

## **If you want to succeed, follow us Down Under**

Daily Telegraph (UK)

**By Lynton Crosby**

29 October 2005

Let me get it over with right now: yes, you won the Ashes. Well done. You would win one day. Once every couple of decades is fair enough. Enjoy the victory while you can. Cricket, Crocodile Dundee, sheilas, the barbie and Neighbours - this used to be the stereotypical British view of Australia.

The "special relationship" was reserved for your cousins across the pond. Politicians and businessmen always looked West - to the West Wing, to the West Coast - but never down. After all, Australia was just so far away.

Well, here's a test. Which country will have no government debt within a year, contributed the most to help those in need after the tsunami, and was described by the Organisation for Economic Cooperation and Development as a "model for other countries", America or Australia? You've guessed it. Australia. For so long simply seen as an adventure playground for gap year students or a breeding ground for sportsmen, Australia has now graduated into the world of big players.

Proof? Well, I won't rely on the fact that Australian troops are in Iraq and Afghanistan. I won't brag about our free trade agreements with the US, New Zealand, Thailand and Singapore. Nor even our progress on negotiating a free trade agreement with China - already a market for many Australian products.

Instead, look to business not just government. I cite as an example Macquarie, a bank that owns chunks of Britain's water industry, telecoms, gas, not to mention the M6 toll road, a ferry company, an airport or two - oh, and is reported to have its eyes on the London Stock Exchange. And Macquarie is just one of the new Aussie Argonauts here. There's BHP Billiton, the world's largest mining company, and Westfield, the world's biggest retail property group. All achievers, taking it to the world.

So although we may love the amber fluid, while you have been drinking it, we've been working. The Australian economy is now in the 15th year of the longest economic expansion in 50 years - perhaps, according to John Howard, the Prime Minister, "the longest since the gold rushes of the 19th century". Today this continent, much of it desert, ranks 53rd in terms of world population, but is the world's 13th largest economy; eighth in the world in income per head from 18th two decades ago.

It wasn't always like this. Talk to the Business Council of Australia and they'll tell you how far we've come. In 1983 Australia's unemployment rates were at their highest since the 1930s. The nation's economic performance relative to its major competitors had plummeted.

Productivity was languishing, interest rates and inflation were high, and the federal budget was in deep deficit. Living standards were in decline. Why? Protectionist policies had sheltered the economy from competition, and heavy-handed regulation and intervention in the market - especially in industrial relations, constrained the economy.

What happened? While British politicians have spent the last decade hosting seminars on what Britain can learn from America, Australians have taken the advice of Elvis, who memorably sang "A little less conversation, a little more action".

John Howard (and to be fair, in some areas such as currency deregulation, his predecessor Bob Hawke) practised what he preached: the foundation of a nation's success is economic growth, and that growth is rooted in economic stability, free trade and rewarding hard work and investment.

Out went tariff protection. It was no use hiding under the duvet, hoping that the growling Asian tigers on our doorstep would disappear. "Bring 'em on," became the Australian warcry. Down came the national debt and borrowing. Australia's net debt position has fallen from 20 per cent of GDP to 1.3 per cent. And within a year, Australia will have no net government debt at all. Read that again: no debt. Down from \$96 billion to zero in a decade.

Saving \$5 billion a year in interest payments and providing funds to be spent elsewhere - boosting defences, helping neighbours in crisis, giving more support to families, rewarding those who take responsibility for their health care by helping to fund their private health insurance.

You can almost hear G Brown saying "Strewth". As well he might - for he is running a deficit of nearly 3 per cent of GDP even though the UK is in its 14th year of continuous growth. Four years ago Mr Brown said he would borrow £12 billion over the next six years - in fact it is £100 billion more.

The tax system was reformed through the introduction of a goods and services tax - your VAT - with offsetting cuts in income and other taxes. This reduced taxes on exporters and job creators. The burden on the private sector fell, helping it to create more jobs - more than 1.5 million new jobs since 1996 alone. Not bad for a country of just 20 million people. Today, unemployment is at a 30-year low - and inflation is under lock and key despite high oil prices.

So the policies were right - but so was the culture. Australia may have been put on the map in 1788, but today it feels like a young, dynamic country. A recent survey by my polling and research consultancy, Crosby-Textor, found that more than eight out of ten Australians associated living in Australia with opportunity, confidence and success. Being a victim is not in the Australian psyche. They prefer to "create dust than eat it". Australia would only last five minutes in the European Union.

That "frontier spirit" is embodied in our approach to immigration. Australia is built upon the hard work of immigrants. Those who come in search of work not welfare are given a warm welcome. So our immigration system is rooted in tolerance combined with a strong belief that Australians should decide who comes into the country and the circumstances under which they arrive.

Transparent, controlled and accountable, it's an immigration system Australians have faith in. If you are allowed to settle, people know you have earned it. This bolsters social cohesion. Per capita, we are in the top three of countries that take refugees, above the USA.

The fatal shore may now be a prosperous one, but Aussies know you cannot stand still. So the Government is selling its stake in Telstra, Australia's largest telecommunications company, and putting the proceeds - together with budget surpluses - into a fund to meet the government's unfunded pension liabilities. The labour market is being reformed to make the economy more flexible and competitive.

All this has been achieved by a Right-wing government. Not Right-wing in a religious sense, where politicians beat their breasts while reciting the Lord's Prayer, but in a government whose values are those of the Australian people - fiscal discipline; individual responsibility combined with community obligation; fair play; personal freedom; reward for effort; and commitment to the national interest.

Australia is now a confident nation: old enough to look after itself, mature enough to criticise itself, experienced enough to stand up for itself.

Go south, young Sheila.

- Lynton Crosby is joint managing director of Crosby-Textor and a former campaign director for Michael Howard in Britain and John Howard in Australia