

# A LESSON FROM TASMANIA: EDUCATION UNLOCKS WEALTH

*Our smallest state is a canary in the coalmine of struggling regional Australia*

SAUL ESLAKE

The Australian's Regions in Revolt has highlighted the diversity of social and economic conditions confronting those of us living outside, and far from, our major metropolitan areas. Some are forging ahead economically; some are recovering from tough times; many are struggling, and some are falling further behind. However they are faring, most people living outside our major cities increasingly feel their concerns are different from, and of little interest to, their city cousins.

Tasmania epitomises many of the concerns confronting people living and working far from the big cities. Demographically, socially and economically, Tasmania is in many ways a lot like Victoria

would be if you took Melbourne out of it. But because Tasmania is a state, there is much more timely and comprehensive data on how things are going economically, socially and demographically than there is for other regions of Australia. And that can, in turn, yield some insights that may be relevant to the experiences of, and prospects for, other regions.

While Australia as a whole hasn't experienced a recession in 25 years, Tasmania had one lasting the best part of two years between 2011 and 2013, as have other regions across Australia. And despite the recovery of the past few years, employment in Tasmania is yet to regain its pre-global finan-

cial crisis level, in contrast to the 11.5 per cent increase in employment in the rest of Australia since then. The number of full-time jobs in Tasmania is still 10 per cent below its September 2008 level.

In the 2015-16 financial year, Tasmania's per capita gross product — a broad measure of economic performance — was \$18,600, or 17 per cent, below the average for the nation. This difference in economic performance is reflected in ordinary Tasmanians' financial situation. The average Tasmanian household had a gross income (from wages and salaries, business and investment income) of \$91,720 in 2015-16 — about \$43,600, or 32 per cent, below the national average. Two-thirds of this difference is the result of households' lower earnings from wages and salaries.

However, because Tasmanian households pay less in income tax than they receive by way of pensions and benefits, average household disposable income is "only"



## REGIONS IN REVOLT

\$25,000, or 20 per cent, below the national average. Using the same analytical framework as federal Treasury does for its Intergenerational Reports, it is possible to pinpoint the sources of Tasmania's economic underperformance:

- Almost 40 per cent of the difference in per capita gross product comes from the fact a smaller percentage of Tasmania's population is employed.
- 43 per cent of the difference reflects the fact that those who do

have jobs work the equivalent of 12 days fewer a year.

- Just more than 17 per cent of the difference in per capita gross product is the result of Tasmanian workers producing about 18 per cent less by way of value of goods and services for each hour they work.

Some combination of these three factors will explain differences in economic performance and income in every region of Australia — both where they are higher, and more commonly where they are lower, than the national average.

In Tasmania's case, about two-thirds of the difference in "employment participation" from the national average is due to a larger proportion of its population being aged 65 or over (as it is in many other regional areas). ABS demographic projections indicate that the share of Tasmania's population in this age group will increase much more rapidly than the national average in coming dec-

ades. In the absence of any increase in average hours worked, or labour productivity, relative to the national average, this implies that Tasmania's per capita gross product could be as much as 40 per cent below the national average in 25 years. This is likely to be in prospect for other regions, too.

Part of the difference in labour productivity between Tasmania and the rest of Australia is due to the under-representation in Tasmania of intrinsically high-labour-productivity (and high-paying) industries such as mining, financial services, and information and telecommunications. There's not much that can be done about that.

However, almost six in 10 Tasmanian workers are in industries where the state's labour productivity is more than 10 per cent below the corresponding national average. Almost certainly there are things that can be done about that. One factor common to communities characterised by relatively low

levels of participation in employment, an above-average share of part-time as opposed to full-time work, and below-average labour productivity — and as a result, by below-average incomes — is below-average levels of education.

The proportion of Tasmania's population with a bachelor's degree or higher is 6.2 percentage points below the national average, while the proportion of the population with no qualification beyond Year 10 of high school is 10.4 percentage points above the national average.

