

2024 Shann lecture

Many thanks for inviting me to deliver this year's Shann lecture.

I acknowledge the Whadjuk Noongar people, on whose lands we meet tonight, and pay my respects to elders past, present and emerging.

A glance at past lectures tells me that I'm privileged to be here: to be asked to deliver this lecture is to walk among giants, a number of whom I have the honour of knowing.

Many of those past lectures note that Edward Shann used his marvellous knowledge of economics to try to solve problems – and some pretty big problems at that, including this nation's struggles through the Great Depression of the 1930s.

'Problem solver' is a magnificent title to be bestowed on you by history.

Yet I am increasingly worried that today's Australia is struggling to solve some important problems – we're getting better at arguing, and worse at solving.

So ... WWED – what would Ed do today?

But let me step back for a moment.

We all have a second job in life

I don't know what your day job is. But your second job, and mine, is the fight to leave the world a better place.

And what does 'a better place' actually mean?

I think that any society tries to aim for two things – sustainable prosperity and fairness. In effect that's the size of the pie (prosperity) and how it is sliced up (fairness).

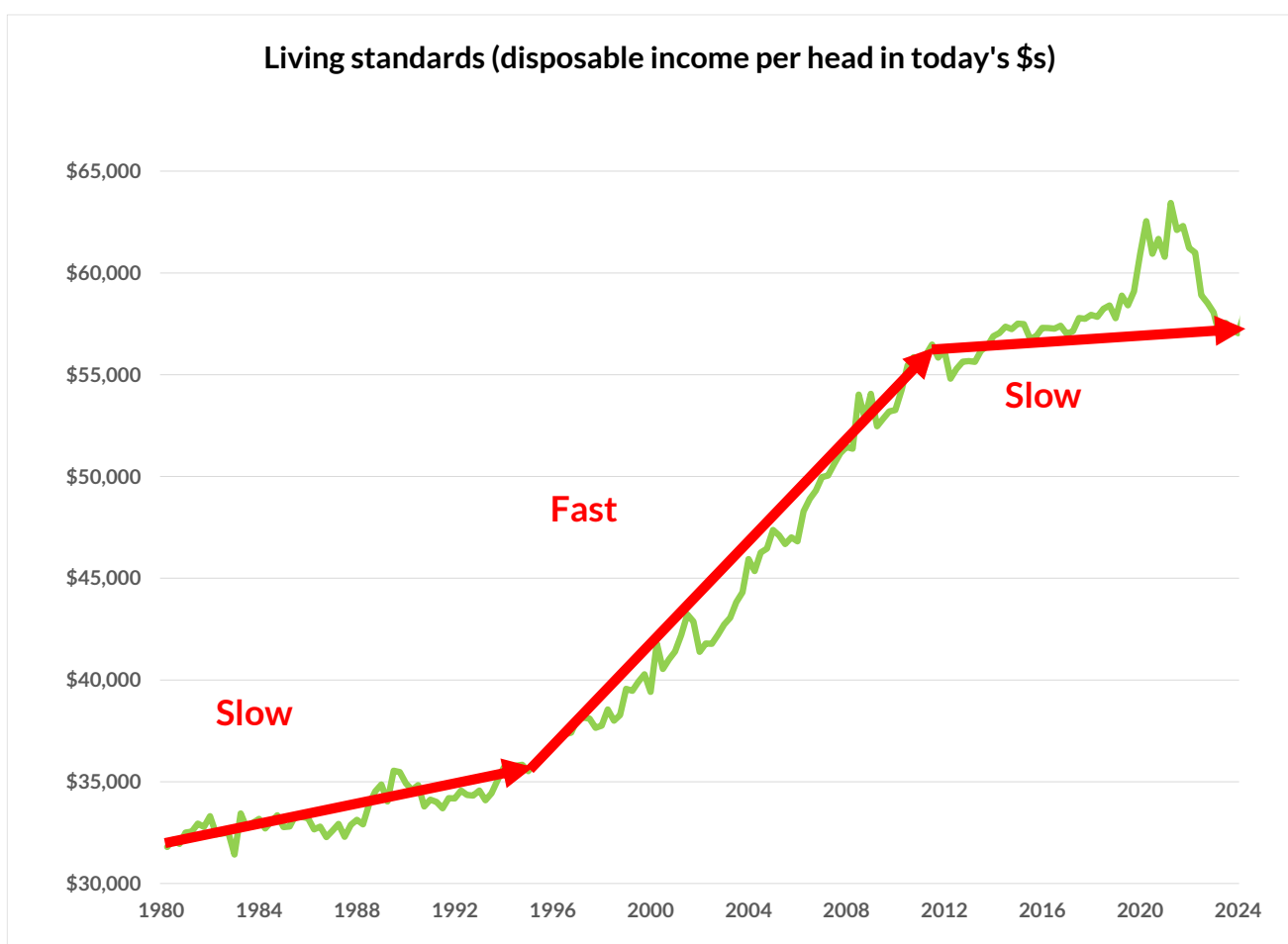
Occasionally those two aims can be in conflict – sometimes the things that would make us more prosperous would also make us less fair.

