

## THE AUSTRALIAN

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# Explanation expands scope of the possible

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**WHATEVER one might think of the GrainCorp decision, it was never going to be an easy one for the Coalition -- which is why Chris Bowen handballed it to Joe Hockey. After all, the Coalition is precisely that; and with the costs of disunity now seared into politicians' minds, a highly publicised rift between Liberals and Nationals would hardly have gotten the Abbott government off to an auspicious start.**

That the Nationals' strong opposition made the transaction's approval unlikely is anything but surprising.

In part, that opposition reflects the leadership dynamics within the Nationals, as well as the jockeying for influence in the new government. But it also mirrored sentiment in country Australia. Nor is that sentiment merely a response to the specific issues raised by the GrainCorp bid. Rather, there is a mood of defensiveness in regional communities that, left to fester, could weigh on national decision-making.

That mood is obvious in persistent clashes over coal-seam gas and sales of agricultural land to foreign buyers; and, as in other countries, it translates into support for "pop up" protest parties such as Clive Palmer's PUP (whose share of the vote was more than 50 per cent higher in regional than in metropolitan seats). Rural Australia, it seems, is hostile to the very structural changes that could ensure its prosperity.

To some extent, that reflects longstanding features of our population pattern. Although averages hide enormous diversity, Australians in non-metropolitan areas are generally older and less well educated than those in the cities, and have lower incomes, higher rates of poverty and a greater dependence on welfare. All that makes adjusting to change more difficult, breeding some fear of the future.

What is striking, however, is that the gap between metropolitan and non-metropolitan areas has risen in recent years, despite a mining boom that might have been expected to disproportionately benefit country Australia. There are, of course, many places where the boom has done just that. But it has also greatly increased the demand for services, which are largely produced in the metropolitan centres, and boosted net immigration, which mainly flows to the major cities.

And the rise of fly-in, fly-out, which allows workers to take what are often shortlived jobs at remote mining sites without costly changes of residence and without disrupting kids' schooling and spouses' employment, has brought even more of the gains to the urban areas.

Little wonder the Australian Bureau of Statistics estimates that while the population of our cities will increase by 120 per cent over the period to 2050, that outside the cities will only grow by 66 per cent. And little wonder that as the boom swirled around it regional Australia felt it was being left behind, even though incomes were rising rapidly.

To make matters worse, the boom has intensified competition for resources in regional areas, including land and water. Even where the benefits of that competition accrue to country residents (as with land sales to Chinese investors), the effects can be divisive and politically contentious; and notably but not solely with CSG, there are instances in which the gains do not go mainly to local residents, while many of the costs do.

That misalignment of costs and benefits shapes the current conflicts. But it would be wrong to think the balance always falls in one direction. For sure, country Australians bear some costs for which they do not get the benefits; but from healthcare to infrastructure, they also receive benefits for which they bear only a fraction of the costs.

The result of that maze of subsidies and transfers is a political culture that too readily focuses on distribution, rather than wealth creation. And the sense of being hard done by makes that focus even more pronounced, distorting political decision-making.

The GrainCorp controversy is merely the latest case in point. For while it was eminently reasonable of Hockey to consider whether growers supported or opposed the takeover, it should have been every bit as important to ensure that, if they opposed it, they were willing to bear the costs of knocking it back. Instead, taxpayers now risk being left with the bill for upgrading our collapsing grain infrastructure.

But, as the debate about Qantas shows, country Australians certainly don't have a monopoly over wanting to have one's cake and eat it too. For the question Hockey should be asking is not whether we feel a warm glow from domestic ownership of the flying kangaroo; it is whether we can sensibly divert taxpayers' funds from worthwhile uses to providing Qantas' management, staff and unions with what would inevitably become an open-ended cheque.

With choice, in other words, must come awareness of consequence; and until the costs are made clear Hockey's consultation on Qantas' status will only elicit wishful thinking.

Yet that discussion among responsible adults seems as elusive as ever. It is well and good for Wayne Swan to say he presided over a surge in foreign investment; but he also spent five years denouncing multinationals, helping poison public attitudes. And Bill Shorten has been as ambiguous in his rhetoric as he is ambivalent in practice.

That is the environment with which the government must contend. Hockey is right that, as with migration, Australians will welcome the foreign investment we vitally need if there is confidence in its regulation; but neither confidence nor public understanding will emerge without renewed efforts on his part.

Ultimately, democracy is government by explanation; and the alchemy of politics lies in using explanation to expand the scope of the possible. That is the art the Abbott government must master; until it does, the choice it faces will all too often be between the politically disastrous and the merely unpalatable: as it was, to the nation's cost, with GrainCorp.