

Drawing on his wide experience in economic policy, government policy, and politics, Dr Hewson addressed the challenges facing Australia. He eloquently argued that the large challenges at this time are as great as at any time in the past half century, while forecasting is harder. However too often governments focus on the short term, seldom looking beyond tomorrow's headline or the next election. Rarely is there more than lip-service to programmes for 10 years out or longer.

Recently (especially under Covid), some of the traditional economic theories have not worked:

- The link between money, liquidity and inflation, with last refusing to rise
- The link between inflation and unemployment
- Negative interest rate was thought impossible, and negligible rates inconceivable

Policies have been too often poorly thought through, or too aligned to small interest groups or political supporters, rather than for the overall health of the economy. He noted President Trump delivered very few election promises, but one that he did implement, namely greatly reduce corporate tax rate, in fact boosted dividends, but had minimal impact on stimulating spending and hence job creation.

The Covid pandemic has been notable for government's "learning by doing" on the run, albeit with the future outlook unclear, including of vaccine effectiveness against mutations, long term consequences of taking vaccines, etc. There have been positive impacts, including major changes of behaviour (health awareness/care, hand-washing, zoom, travel reduction, workplace flexibility, public transport), that show how quickly people can change.

The Australian Government was a continuing theme. Notwithstanding the need for short term measures like Job-keeper, he compared the people's preparedness to change in the face of the pandemic, with Australian Government's unwillingness to change in many respects. He bemoaned the lack of strategic thinking by Government, with short term focus on the issues of today/tomorrow, but with reluctance to address long term issues like climate change, aged care, tax reform, etc. The Government and Opposition both look to score short term points. He indicated there is a lot of scare, but not enough substance.

China is a key challenge now, with lack of communication at inter-government level, so it can be difficult for each side to understand the thinking of the other. The need to communicate is fundamental for good stable relations, and short term announcements made to a domestic audience can lead to serious misunderstandings. Many critical issues were referred to in

relation to China (US relations, Uyghurs/human rights, Wuhan, Huawei, Vic belt/road, Taiwan).

Dr Hewson also answered many questions covering immigration, universities, parliamentary term, China etc. We gained an appreciation of his clear thinking and frankness in covering such a comprehensive overview of the policy challenges facing Australia, and the need for long term vision in policy settings and communication in international relationships.