Yet it's important to remember that prosperity and fairness mostly march hand in hand. There's a correlation at the national level that is too often ignored: nations with higher standards of living tend to be more equal in how their prosperity is shared.¹

So, if we can successfully fight off the challenges of the moment, there's potential for the Australia of the future to be better off – not only more prosperous, but also more fair. That's what I want to talk about tonight.

Why we are where we are

Where exactly are we? My first chart shows what has happened to Australian living standards over time.²



¹ See some numbers at <https://ourworldindata.org/grapher/gini-coefficient-vs-gdp-per-capita-pip> as well as the discussion at <https://www.imf.org/en/Blogs/Articles/2017/09/20/growth-that-reaches-everyone-facts-factors-tools>. Or, to put that another way, the fairness of the society you live in is in large part explained by the productiveness of the society you live in: <https://ourworldindata.org/global-economic-inequality-introduction>.

² It uses data from the Australian Bureau of Statistics publications 5206.0 and 3101.0. The calculation takes the total income of households, subtracts the likes of tax and interest payments, divides by total population to get a per head figure, and then uses the private consumption deflator to make it an apples-for-apples comparison over time. (I currently use December 2023 prices, and I've estimated population levels as at June 2024 given the official data currently only goes to March.)

Two obvious things stand out. **First**, and for obvious reasons, most rich nations see their living standards rise slowly over time, in part as they're already rich. (It's easier to raise living standards for low income nations than for those already prosperous.)

Yet the growth in Australian living standards outperformed for the better part of two decades. That revolutionised Australia's position on the global stage (and in a variety of global rankings).

Our long phase of good times came about, at least in part, thanks to the dumb luck of the Lucky Country: the rise of China and others saw an explosion in global demand for the type of rocks that happened to be buried in Australian soil, leading to surge not merely in how much we dug out, but also in the prices for what we sell to the world.

That is, the world gave us a pay rise.

Yet there was more than dumb luck in play. A nation that had turned inwards over many decades finally embarked on a range of reforms in the early 1980s.

That was remarkably difficult to do. There was notable opposition to many of the changes that came Australia's way.

To be clear, and with the benefit of time, the verdict of history will be that a bunch of those changes either yielded little or were actively detrimental to Australian prosperity and fairness.

Yet the bulk of these reforms were sensible, and very much needed.

Yet I mentioned that two things stand out about that first chart. What's the other? **Second**, the chart shows the extent to which our living standards have fallen of late.

Australian living standards have dropped by 10.1% since September 2021. That's a fall not otherwise seen in more than half a century.

Partly that's happened because our living standards were artificially pumped up during COVID: governments handed us extra money, but at an unsustainable rate.

