

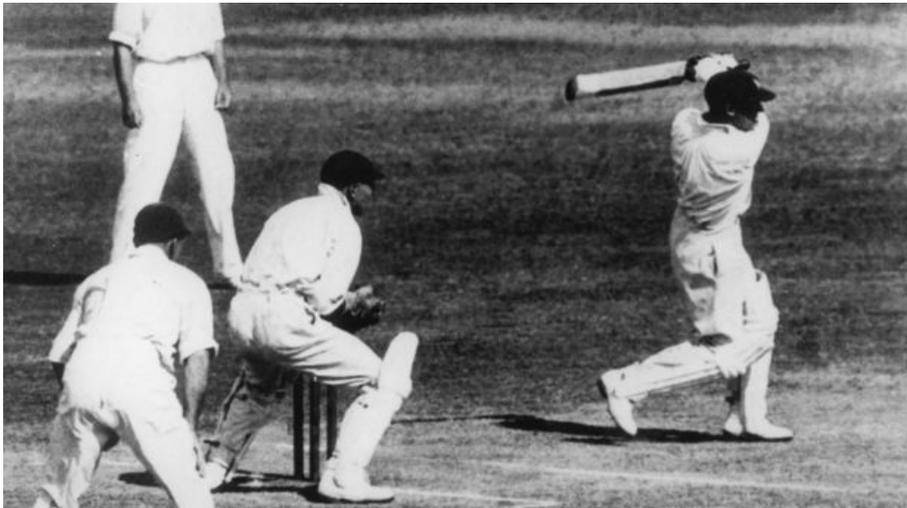
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Australia is stuck in a rut and needs new, brave leaders We may have avoided the GFC, but there is still quite a lot of worry among many Australians.



Harold Mitchell

I was delighted to open an arts exhibition in Melbourne last weekend. I've always been comfortable in the art world after being chairman of the National Gallery and growing up around artists themselves.



Australia needs to get on the front foot to drive economic growth.

And as a result I've learned a few rules about openings: don't get too serious, throw in a couple of jokes and try as best you can to dress like Barry Humphries, including a small colourful sarong stuffed into the breast pocket of your jacket.

It was a wonderful Saturday afternoon at the Lauraine Diggins Fine Art exhibition and the pictures for sale weren't too shabby. The Europeans included a Guido Reni with P.O.A. on it where the dollar figure usually appears. A Richard Bonington was available at a cool \$US460,000 and the Australian contingent included, Streeton, Glover, Conder and a wonderful piece by the extraordinary Australian Indigenous artist Rover Thomas, which I suspect will fetch up around a million.

A good speech is always a quick speech, so I finished with a couple of Gough Whitlam jokes and we all headed for the chicken sandwiches.

But as I chatted with the gathered 60- and 70-year-olds, it became clear that there is quite a lot of worry among many Australians, even among those whose primary focus on the day was supposed to be buying expensive pictures.

This worry and disenchantment showed up in the last election as a significant number of people embraced some crazy ideas and the even crazier people promoting them. After slipping out of the bubbles-sipping gathering, I decided to consult our resident economist, Charlie, who has not missed an economic change for decades.



He doesn't believe the Treasurer's bragging about our real GDP growth continuing at its present level.

Nor do the experts polled by The Economist magazine.

Charlie says GDP will dip in 2017 and his evidence comes in part from his regular polling, which shows that 51.4 per cent of people fear severe economic downturn - the highest percentage since 2011.

And 58 per cent think that jobs are going to be tougher to get and the facts show that over the past eight years the labour force has grown by 13 per cent, but full-time employment has only grown by 7 per cent whereas part-time employment has shot up by 22 per cent.

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The fact is Australia is in an income recession. Real national income is shrinking and on a per capita basis, real net national disposable income is 3 per cent lower than in 2008. No wonder our picture-viewing retirees are worried.

We hear a lot about fixing the federal budget but in our private terms we are in real trouble. Household debt is at a record high both in dollar terms and as a proportion of disposable income. While interest rates are low, this isn't a problem but should they move up, people will be in big trouble.

As a result, the ordinary person is trying to save more and this is a good idea but it does mean they are not spending. Household saving has become the highest priority for discretionary funds, which in turn is slowing consumption.

My sense of the situation is that we avoided a recession during the GFC, but since that time the facts show we haven't moved forward. Things have come to a standstill and that is why my Saturday afternoon friends have become concerned.

So what do we do?

We go onto the front foot. Charlie has always said that growth will only happen if we do it ourselves and not wait for world conditions to change. We need to take the bottlenecks out of our business environment and improve our competitiveness by opening ourselves up to the world.

We need to stop frightening away the capital we need because when we do that we also frighten away customers, particularly those in Asia.

This latest round of politicians have now arrived and some have a tendency to think that we can shrink ourselves to greatness. Rubbish. We need confidence not cringe. We need greater productivity like the old timers used to do things better.

And we need a Minister for Productivity to focus us on greater economic output. Louise, Charlie and I are all in agreement that Josh Frydenberg would be the man for the job.

"That young Education Minister is not too bad either," says Louise.

My art-loving Saturday group are solid Australians who have worked hard to create our nation but they are worried. And if they are, so am I, especially in the week when the government couldn't even properly count how many of us live here.

"Those census people couldn't run a chook raffle," mutters Louise.

After seven years of stagnation, it's time for new and younger leaders to take over and give hard-working people confidence in the future.

<http://www.theage.com.au/business/the-economy/australia-is-stuck-in-a-rut-and-needs-new-brave-leaders-20160810-gqp6ni.html>