There is a wealth of evidence demonstrating that the more education a person has, the more likely they are to have a job, and the more they are likely to earn from being in employment. Tasmania can and should do more to remove the barriers that its education system, uniquely, puts in the way of greater participation in Years 11 and 12, which serve as a gateway to higher education. But student re-

tion and attainment rates are lower in most regions than in metropolitan areas, and that is something education funding policies must remedy.

Some commentators suggest people in Australia's regions (including Tasmania) resent the idea that higher levels of educational participation and attainment are essential to generating jobs and higher incomes. That's not been my experience. Farmers, tourism operators and others seeking to earn a decent living in Australia's regions are as aware as city-dwellers of the importance of knowledge and skills to their, and their children's, future. Education is not a silver bullet — the solution to all the challenges confronting regional Australia — but it is part of the answer to most of them.

*Saul Eslake is an independent economist and a vice-chancellor's fellow at the University of Tasmania.*

# PATHETIC EXCUSES FOR THE SINS OF THE FATHERS

*The clergy has always known that sex with children is a serious crime*

CHRISSE FOSTER

My husband and I just spent the past three weeks in Sydney at the Royal Commission into Institutional Responses to Child Sexual Abuse. The hearing, Case Study 50, was the final examination into the Catholic Church and its failure to protect children from pedophile clergy.

We listened to church leaders explaining what they have done in response to child abuse by clerics over the past 4½ years of exposure in the royal commission hearings and the public exposure over decades.

When heads of provincial orders, bishops and archbishops were questioned by counsel assisting Gail Furness about the new systems they were putting in place, gaping holes appeared in these and their attitudes.

They had not enacted, or even thought about implementing, many of the suggested safety measures, nor had they considered any form of internal analysis to gather insight for change.

It was galling to hear from the archbishops in particular. We were disheartened and wondered if anything had changed.

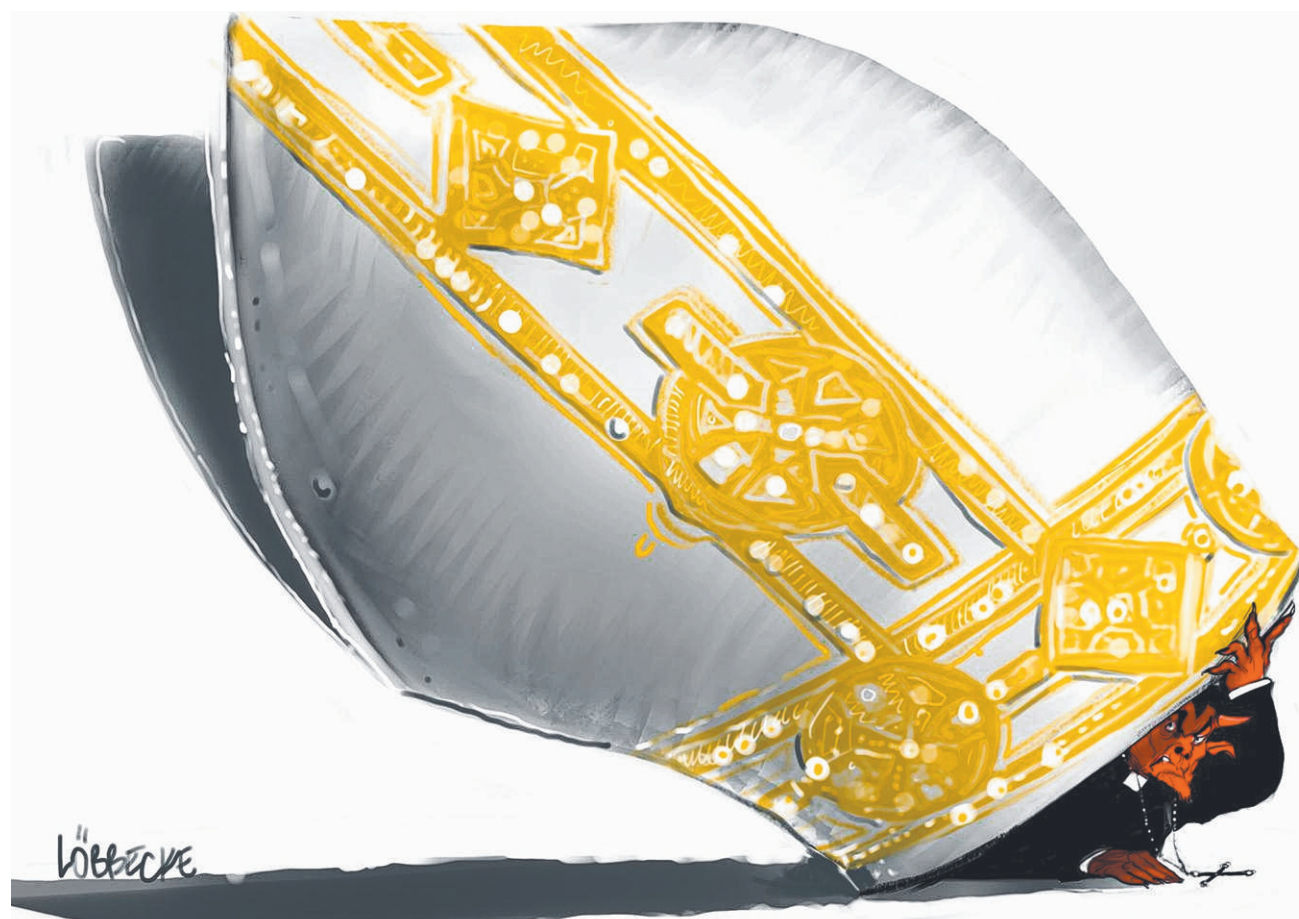
We were hearing once again the horrific Catholic clergy excuse for the atrocities that scar their history.