Yet there's a more important reason why living standards have tanked: the sharpest burst in inflation seen in decades has eaten into our ability to provide for ourselves.

Inflation has meant wages haven't kept up with prices; inflation has sent the Reserve Bank on a mission with your mortgage costs; and it is inflation that gave the taxman a bigger share of your income.

As the RBA Governor recently noted, *“There is a reason why there is so much talk about the cost of living – high inflation hurts everyone, and especially the most vulnerable. It reduces what people can buy with their wages, erodes the value of savings, and it disproportionately hurts those on low or fixed incomes. This is why it is imperative that we [reduce] inflation.”*³

So if Edward Shann were here to survey the Australian economic landscape, he’d see a nation whose living standards today are exactly where they were a decade ago.

And in case you didn’t quite take that in, I’ll say it again: the living standards of Australians are the same today as they were in 2014.

Worse still, a nation that’s spinning its wheels on prosperity tends to be one that’s spinning its wheels on fairness.⁴

So Ed would see some big problems.

So again I ask WWED – what would Ed do?

I’ve got no doubt that Edward Shann would be onboard for the short term fight against inflation, and for the longer term fight to support productivity growth.

The first of those, inflation fighting, can bring an end to the immediate falls in our living standards.

And the second of those, boosting productivity, is the key driver of prosperity over the longer term.

The single most quoted line in economics is something Paul Krugman that said some decades ago: *“productivity isn’t everything, but in the long run it is almost everything”*.⁵

His point is that, over time, living standards are almost entirely driven by productivity – that is, by the size of the pie, rather than by shares of it.

Here at home, the Productivity Commission has shown that productivity growth explains all of the lift in the living standards of Australians over the past century. The chart they use to help illustrate that point is below.

³ See the 5 September 2024 speech by RBA Governor Michele Bullock, at <https://www.rba.gov.au/speeches/2024/sp-gov-2024-09-05.html>.

⁴ Exhibit A: Australia’s inadequate unemployment benefit.

⁵ Paul Krugman, 1990, *The Age of Diminished Expectations*.

I call it The Everything Chart.⁶

The everything chart

Figure 6 **Productivity explains the majority of GDP per capita growth since Federation**

GDP per capita (2010 USD) per week^a in 1901 and 2016 (quoted in 2010 USD), and the dollar contributions due to price effects^b, labour utilisation^c, capital deepening^d and MFP



So Australia's economic challenges are big, but at least some key solutions – lower inflation, stronger productivity – are clear.⁷

Yet there's an additional problem to consider here, and it's worsening fast.

Changing Australia is harder than it used to be

Or, to put that differently, solving any given problem is harder than it used to be.

Simply put, the ability to defend any given policy position is hugely stronger than it once was. If you want to change Australia and the world, then the forces you're up against are now truly formidable.

⁶ See page 7 of <https://www.pc.gov.au/ongoing/productivity-insights/long-term/productivity-insights-2020-long-term.pdf>.

⁷ And yes, there is a connection between productivity and wages, and hence living standards: see – <https://www.aei.org/research-products/report/understanding-trends-in-worker-pay-over-the-past-50-years/>.

By the way, that's true if you're fighting for change that will make the world better, and it's just as true if you're fighting for change that will make the world worse.

Either way, defence of the policy status quo is increasingly easy. Partly that's because opposition parties here and around the world have figured out that simply saying "no" to almost everything is a very effective way to make whoever is in government look weak and ineffective.⁸

(A corollary is that it is becoming easier and easier for Opposition leaders to become Prime Ministers, but harder and harder for them to achieve anything useful once they do become PM.)

At the same time the rise of social media has further cemented the difficulty of championing changes in the status quo.

The end result is that Australia's policies are stuck in cement, and that cement is hardening.

Simply put, that's happening because the world is getting better at hating, and getting better at hating means we're getting worse at doing stuff that needs to be done.

How does that increased ability to defend the policy status quo show up?

