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Robert Menzies has messages on how we should tax

HENRY ERGAS THE AUSTRALIAN JANUARY 25, 2016 12:00AM



Illustration: Tom Jellett.

It happens every year. Just as the country has settled into the postprandial doze known as the Australian summer, swiftly and without warning, wrathfully and without mercy, stupidity strikes.

After all, with the world economy hurtling towards Hades, it hardly seems the time to be recommending tax slugs.

Yet there are plainly people who, having lain on the beach dreaming about higher taxes, flood the “silly season” with their fantasies.

Let’s be clear: it is not the scope to pay more themselves that fires our worthies’ imagination.

Of course, as taxpayers, we are all used to feeding the hand that bites us; but wouldn’t it be nice if these fiscal enthusiasts roused the family from its slumber on January 26 and, having explained that the nation’s pantry was bare, exhorted the loved ones to dig that little bit deeper?

It is easily imagined. “Darling, why not celebrate Australia Day by seeing if the ATO will accept our modest nest egg as a contribution to the national debt? And you young Sally, why not skip that extra latte every morning and tweet ScoMo that the

savings will go to giving the budget a helping hand? As for little Alex, how about a Freddo Frog for fiscal federalism? Wouldn't Mike Baird be delighted!"

But that is not what they have in mind. Rather, it is your money and mine they are after, as they play the game, colloquially called "fairness", which involves taking from those who don't vote for the party you like and giving to those who do.

Life is too short to traverse their countless suggestions; and it would be churlish to spoil months of reading pleasure by cramming the fodder for dozens of columns into a few terse lines.

But patriotism obliges me to note that Sidney Baker, in his classic guide to the Australian language, lists no fewer than 40 phrases expressing the myriad shades of disapproval, ranging from mild surprise (as in "blimey Teddy!") through to exasperation ("in your dipper!") before reaching stout protest ("upya for the rent!").

Unfortunately, our speech has become poorer as we have become richer; and with so many of the gems Baker catalogued long extinct, one pines, in musing on these tax addicts' missives, for Yiddish, with its 19 gradations of disparagement stretching from a fluttery helplessness to unadulterated brutishness.

One would certainly need them. The Australia Institute's latest assault on the family home is a case in point. No higher praise can be bestowed on this publication than to say that it is entirely worthy of its predecessors. But at least it is privately funded, presumably by people who, because they like that sort of thing, find it the sort of thing they like.

Not so the CSIRO, whose costs are borne by you and me. It is, no doubt, an organisation whose good deeds are so numerous as to fill a sequel to the Book of Acts. But in these times of austerity, are its resources best used in exploring the taxation of superannuation?

The results suggest otherwise. Their essence is simple: many superannuants, the CSIRO finds, die before they have exhausted their savings. "Shame on them!" its publicly funded analysts exclaim, sheltering behind the safety of their defined benefit retirement schemes; these savers are clearly not being taxed sufficiently heavily. The sooner the taxman cometh, the better.

Now, those with ivy-clad memories will remember when prudence was considered a virtue, not a vice. Far from condemning these retirees, we would, in that more innocent age, have commended them, both for benefiting future generations and for minimising their call on the public pension.

Indeed, Robert Menzies' words might still have echoed in our ears, when he

warned, in “The Forgotten People”, that: “If the motto is to be ‘Eat, drink and be merry for tomorrow you will die, and if it chances you don’t die, the State will look after you; but if you don’t eat, drink and be merry, and save, we shall take your savings from you’ — then the whole business of life will become foundationless.”

Why foundationless? Not because those habits “of frugality and saving for education and progress” serve the goal of national development, but because they define character. And because it is character alone that shapes the quality of a society — its energy, intentionality, capacity for coherence and, most of all, power of looking before and after.

For sure, Menzies said, the middle class is derided, and its virtues deprecated, “by those whose social benefits are largely obtained by taxing them”.

But as well as being an economic issue, protecting those virtues is a moral choice, as they sustain the “fierce independence of spirit that is the only real freedom”.

It is that moral dimension of policy choices which has disappeared from public view, submerged by the self-serving rhetoric of those who believe life’s ills can be cured by taxing and spending.

Yes, there are many respects in which Australia has progressed from when “The Forgotten People” was written; but in struggling with today’s dilemmas, we could do much worse than to rediscover its enduring value.

Perhaps, like the skinheads in Anthony Burgess’s *1985*, secretly learning Latin in garages because it is forbidden, we would have to reread it surreptitiously; and it would be vain to hope that our reinvigorated sense of moral purpose could deter the tax addicts from advancing their wacky proposals.

Well, let them sing their song; this Australia Day, my nod goes to Bob.

Fifty years on from his retirement, it is not the unending bleating of the whingers but “the divine restlessness and ambitious enterprise of the individual” which Menzies celebrated that still makes Australia great.