Their unique, weak and repetitive justification for the cover-up of the extensive rape and sexual assault by clergy was offered three times by Hobart's Archbishop Julian Porteous during his evidence. "Nobody understood the seriousness of the effects of sexual abuse on children..." he said.

Rape and child sexual assault have always been serious crimes, with extremely serious penalties for those convicted, because our society, including the church hierarchy, knows, as it always has, that the effect on victims is extremely serious.

This has been the case in Australia since English law arrived here more than 200 years ago and in England for hundreds of years before that. For a long time child rape was a capital crime: the punishment was hanging.

At least 31 men were executed in Australia for this crime in the period to 1961, when the hanging



penalty was repealed and replaced with long prison terms. And yet the church continues to claim ignorance of the effects of these crimes — a pathetic excuse for the criminal cover-up, under its watch, of the rape and sexual assault of tens of thousands of Australian children.

The first time we heard this excuse was from the vicar-general of Melbourne, Monsignor Gerald Cudmore, on June 25, 1995. He was quoted repeating this excuse two months later when speaking about the crimes and prison sentence of Father Kevin O'Donnell, the priest who raped our children.

Then as recently as February last year, only weeks before retired Bishop Ronald Mulkearns died, he stated in evidence to the royal commission hearing into the Ballarat diocese: "We had no idea, or I had no idea, of the effects of the indecent (assaults) that took place. We didn't know the effect it (sexual abuse) would have on children."

Why do they use this justification for child rape and molestation? What do they want us to believe by saying such a ludicrous thing? How can "not knowing the effects" be an explanation for their brother clergymen sexually assaulting thousands of children?

By excusing themselves in this way, they are admitting they knew about the assaults but did nothing because they didn't think it hurt the children.

We are expected to believe that now they understand the "effects", they would stop it happening.

They always knew the extreme effects of these crimes on children, the potentially serious effects on the perpetrators if they were caught, and the scandal it would unleash on the church.

## Bishops and archbishops and the church must be held accountable

And they now want to avoid responsibility and accountability for themselves and their predecessors for the crimes and the cover-ups.

It is sickening to hear, as we have for decades, these pathetic words from the priests who failed to protect children from their fellow clergy and who today still protect and favour career pedophiles by paying for their defence in court cases against victims, and then welcoming the criminals back with housing and stipends

when they leave prison. At the same time they have been neglecting the needs of surviving victims by refusing to compensate them fairly for lifelong damages.