It's as simple as this: the pace of all sorts of change has sped up, but the pace of fundamental policy change has slowed down.

The end result is that Australia is getting less good at solving problems than we used to be. Perhaps the most famous one-liner about Australia and Australians was written in *The Economist* magazine back in 1986. It called Australia "*one of the best managers of adversity the world has seen – and the worst manager of prosperity*".

Ding, ding, ding.

Several decades later, I'd merely tweak that a tad – I think that we Australians are excellent managers of crises, but increasingly bad managers of chronic problems.

OK, the problems are big and solving them is harder than it used to be.

So what would Ed do?

⁸ See, for example, <https://www.smh.com.au/national/australia-news-live-pm-in-hot-water-over-tourette-s-comment-latest-lebanon-evacuation-flights-arrive-in-australia-20241009-p5kgum.html?post=p57p5q#p57p5q>. But yes, I mean all opposition parties, including small parties and independents. No party is immune to those incentives. (And if you think 'your' party is immune, then you are a deep disappointment to your primary school maths teacher.)

I can't claim to know. But chances are that he'd reach into the toolkit that is economics, and pull out the biggest weapon we have – incentives.

Incentives are a lever

Economists will often suggest that, if you show us the incentives, we'll show you the outcomes.

And here's the thing – many of the incentives in play in Australia (and around the world) are actively getting in the way of a better future for this nation.

I'll give some examples of those, which in turn will allow me to point at some possible solutions.

Let's start with housing – Australia's misery machine

When I noted our living standards had gone nowhere for a decade, I was talking about our incomes. Yet we've messed up our assets too – including housing, the single largest asset in Australia.

We've spent decades strangling the future of younger Australians, and those decades of dumb things can't be fixed fast.

There's a problem with housing affordability.⁹ What levers can we use to fix it?

The bad news is that there's no simple lever – no magic wand. Or, worse still, what people believe is the simple solution to this complex problem actually isn't. The discussion at any barbecue turns fast to negative gearing and capital gains tax.

Yet big changes to both would barely move the dial on housing affordability. A variety of studies over a number of years have estimated the impact of changing federal taxes on housing. Like it or not, they find that chopping or ditching those policies would reduce housing prices between 1 and 4%.¹⁰

No, that's not nothing. But it's massively shy of where public opinion thinks it is, meaning that what many think will solve the problems here really won't. And continuing to worship at that altar – abolish negative gearing or bust – just isn't going to be helping young Australians all that much.

⁹ See <https://www.linkedin.com/pulse/indicators-consumer-mortgage-stress-diana-mousina-s4w3c/> and <https://x.com/SydneyYIMBY/status/1844509716312899857>.

¹⁰ See page 8 of <http://petertulip.com/misunderstandings.pdf>.

Now the good news. There are solutions.

Up until a couple of years ago, the bulk of economists thought that one of two things could move the dial on housing affordability. Either affordability would improve when interest rates went up, or it would improve when barriers to supply went down.

Roll on to today, and it is clear that housing prices have been absolutely able to shake off higher interest rates. Rates do affect prices, but they're not the dominant factor.

Rather, the evidence continues to pile up that we've been strangling ourselves into our affordability problem. We build too little¹¹, and we don't build much at all where people actually want to live – leaving our cities with a 'missing middle'.¹²

Importantly, we deliver what we do build at truly stupid prices. The problem is that our planning and heritage laws are bent in favour of doing nothing. And when they finally do allow something to be done, the attached red tape means that costs are astronomical.¹³

The upshot is that Australia's housing construction sector that is a lot less productive than it used to be.^{14 15}

Heritage – “*preserving what we have*” – sounds great. But in practice what it actually means is locking out everyone else. Every time residents fight to stop something being built, that comes at a rising cost to housing affordability – one that cruelly takes the opportunities for their kids.

