

The 2020 Summit: 'The Future of the Economy'

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The Summit was much more successful than I anticipated. Despite some charges of 'elitism' prior to the Summit, the fact that most participants in the designated groups had expertise in the fields covered meant that rapid progress could be made in the very limited time available. And it was far from an 'ALP love-in', as some politicians asserted. My group on the Future of the Economy was well populated by successful and prominent figures from business, finance and industry. Each group was divided into sub-groups where most of the 'action' occurred. Unfortunately, it was not possible to convey all the spontaneous and informal interactions in these sub-groups to the public on television. It was in these sub-groups that the real Summit took place, where ideas were ground out in debate and discussion and ranked in accordance with their perceived importance.

The 'Future of the Economy' was divided into five sub-groups. Originally, there were four but a highly energetic and enthusiastic Alan Moss showed us why he had such a successful career at Macquarie Bank by using his entrepreneurial and leadership skills to form a spontaneous fifth group dedicated to ideas in the fields of education and training. The sub-group that I was involved in was the 'Role of the Government in the Economy', chaired by Fred Hilmer. Within that sub-group, I was involved in a sub-sub-group that focused on the taxation system and related matters. This group was the source of one of the key ideas — tax reform — and it was one in which both the Prime Minister and the Treasurer actively participated.

Tax reform is not, of course, a 'new idea', but the idea that we need a 'root and branch' (to use the PM's terminology) review of our tax system sooner rather than later is a radical one. Twenty-three years have elapsed since the last major tax reform. The Howard Government made a promise when the GST was introduced to reform the income-tax system, but that turned out to be 'non-core'. Little or nothing was done to simplify a system groaning with complications and inconsistencies of the kind that naturally occur as successive governments tweak the income-tax system to accommodate new policy priorities while they are unable to remove old measures for political reasons.

The other big idea that came out of my group — again not new, but a difficult nettle to grasp — was the need to resolve in a fundamental way the difficulties

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in harmonising regulations, taxation, public finance, credentials and a range of standards across the states. It is very odd to observe that there is now more harmonisation across EU countries with different languages and cultures than there is across Australian states. The losses of economic efficiency, productivity and international competitiveness that are involved in this disjunction are now likely to be large in a world that is increasingly characterised by highly globalised trade and production, in both goods and services. A brief conversation I had with Brendan Nelson suggested that there is bipartisan concern about this problem and widespread desire to radically improve the situation.

These are two examples of 'big ideas' highlighted at the Summit that will lead to considerable ongoing debate over the next few years. The recommendation to set up of a formal review of the taxation system was accepted, as will probably be the recommendation that a commission should be set up, either through COAG or outside it, to provide advice to the government as to how to fix the federal-state problem in a way that can lead to a significant increase in harmonisation.

I have focused upon ideas that came out of the group in which I was involved. Given the time available and the numbers of participants, it was not feasible to have any real interactions with people in the other nine groups. Even in the plenary sessions, participants had to sit together for organisational reasons. Realistically, it would have been difficult to have organised the groups in any other way. However, there was some irritation amongst participants about the time spent in plenary sessions listening to interviews designed for TV audiences. These could have been done in a studio setting, allowing much more time for sub-group meetings in which ideas could have been developed more fully.

It is easy to be critical of such events and, of course, the critics have duly lined up to make their negative comments. But we shouldn't underestimate either the symbolic or practical value of the Summit. It was symbolically important because it signalled the renewed openness of government to input from the public, which many people felt had become limited in the previous government's term. This may have been only a perception but it was one that had to be removed if the dialogue that characterises participatory democracy is to contribute to future government policy. It was of practical value because there were interactions at the Summit between people who otherwise would not have met, leading to new understandings between representatives of the private sector, the public sector and academia. Network connections have emerged that the government can use for advice and guidance in the coming years. This will provide a counterbalance against the partisan politics and lobby-group pressure that generally prevents the implementation of radical policies designed with the medium and long term in mind.

Of course, much depends upon the extent to which Kevin Rudd and his Cabinet colleagues are willing to take on the short-term risk involved in radical policy-making within a three-year electoral cycle. Hopefully, the Summit networks that now exist will encourage a bipartisan spirit to emerge on key issues and, thus, render the electoral cycle less important. In the end, even if nothing like this comes to pass, the Summit was still worthwhile because there was nothing to lose by staging it and a good prospect of gain at a time when Australians need to think very carefully about the significant threats and opportunities that lie ahead over the next two decades.