Bishops and archbishops and the church must be held accountable for the injury rained down on children by pedophile clergy and for their part in prolonging and promoting their criminal behaviour.

As one, they decided to leave offenders working in parishes with children while knowing what was happening was criminal.

On the first day of Case Study 50, abuse statistics were read out; the shocking figures travelled around the world.

There were 4445 child victims and 1880 identified clergy offenders reported to the church, with another 500 offenders unidentified. Counsel assisting later said the numbers were likely to be higher.

The published statistics would indicate that each pedophile priest or brother had on average only 2.3 victims. As we now know, so many of these pedophile clergy — O'Donnell, Gerald Ridsdale, Robert Best and many more — had dozens of victims.

Research has found the average is between 50 and 100. Using a

historically conservative number of 20 child victims for each clergy offender's criminal career, some spanning close to 50 years, would place the number of children sexually assaulted within the Catholic Church at 37,600 at least. If we were to assume each victim was assaulted a conservatively low 10 times, we would come to a total of 376,000 crimes committed by the Catholic offenders.

On one of the mornings, as we sat in the royal commission waiting area, before the day's hearings got under way, Father Frank Brennan approached my husband, Anthony, and said: "I know your face. Your name is O'Donnell."

Anthony was stunned. Kevin O'Donnell was the priest who raped two of our daughters for years at their primary school, resulting in Emma's suicide and Katie being hit by a car while binge drinking.

Anthony looked at him and replied "My name is Anthony Foster", to which Brennan responded "Oh yes, O'Donnell was that horrible priest", and he walked away without so much as a grimace or apology.

*Chrissie Foster is the author of Hell on the Way to Heaven, with Paul Kennedy.*

# NEW RIGHT LEADS THE FIGHT TO RECLAIM WESTERN VIRTUES

*Sovereignty the central theme as the values of Brexit and Trump cross the globe*

JENNIFER ORIEL



We stand at a pivotal historical moment. In just over a week, we will learn whether the new-right movement resurrected by Brexit and Trump is going global. The looming Dutch election is a bellwether. It is the first European election of 2017 featuring a pro-Western nationalist party vying for the popular vote. Locally, the West Australian election next weekend will test whether Hanson's One Nation will extend significant influence beyond Queensland.

If The Netherlands' Party for Freedom (PVV) wins, its leader Geert Wilders will become the most strident pro-Western prime minister in Europe. The Trump effect will translate into a transatlantic phenomenon. Either way, the third reckoning of new-right rhetoric with political reality is nigh.

In the week leading up to the Dutch and WA elections, pollsters have predicted a loss for new-right parties. A Fairfax poll has blunted Hanson party hopes for more than marginal success in WA. The predicted gain for One Nation, which drove the Liberals to preference it over the Nationals, might not transpire. The poll shows a primary vote for One Nation of 8.5 per cent. Europe's new-right faithful are on a knife's edge ahead of the Dutch election on March 15. Pollsters predicted PVV to win by a small margin, but it has fallen to second place behind the governing centre-right.

The leaders of the new-right movement differ on some policy matters, but share a set of values that are cohering into an international program for action. Their shared political aims are to: restore the primacy of Western civilisation by defending sovereign democracy and the nation-state system of allied free-world countries against the supranational left. New-right politicians give greater emphasis to the national interest than centrist-left and right parties by prioritising debt reduction via secure borders and rational immi-

gration programs. Some claim that protectionism is co-essential to prosperity, but the claim is substantially weakened by the lack of systematic evidence. Far better is the shared goal to resurrect Western culture by battling the economically and socially corrosive PC culture that dominates the activist media, academia, NGO and public sectors. All new-right parties are gearing up to drain the swamp.

Wilders has been called the Dutch Donald Trump, but he preceded Trump's ascendancy by several years. His European allies include Hungary's Viktor Orban, who dubbed 2017 the year of rebellion. In 2015, Wilders said to Agence France-Presse: "The only way to deal with (the immigration crisis) is to regain our national sovereignty and close our national borders ... I am asking that our government close its doors as Hungary did."