Planning laws are great too. Yet in practice they also allow rich residents to pull up the drawbridge of opportunity behind them. Even worse, because NIMBYism is so rife, it has meant that house prices have grown faster than share prices and the prices of any other investment in Australia.

In other words, NIMBYs make money by being NIMBYs. And so our planning and heritage restrictions have turned us into a nation of strikingly successful speculators in housing.

¹¹ See <https://x.com/CommSec/status/1843817629825536381>.

¹² See <https://theconversation.com/prefabs-and-the-missing-middle-how-to-get-australia-back-on-track-to-build-1-2-million-homes-in-the-next-5-years-231373>.

¹³ See <https://x.com/AntipodeanMacro/status/1843547044419645656>.

¹⁴ How much productivity has been lost? – see <https://x.com/AvidCommentator/status/1843418673996046684>.

¹⁵ See <https://www.afr.com/property/commercial/construction-output-is-falling-and-tradies-aren-t-to-blame-20240813-p5k24u>.

That's a really vicious circle – planning restrictions make existing homes more valuable, which turns them into money-making machines for their owners, which then makes it even harder for the next generation to get a fair go.

We're one of the most urbanised nations on earth, and our failure to properly plan our cities is steadily dudding us.¹⁶

Solving the housing crisis will be a hard, messy and long fight. That's because it needs to be fought suburb by suburb against the most formidable political foe in the land ... me.

Or, to be more exact, millions of people just like me – older and richer, we make money from stopping things happening around us.

But it's time. We can't get better housing outcomes for younger Australians until we stop doing dumb stuff in planning.

Any housing solutions come to mind?

I'm glad you asked.

If we spend all our energies on small solutions, we'll only get small outcomes. I'm all in favour of better ways of taxing housing. I'll cheer if the capital gains tax discount is wound back. And I won't be that fussed if the dial on negative gearing is moved too.

But they're distractions much more than they are solutions.¹⁷

It's time to change some incentives.

First, most decisions about whether building should be allowed are decided at the local level. That means decisions are made with older and richer residents in the room, but with younger and poorer wannabe residents not having a voice.

So decisions about how much to build in a given region need to be made at the state or federal level, with the specifics of meeting those targets then to be decided at the local level.¹⁸

Change the incentives and you'll change the outcomes ...

¹⁶ See <https://www.afr.com/property/residential/plan-to-name-and-shame-councils-to-force-action-on-housing-approvals-20241013-p5khvb>.

¹⁷ See <https://x.com/ChrisEconomist/status/1839570916050964977>.

¹⁸ There are some ideas here: <https://www.cis.org.au/publication/where-should-we-build-new-housing-better-targets-for-local-councils/>.

Second, there needs to be a more level playing field in decisions as to whether to build or not. At present, local councils use heritage restrictions to stop building occurring.¹⁹

Yet although such “no” decisions come at a cost to the wider community, that cost is never quantified.

So, as Peter Drucker would say, we need to measure that cost so as to better manage it. I recommend getting the Productivity Commission to develop a simplified costing system. For example, it could use annual percentages of the unimproved capital value of land, with those percentages higher for some types of restrictions (such as ‘heritage’) than for others (such as ‘conservation’).²⁰

There are definite benefits to society of preserving the past. Yet the resultant costs have built over time. (And ‘over time’ is important here. As well as an indicator of current costs, it should be possible to get versions of these cost estimates going back some years.)

After all, if we’re going to be asking Australia’s younger generations to bear some very large costs, then having some feel for the size of the costs involved is only reasonable.

Even better, this second idea could complement the first idea. Councils could have not only targets that are centrally set (by state or federal governments) for net new housing, but also a centrally set target for their annual heritage costs.

That is, there’d be one target around ‘yes’, and a related target around the costs of ‘no’.

Would the above two changes to existing policies be enough? No, and the benefits they did bring would be slow.

