

# Let's talk about our future

Some long-term vision is needed to keep Australia's prosperity going

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WHAT kind of Australia do you want in 2040? What kind of jobs will be available to the next generation? And how do you want your society to look in three decades?

It is a conversation conducted far too rarely, overshadowed by day-to-day policy battles and the sensational scare of the month. In some ways, it is easy for Australia to avoid this conversation.

You are, indeed, a lucky country. You have had 22 years of uninterrupted growth and during the past several years your economy has produced the fastest growth of any large developed country. With your plentiful land and resources, and a landscape other countries can only dream of, Australia stands head and shoulders above many of its peers.

However, the need to discuss the priorities for the next generation of Australians is drawing closer. There are some dark clouds gathering over the horizon. Questions arise over competition and the sustainability of resource industry exports; immigration and ageing are changing the demographics of the country; growth in productivity across the past decade has been sluggish; educational standards are flatlining; and investment in infrastructure is insufficient.

Health concerns are also a priority as an ageing population means higher costs, the quality of public hospitals is under scrutiny,

and the rollout of the country's e-health initiative has hit snags. A carbon tax, immigration, and infrastructure such as the National Broadband Network divide the country. What can Australia do to make sure it stays on the right track and remains prosperous across the next generation?

In the coming year, the Copenhagen Consensus Centre is asking a similar question about the US. Our new project, entitled the American Prosperity Consensus, will identify the biggest challenges for the US, discover the best solutions for long-term prosperity and have some of the top US economists document their costs and benefits.

The overall goal will be to get a nationwide debate on which policies will achieve the most across the coming generation. We have partnered with Slate and *The Washington Post*, and will work with many other outlets to get the US to prioritise the solutions. It is a way to engage national participation and overcome short-term partisan political considerations, to focus on the policies that will do the most good for the country.

Maybe Australia should have this conversation, too? With a new government, it seems an opportune time to think about long-term challenges and start a national discussion on the smartest ways forward.

Much of Australia's stunning track record of growth is built on the country's robust resource industry. The country avoided the financial crisis of 2008 in part due to its trading partnership with China. However, with the Chinese economy cooling off, demand for resources such as iron ore are falling while competition



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With demand for resources falling and competition to supply minerals rising, Australia needs to find alternative paths to prosperity

## The need for Australians to remain competitive will become a significant issue

to supply the minerals is rising. The mining boom has receded and other sectors have not yet filled the hole.

Meanwhile, the makeup of Australian society is changing. The country's population, like that of much of the developing world, is ageing. Today, the main driver of population growth in Australia is immigration. The country's population is expected to increase by at least seven million by mid-century. The combination of an ageing population and influx of new residents puts pressure on the provision of social services. It will also affect education. Australia's education system is

strong, though there are signs of slipping standards. Growth in education spending rose by 44 per cent in the past decade with no subsequent increase in achievement. While the country's overall standard is still towards the top of OECD rankings, maths and science scores lag behind those of students in Shanghai. The need for Australians to remain competitive will become a significant issue in the coming decades.

So what smart solutions can overcome these obstacles and ensure Australia remains on a successful path? There is no shortage of high-cost proposals. The Labor Party suggests the country spend \$15 billion on making better schools towards 2025. The government wants to implement its paid parental leave scheme at an annual cost of \$5.5bn.

In the private sector, the Business Council of Australia has suggested spending \$76bn on infra-

structure. The ACTU would like to see Australia continue spending on the development of clean energy, with the continuation of the \$10bn Clean Energy Finance Corp and the \$1.2bn Clean Technology Program. In KPMG's project on Delivering Australian Prosperity to 2020, it suggests Australia should spend an additional \$10bn — up to \$30bn in public and private money — on innovation and research by 2020.

All of these would probably make Australians better off. But they also cost billions. With limited budgets, it is important to make sure the right choices are made to promote the most good for the coming generation.

We would like to involve Australians to define the biggest issues defining their prosperity across the next generation. Then we can ask economists to outline the smartest proposals for the future but, crucially, also to estimate

the costs and the benefits. This will provide a real basis for a national conversation between Australians and their politicians on priorities. It could be an amazing conversation, built on facts and economic evidence.

The debate could engage the nation and get sparks flying over discussion of long-term policies. Australians could move away from the short-term tit-for-tat politics and broaden their horizon. And they could help to make a better Australia for the next generation.

*Bjorn Lomborg, an adjunct professor at the Copenhagen Business School, directs the Copenhagen Consensus Centre. His new book is How Much Have Global Problems Cost the World? A Scorecard from 1900 to 2050. He will be in Australia for Creative Innovation from November 27 to 29.*