Every major political party and movement emerging as part of the right rebellion holds the idea of sovereignty central to its politics. Sovereignty comprises secure borders and immigration policy reformed to progress the common political, cultural and economic good of citizens. It represents a conservative understanding of the common wealth. Wilders and the emerging new right pose a threat to supranational groups such as the UN and EU whose unelected members have attacked democracy by subverting sovereign peoples' will on immigration, border integrity and national security.

Like Trump, Wilders plans to introduce a national-interest immigration policy. One of his core campaign commitments is to initiate a Dutch referendum on EU membership. A recent poll by the Maurice de Hond organisation shows that after excluding "don't knows", 56 per cent of Dutch indicate they would vote "Next".

The year 2016 ushered in a Western renaissance led by Britons and Americans. Brexit represented a triumph of self-determination over supranational governance as Britons renewed their faith in liberal democracy by voting to leave the EU. More than 60 million Americans chose Donald Trump as President to restore American primacy by fortifying the founda-

tions of the free world laid down in the Declaration of Independence and the US constitution.

The supranational left is working overtime to prevent Trump's ideas developing into a coherent international program for Western civilisation renewal championed by a right avant-garde. The right is gaining ground in the war for reminding centrist parties Western values matter and turning the weapons used by neo-Marxists and Islamists to attack the free world order against them.

The new right is a counter-revolution against the new left. Neo-Marxism is the ideology of the 21st-century left. Its ideological father, Herbert Marcuse, reversed the idea of equality by advocating a politics founded on the principle of "not equal, but more representation of the left". The new left would use radical minorities to purge conservatives from public life. The neo-Marxist dictatorship of minorities superseded the Marxist dictatorship of the proletariat.

The foundational thesis of the 21st-century left is Orwellian doublethink. Codified inequality that promotes minority supremacy through affirmative action law is rebranded equality. The systemic censorship of conservative thought is called free speech. Consistent with its neo-Marxist creed, the modern left suppresses the silent Western majority; punishes politically incorrect thought; undermines the free world by weakening the nation-state system and vilifying Western patriots; purges conservatives from publicly funded institutions; and imposes punitive taxes on wealth creators and hard workers to fatten the parasite class.

The new right is a counter-revolution whose seeds were sown in the 1970s, the decade neo-Marxism took root within the West. As Roger Kimball wrote in *The Long March*, the new left's method of gradualism meant "working against the established institutions while working in them".

By almost destroying the liberal in liberal democracy, the left has prepared the ground for totalitarian politics. But it didn't see the new right coming, whose members hail from both left and right united by the fight for the West. The new right has come to take our civilisation back.

*Join Jennifer Oriel for a one-hour special on the future of conservatism in light of Trump and Brexit hosted by Mark Latham on Sky News, on Tuesday at 8pm.*

# DODGY GDP FAILED TO REVEAL THE SECRET RECESSIONS WE HAD TO HAVE

*Australia's economy keeps 'growing', but not a lot of us know what that means*

ADAM CREIGHTON



Australia's so-called growth miracle isn't very miraculous. It's built on a sustained influx of people.

News the economy grew 2.4 per cent in 2016 prompted another bout of backslapping. "Australia is growing faster than every G7 economy. Our growth continues to be above the OECD average and confirms the successful change that is occurring in our economy," Treasurer Scott Morrison gushed last week.

Actually, it confirms our population continues to grow strongly. Indeed in 2014, the latest year of comparable data, Australia's population grew faster than that of the 33 other OECD countries, except Israel and tiny Luxembourg.

Obviously, more people means more buying and selling of goods and services. Australia's population growth has averaged more than 1.6 per cent a year for a decade, or between 300,000 and 460,000 people a year, about half of which is due to immigration.

GDP per person is surely a more relevant criterion for how we're travelling economically. And far from 25 years of unbroken economic growth, on that measure Australia has had recessions

in 2000, 2006, and late 2008. Indeed, Japan, long considered an economic basket case, has achieved almost the same level of GDP per capita growth as Australia over the past five years.

Japan's population is falling. Japan also has an unemployment rate of 3 per cent, about half Australia's, and vast foreign assets from which it derives income.