That lack of speed is because (1) all politics is local, and levering power out of the hands of older and richer residents will always be tough, and, over and above that (2) changing the building landscape in Australia – finally giving our cities their missing middle – is certainly the work of at least one decade, and maybe more.

Yet our housing fails now have a stranglehold on Australia. The fact that solutions are both hard and slow aren’t a reason to give up – they simply underscore the importance of fighting this fight.

¹⁹ See <https://www.smh.com.au/national/nsw/heritage-shouldn-t-stop-us-from-building-sydney-s-future-20240107-p5evmz.html> and <https://www.afr.com/politics/heritage-lovers-or-nimbys-meet-the-council-saying-no-to-new-homes-20240412-p5fjat>.

²⁰ See <https://www.heritagetnow.com.au/blog/3-must-know-facts-for-local-heritage-in-nsw/>.

By the way ...

By the way, I'm not ignoring the demand side. Yes, net migration has roared, and that's relevant here too. Yet it's not the key driver to Australian housing policy failures over the longer term.²¹

Perhaps even more importantly, there's another implication of the resilience of Australian housing prices in the face of the rush of rate rises in recent years.

The resilience of housing prices to higher interest rates is a resilience to changes in the after-tax cost of capital. And that is another reason to think that tax factors (such as negative gearing and the size of the capital gains tax discount) just aren't make or break for housing affordability, as they too operate through the after-tax cost of capital.

Yes, it'd be marvellous if there were easy fixes in housing policy. But ... there aren't.

When politicians face the wrong incentives

Poor incentives are littered through Australia's systems.

Some of the most frustrating are where our parliamentarians have incentives to do things that are bad for the nation.

To be clear, most politicians will try to do the right thing: they're not evil, they're simply self-interested. Sometimes the problem is as simple as they're not sure what the right thing is. That was a problem, for example, in the early days of COVID.²²

Yet sometimes they do know what's right and wrong, and yet they still opt for wrong.

Why would they do that?

Archimedes told us that, with a long enough lever, you can lift anything. The lever here is incentives. If you give politicians poor enough incentives, they'll do the dirty.

²¹ See <https://www.afr.com/policy/economy/housing-and-migration-have-collided-one-will-have-to-give-20231114-p5ejy4>.

²² In fact the early days of COVID are a great example of when politicians were trying to do the right thing. As I wrote, “I spoke to a bunch of leaders – federal and state – during the darkest days of March and April 2020. From both sides of politics. And every single leader I spoke to was desperate to do the right thing. Every single leader I spoke to wasn't at all focused on the politics. Given crises often end political careers, the leaders I spoke to back then had every right to think their personal prospects had just been smashed by a pandemic. And yet they were all desperate to do the right thing as they fought amid stunning uncertainty.” – see <https://www.afr.com/policy/economy/jobkeeper-wasn-t-perfect-but-trashing-it-is-a-big-mistake-20210913-p58rbs>.

The inflation fight of recent years is as good an example as any here.

Looking at the experience of the past, our Reserve Bank and other central banks around the world saw a good case for being cautious with their interest rate increases as they fought the current global outbreak of inflation. The case for caution came because, at least at times, past fights against inflation went too hard, resulting in big increases in unemployment.

And, to state the obvious, a big increase in unemployment is a very bad thing.

So the Reserve Bank has been trying hard to do little damage to jobs as it fights inflation back down.

When good economics is poor politics

Yet here's the thing: going slow and steady produces better news on jobs, but worse news for wage earners, for borrowers and for taxpayers (because it means an extended slog on inflation, which means lower purchasing power for wages, as well as an extended period of pain for borrowers, and a bracket creep boost to the tax take).

In other words, the approach adopted this time around to fight the world and Australian inflation fights spreads the pain beyond the unemployed – and that's arguably a very good thing: a better sharing of pain is a huge improvement.

Yet the politics of that are bad. More people are grumpy. And they're grumpy for longer.

And the longer that the fight against inflation goes on, the worse the political pressure becomes. (Think back to the first chart I showed, with the drop in Australian living standards of over 10% since late 2021.)

