

Even the lucky country faces 'age of austerity'



Phillip O'Neill

ANOTHER year, but also a new decade that will take us well into the 21st century. How are we placed?

Well-placed, is my guess. Once again we find ourselves in a lucky region in a lucky country.

Our economy continues to grow and generate jobs and incomes. Our living standards rise each year. We are not at war, our streets are safe.

Our democracy is stable despite a minority federal government and an incompetent state one. Our political patience reflects the comfort that most of us enjoy in daily life.

This comfort also helps us be good to our neighbours, whatever their colour or belief.

Our position in the world also generates optimism. We are surrounded by emerging economies, especially China, that want to buy our resources, our coal, and our services, even our companies and our property. So ongoing economic growth and security seem assured.

Yet 2011 heralds a decade that is already labelled elsewhere in the developed world as "the age of austerity".

In Europe, where I am working, people seem resigned to many years of recovery from the global financial crisis that started in 2008 and produced the most alarming economic crash since the Great Depression.

The problem for many European countries following the global financial crisis is that they had to borrow heavily to rescue floundering banks and then pump money into stalled economies. This borrowing resulted in massive government debts that must be repaid.

Last week, five European countries started 2011 by jacking up sales tax. Britain, for instance, raised its goods and services tax rate from 17.5 per cent to 20 per cent. In Britain, France, Spain, Italy, Greece and Ireland, rising taxes come in a package of nasties that includes cuts to welfare spending and community services, increases in the retirement age, increased university fees and cuts to infrastructure spending.

Nobody anticipates a reversal of these measures for some time, hence



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the "age of austerity" tag.

The US is also entering a decade of discomfort. The misery of the subprime mortgage crisis continues to swamp working-class communities like a slow-moving Queensland flood. Demographers predict that the decline of the once-great mid-west industrial cities is irreversible. The task for planners in cities such as Detroit, Cleveland and Pittsburgh is to reduce these cities in size in an orderly way rather than allow vast neighbourhoods to turn into ghost suburbs and no-go zones. In California, once the El Dorado state, the land of milk and honey, unemployment now sits obstinately at 12 per cent.

Australia came out of the crisis OK, but with a bagful of debt. The Rudd Labor government acted promptly in September 2008 with aggressive spending to soften the impacts of the global financial crisis. We were aided also by prudent financial regulations that had prevented our big banks from indulging too much in the lending binge that brought many overseas

banks undone.

But the Australian rescue package came at a price. The decade of prosperity beginning in the mid-1990s gave John Howard's Coalition government seven out of eight federal budget surpluses. These enabled treasurer Peter Costello to pay off the entire federal government debt, from \$96 billion in 1996 to zero by 2007.

Since the crisis, however, large federal deficits have returned and they will remain for a few years yet. The deficit was \$32 billion in 2008-09 and \$53 billion in 2009-10, and is estimated at \$55 billion in 2010-11, \$42 billion in 2011-12 and \$30 billion in 2012-13.

So while we don't hear the "austerity" word from our politicians, we should remember that the stimulus package that saved our bacon was a costly one and needs repaying. And for a few years this will mean a brake on the willingness of politicians to fund the things we all want from our governments: world-class education and health services and efficient infrastructure to ensure a

competitive economy and sustainable, quality living in our cities and regions.

This, then, is the challenge for the new decade: to devise clever ways to shore up our unique, enviable lifestyle, and ensure our strong economy is maintained and strengthened.

Here in Europe the consequences of failing economies and debt-laden governments are starting to show in the usual ways. Political debate turns nasty. Public demonstrations become violent. New migrants are vilified. Unemployed youth are blamed for their idleness. Generosity and pleasantness are displaced by meanness and privacy.

We should watch closely how the decade of austerity rolls out in other parts of the world. We should be thankful Australia has other options. But we need to be clever in what we choose.

Professor Phillip O'Neill is director of the Urban Research Centre, University of Western Sydney.

People really do have a chance to get it right

Some promises can be made just once, writes Sharlene Guest.

IN this month when gym memberships are energetically purchased, weight loss programs are ravenously adhered to and quit smoking endeavours are optimistically begun, many of us begin yet another new year with a desire for self-improvement, trying to enrich our lives by committing to make positive changes.