Australia's strong consumption growth by contrast is built on debt, much of it borrowed from overseas, which naturally is not picked up in GDP figures. Our net foreign liabilities exceed \$1 trillion, among the highest levels in the world.

GDP isn't a very informative measure.

In fact, it's a pity there wasn't a recession last year. Not for any misanthropic reasons, but because it would have been a good opportunity to highlight how an obscure economic statistic designed in the 1930s to help the Roosevelt administration meddle with the economy now bears little relation-

ship with anything that really matters.

Australia's GDP shrank in the third quarter of last year, prompting fears of a recession, which is arbitrarily defined as two quarters of falling GDP. As it turned out, GDP bounced back by 1.1 per cent in the final few months of last year. Per capita it rose only 0.7 per cent. In fact in trend terms, in figures that seek to strip out volatility, per capita income hasn't increased at all for six months.

But what does such "growth" mean anyway? Hardly anyone knows. The manual to put GDP together has blown out to 722 pages from just 53 in 1953, as the difficulty of measuring an exploding variety of goods and services has overwhelmed statisticians.

GDP does not measure welfare or prosperity, as many assume; it is a clunky attempt to add up the inflation-adjusted value of final goods and services (intermediate ones are excluded) that are produced (or, equivalently, bought) in

an economy over a specified period. It doesn't matter how damaging or wasteful those expenditures are; everything is treated equally.

The more diabetes, divorce, incarceration, wars and natural disasters, the higher the GDP. The more leisure, the lower the GDP. Wasteful government spending is tallied along with individuals' considered purchases valued at prices determined by the free market. Anything that costs money in the legal economy is a plus, anything that isn't priced is a minus.

Many industries that make large positive contributions to GDP aren't necessarily beneficial. In less amoral times, lawyers weren't allowed to advertise, for instance, because of the harm they might cause society. Banks weren't allowed to gamble with taxpayer-guaranteed money.

Both practices boost GDP, though, and increasingly.

Economist Diane Coyle points out in her recent book on GDP how the contribution of banking to

the British economy surged in late 2008, just as banks were being bailed out. Apparently, the more risk taken on by banks, which were once thought of as intermediaries, the more they were "contributing" according to the GDP rules.

The Nobel prize-winning economist who came up with GDP for the US government, Simon Kuznets, warned against using it as a measure of prosperity. He wanted government spending (especially military), swaths of advertising and financial speculation excluded from the calculation. He lost that battle, which has cast a long shadow.

Just as the Roosevelt administration was determined to show how its fiscal measures were helping the US economy, the Rudd government splurged \$42 billion in 2009 partly to stop GDP from declining and to prevent it being charged with overseeing a "recession".

Australia's GDP growth rate has bobbed about since the finan-

cial crisis with little relationship to Australians' wages, employment status, wealth, or quality of life: the things that matter to most people. Had demand for iron ore or coal collapsed around Christmas and GDP contracted (net exports are a big part of the calculation), wages growth would have remained unaffected.

The biggest criticism of GDP is the difficulty of measuring and adding up the quantity of services. Tallying up the production of farmers, miners and manufacturers is relatively easy.

At its heart, GDP is a measure of output, but services don't typically produce any. GDP assumes that if we are paying more for services, we are getting better quality, or at least more of them. But that's not true. A recent study in the US showed the share of spending on health, education and housing services had increased from about 25 per cent to 40 per cent of GDP since the 1980s.

The study by polling company

Gallup showed the prices of education, health and housing had soared by factors of nine, five and four times, respectively. That mirrors trends evident in Australia. Yet in each of these areas the quality of outcomes had either stagnated or declined.

The quality of housing, factoring in the length of commute times to work (which, by the way, increase GDP), hadn't improved. Standardised testing in schools and managerial bloat in universities suggests that the education system is increasingly less efficient. Meanwhile the massive increase in health spending hasn't produced improvements anywhere remotely commensurate, and on some measures, such as obesity, we have gone backwards.

Australia is a vast country that millions more people can and should call home. But mindlessly adding up the things they buy every three months doesn't seem to be a good indication of their prosperity.