That's the raw reason why the federal and state governments here in Australia have been handing money to their voters – a slow fight against inflation may have economic advantages in protecting the unemployment gains of recent years, but it has tested the patience and the purses of the punters.

And there's a problem with that:

- The Reserve Bank is taking money out of the economy to help fight inflation.

- But the federal and state governments have now pumped money back into the economy because families are feeling the pain of that inflation fight.
- So while the nation's central bank has a foot on the brake, our governments have had a foot on the accelerator.

To be clear, that doesn't stop underlying inflation from falling, but it does make it fall more slowly than it would otherwise have done.

Or, to put that more plainly, good politics won out over good economics.²³

Any suggestions?

This is a tough nut to crack, as it requires improving the incentives that politicians face.

Luckily, there are already a variety of channels that keep the worst instincts of politicians in check.

There are some obvious ones, including something as simple as **elections**. Australia's system of compulsory preferential voting is world's best practice, and it produces rather better incentives than most. And regular changes of government help handle some of the barnacle build-up of bad policies. Yet incoming governments tend to move faster at adopting their own poor policies (rewarding backers) than they do at taking out the trash of its predecessor.

Even better, there are **institutions**. They can make a big difference, in the main because they can shed light on areas where politicians know they're doing the wrong thing, but they still do it anyway. That's because it's harder for the polities to do the wrong thing when everyone's looking.

The **media** has a really important institutional role. Its sunlight can limit the incentives for political wrongdoing. Far and away the best recent example of that is the series of stories by the Nine newspapers on corruption in construction.²⁴

Given the dollars on offer as political donations (as well as the willingness to switch which party receives them when under pressure), that reporting may well be the only

²³ What should governments do to help fight inflation? The International Monetary Fund (see <https://www.imf.org/en/Publications/CR/Issues/2024/01/18/Australia-2023-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-543738>) has pointed out the government could help fight inflation – the cause of the cost of living crisis – by reducing its spending or raising its taxes. Instead we've had cuts to taxes and increases in spending, because that's rather better politics.

²⁴ See <https://www.afr.com/topic/building-bad-6gug>.

reason why Australia may get better policies on corruption in construction (at least for a while).²⁵

Institutions such as the **Productivity Commission** can also tell truth to power (which is why there are regular moves to try to hobble the PC²⁶). Does spending a billion dollars of taxpayer money on subsidising the manufacturing of solar panels in Australia make sense?²⁷

But wait, there's more. The questioning at **Senate estimates** can often uncover some amazing wrongdoing²⁸ and/or incompetence, the **Parliamentary Budget Office** makes it harder to pretend that promised policies are costless, **the Australian National Audit Office** can uncover past misdeeds, while **the Reserve Bank** can pick up the slack when government policies worsen the inflation outlook.²⁹

Do you ever wonder why oppositions talk a big game on transparency and whistleblowing and anti-corruption, and then go mysteriously missing when they finally get into government? It's not a coincidence. And, on a related note, there's the continuing poor **treatment of whistleblowers** and the over-reliance on **non-disclosure agreements** – “Right now, we have one whistleblower in jail, another whistleblower on trial, a whistleblowing regime that still hasn't been fixed despite the promises of this government,” says Kieran Pender, a senior lawyer at the Human Rights Law Centre. “We haven't seen any reforms in the freedom of information system. We've got the government fighting for secrecy in several court cases. Ultimately, we have too much secrecy in our government, and the good words of this government about how important it is to protect transparency haven't translated into robust action.”³⁰

No, I don't claim to have marvellous suggestions around ways to further improve incentives. But we should be willing to support:

- **New institutions.** For example, the Parliamentary Budget Office is relatively new institution, and it certainly helps keep our politicians on the straight and narrow. I for one would like to see institutional arrangements that provide better protection for whistleblowers.