As one unknown author described it, the start of a brand new, bursting with possibilities, as yet unblemished calendar year can feel as if "life is an exciting book and each new year starts a new chapter".

While new year's resolutions overflow with good intentions and can make a positive impact on our lives,

research shows that not many of us are actually successful, with fewer than one in five achieving our goals.

Which probably explains our dwindling gym attendance by the beginning of March, and our subsequent attempts to edit sections of our newly written chapter of life.

Interestingly, men achieve their goals 22 per cent more often when they set small, measurable goals and women succeed 10 per cent more often when they make their goals public and enlist help from friends. This might help to explain the popularity of tough love approach websites such as StickK.com where you can publicly list your goal, set the stakes and be monitored by others on your progress and success.

Each new year I encounter people on either end of the resolution spectrum. There's the pessimist who says that people look forward to a new year for a new start to old

habits. And there's the optimist, like the recent celebrity visitor to our country, Oprah Winfrey, who said "cheers to a new year and another chance to get it right". No matter where we fall on this spectrum, our human condition dictates that at some point in our lives we all desire change and hope for a better future. But with the odds seemingly stacked against us when it comes to breaking negative habits and creating positive ones, it begs the question: can we ever truly start over, author a new beginning and wipe the slate clean?

According to the Bible, it actually is possible to start fresh and be transformed - and you don't need to endure plastic surgery, reality television shows or miracle diets. In Hebrews 12:2 we are assured that through Jesus Christ's death on the cross and his resurrection, he provided the ultimate new

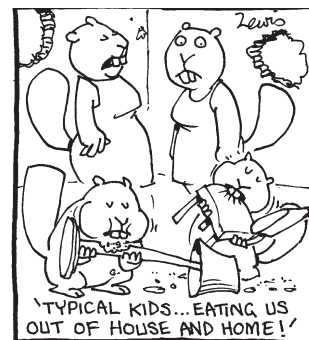
beginning and "became the author of eternal salvation". Not a salvation you have to keep earning reward points for, but a freely given gift of a clean slate forever.

And 2 Corinthians 5:17 promises that if you accept this gift and become "united with God" you get "a fresh start and are created new. The old life is gone; a new life begins!"

While you can try Google for some helpful tips on achieving your new year's resolutions, you can trust God, the author of life and salvation, for the ultimate new beginning; "a fresh start through the forgiveness of sins" (2 Corinthians 5:19).

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Topics today



Today's fact

Young beavers stay with their parents for years before moving out on their own.

Today's word

Scurf: Flakes on the surface of the skin, cast off as fresh skin develops below, especially those of the head; dandruff.

It happened today

From our files - 1916: Improvements to the Wickham and Carrington foreshores are steadily progressing, and an immense reclamation and dredge has been completed.

Today in history

1862: Death of Samuel Colt, firearms manufacturer who invented the Colt revolver.
1863: London's Metropolitan, world's first underground passenger railway, opens.
1928: Leon Trotsky, one of the chief architects of the Soviet Union, is ordered into exile by the Soviet government.
1956: Elvis Presley records his first songs for RCA, including subsequent hit *Heartbreak Hotel*.
1968: John Gorton, government leader in the Senate, is sworn in as Australian prime minister following disappearance of Harold Holt.
1971: Death of French fashion designer Coco Chanel.
1989: Australian Federal Police Assistant Commissioner Colin Winchester is fatally shot in the driveway of his Canberra home.
1994: Lorena Bobbitt goes on trial in Manassas, Virginia, charged with malicious wounding of her husband, John. She's acquitted by reason of temporary insanity.

Born today

Max Roach, US jazz drummer (1924-2007); **Jim Croce** (1943-1973), American musician; **Frank Sinatra jnr**, US singer (1944-); **Rod Stewart**, pictured, British pop singer (1945-); **Pat Benatar**, US singer (1953-); **Chris Smith**, US rapper (1979-).



Odd spot

Scientists have developed a type of food packaging that can tell people when food is starting to go off. Researchers at the University of Strathclyde in England say their "intelligent" plastic indicator should help cut food waste. The indicator changes colour when the food is about to lose its freshness.

Today's text

Every morning He makes me eager to hear what He is going to teach me.
Isaiah 50:4