²⁵ See <https://www.afr.com/politics/federal/cfmeu-and-construction-unions-top-donations-to-victoria-alp-20240201-p5f1mq>, and <https://www.theaustralian.com.au/nation/politics/unions-cash-tackle-labor-on-political-donations-with-threat-to-bankroll-greens/news-story/eae35ffb23abf3ee5f18130d3d94c888>, and <https://www.afr.com/politics/federal/pm-says-labor-not-for-turning-as-greens-court-militant-unions-20240827-p5k5k4>.

²⁶ See <https://www.afr.com/policy/economy/chalmers-quietly-plans-overhaul-of-productivity-commission-20230102-p5c9wm> and <https://www.afr.com/policy/economy/chalmers-makes-productivity-commission-less-productive-20240731-p5jy2l>.

²⁷ See <https://www.afr.com/policy/economy/labor-s-green-subsidies-a-risk-to-living-standards-pc-20240723-p5jvv5>.

²⁸ See <https://www.afr.com/companies/professional-services/nerds-gone-wild-inside-pwc-s-last-party-before-it-all-blew-up-20240807-p5k0e9>.

²⁹ See <https://www.afr.com/policy/economy/chalmers-breaks-with-rba-on-economic-outlook-20240807-p5k09e>.

³⁰ See <https://www.thesaturdaypaper.com.au/news/politics/2024/09/14/the-albanese-governments-reliance-ndas>.

- **Old institutions.** For example, Australia gets great service from the likes of the Reserve Bank, the Productivity Commission and the ACCC. (They're not perfect, but they're not political.) They therefore deserve loud support amid attacks from populists / big business / the unions.
- **Unaligned think tanks.** For example, the e61 Institute, the Grattan Institute, the Tax and Transfer Policy Institute, and the like. They do great work, and some can be directly supported via donations.
- **The media.** The rise of social media giants continues to pressure the profits of the media. But the combination of that market strength with new AI techniques makes it easier to free ride on the intellectual property developed by 'old media'. I for one was a supporter of the New Media Bargaining Code³¹, and I think it should be updated to reflect the AI age.

And a specific suggestion? The media has just done a lovely job in exposing the long-running corruption in the construction union.

But if you're looking to shine a spotlight on poor policy positions, then there is equal opportunity across all sides of politics. So maybe next up it's time to have a look at a key claim on the other side of politics.

Look at it this way. If we all know that I need to lose weight, and if my doctor specifically says I should do that as fast as possible, then you're going to raise an eyebrow when I tell you that someone has developed a new weight loss protein shake, and even though that shake won't arrive in Australia until the mid-2030s at the earliest, I've decided that I won't worry about my weight until then.

And yes, I am talking about nuclear power ... where the engineering is great, but the economics (at least for Australia) isn't.

It's time for that Coalition policy to be properly tested and costed – and it'd be great to see the Australian media fill that hole in the national conversation.³²

Time to summarise

If you look at our parliaments and you see one party that fights for truth and justice up against everyone else – with those others simply a ragged bunch of evil opportunists – then may I suggest you should have gone to Specsavers.

³¹ See https://en.wikipedia.org/wiki/News_Media_Bargaining_Code.

³² Yes, there have been good contributions already – I like this one <https://www.afr.com/policy/energy-and-climate/nuclear-is-unviable-because-of-economics-not-engineering-20240623-p5jny1>.

With respect, I'd suggest what you're really seeing is a bunch of people just like yourself – flawed human beings trying to do their best, but up against a bunch of incentives that often beg them to do bad things.

If you want to be today's Edward Shann – someone who tries to solve today's problems – then the bad news is that the problems are more complex, and the forces stacked up against meaningful change are rather more formidable than they used to be.

The politics of Australia's past successful reform phases were incredibly difficult.

And, if they were difficult then, they're downright depressingly difficult now.

Yet really hard fights are exactly the ones that all Australians – not just Australia's economists – should be a part of.