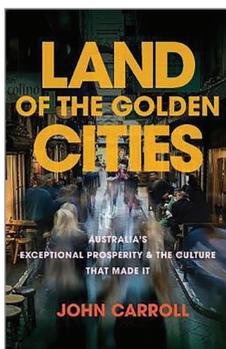


Land of the Golden Cities: Australia's Exceptional Prosperity & the Culture That Made It

By John Carroll
Connor Court Publishing
2017, \$29.95, 198 pages
ISBN 9781925501599



Reviewed by
Tom Switzer

Australia is enjoying the longest economic expansion in the developed world—a 27-year bull run that shows no signs of abating. We are widely touted as the miracle economy. So, how do we account for our success?

Most economists—rightly, in my opinion—point to the productivity-enhancing economic reforms that Labor and Coalition governments passed in the 1980s, 1990s and early 2000s. Indeed, it is difficult to deny that the free-market agenda transformed Australia from a protected and union-dominated closed shop to a dynamic market economy that is the envy of the world. The dollar float, financial market deregulation, tariff cuts, privatisation, competition policy, reforms in taxation and industrial relations—all these policies meant we could weather external shocks, such as the Asian financial crisis of 1997-98 or the Global Financial Crisis a decade later.

Not that everyone has agreed during the journey. In the early 1990s, La Trobe University sociologist John Carroll was one of the leading critics of what the left and even some on the right derided as ‘economic rationalism’. In a book titled *Shutdown*, co-authored with Robert Manne, he predicted ‘permanent high unemployment’, which would ‘turn sections of our cities into social wastelands, ghettos of broken families, personal misery, delinquency and squalor.’ The upshot was that ‘our Australian way of life is at risk’.

The book was published in 1992 as the Australian economy was coming out of what we now know was the last recession we experienced. To his credit, Carroll—unlike many critics of economic reform—has changed his mind, because the facts have changed. Since *Shutdown*, we’ve experienced an extraordinary period of sustained economic growth

and wealth creation: falling unemployment and inflation and, until the end of the commodities boom in 2012, record income growth.

Carroll accepts all this. ‘The past two decades’, he argues, ‘support the maxim: if in doubt, trust the free market.’

But Carroll also has another explanation for our success: culture. In *Land of the Golden Cities: Australia's Exceptional Prosperity & the Culture That Made It*, he says our economic dynamism can only properly be understood in a cultural context.

At the core of our enabling culture has been the city. Unlike the Americans or Brits, we have been spectacularly good at developing modern cities. People are moving to Sydney and Melbourne, because that’s where they want to live—not just because that’s where the corporations are based.

Melbourne is a classic case. Go back to the Joan Kirner era in the early 1990s. Slashed tariff cuts meant the car industry was contracting. The State Bank of Victoria and a large building society had just collapsed. Melbourne was on the Detroit road to ruin. Those were dark days.

And yet Melbourne today is a much more vital and diverse place, with a flourishing economy. According to *The Economist*, Victoria’s capital city has been rated the world’s most liveable city for the past seven years. In 2013, Carroll notes, Melbourne possessed the four fastest-growing postcodes in the country. It’s a stunning turnaround, because of four key conditions: a broad economy; high rates of multicultural immigration; topography; and a fusion of urban cosmopolitanism with suburban localism. Add to this huge state government investments in transport infrastructure and liberal drinking laws, and it’s no wonder Melbourne is a trendsetter.

To be sure, many millennials are priced out of the housing market. Still, like Sydney, Melbourne is where the jobs are based. And their economies will extend to satellite cities—think of Box Hill, 10-15 km out of central Melbourne.

What about Tasmania? After all, it has the climate and soils that should make the Apple state a thriving hub of agricultural development. But it lacks the entrepreneurial and multicultural spirit that is so evident on the continent’s south-east cities. It also has low education rates and an ageing population.

And unlike South Australia, Tasmania has not had the kind of civic leadership that explains the success of the Festival State's arts and tourism.

Many economic commentators—consult the editorials in *The Australian* and the *Australian Financial Review*—fret our nation faces economic trouble. Unless Canberra hacks back at spending that is dramatically rising as a percentage of GDP, it is argued, the financial markets and credit agencies will lose confidence in Australia, which would result in soaring interest rates.

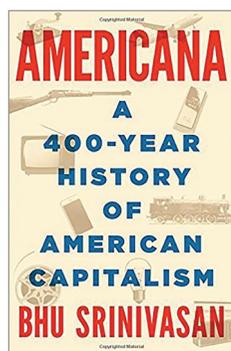
Yet Carroll remains an optimist, because we have a remarkable capacity to adapt and weather external shocks. Notwithstanding debt problems and political volatility in Canberra, we have proved our resilience. Just look at Melbourne since the 1990s. It's an optimistic and important message at a time of doom and gloom.

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Americana: A 400 Year History of American Capitalism

By Bhu Srinivasan
New York: Penguin Press,
2017, 560 pages
AUD \$18.20 (HC)
ISBN: 9780399563799



**Reviewed by
Wolfgang Kasper**

Bhu Srinivasan, a successful media entrepreneur and accomplished storyteller, is an example of what has motivated most people who migrated from poorer and poorly governed parts of the world to the affluent capitalist democracies: the search for better life opportunities. Economic migrants far outnumber refugees; that is, people who flee fearing for their lives. Srinivasan's mother, with a PhD in

physics, managed to take her young son Bhuvanesh from India to the US, although she had no visa for him. Lax immigration policy allowed young Bhu to grow into an alert American, one of the millions who have made America great.

In this, his first book, Bhu Srinivasan shows that much of US history can be told convincingly through real economic stories rather than the abstract theorising and model building that corrupt most present-day economics teaching. In 35 compact chapters, with titles such as 'Tobacco', 'Steam', 'Unions', 'Film', and 'Internet', *Americana* unfolds US economic and political history and tells of how physical, skill and intellectual capital (copyrights, patents frequencies, websites etc) was accumulated. Politics was more often than not shaped by technical and economic innovations. Historic events, which earlier schoolbooks tended to explain with reference to high-minded ideals, were in reality normally driven by the alert discovery of market opportunities, by the hope for profits and the fear of losses. For example, the 1808 ban on importing African slaves owed everything to the desire of Virginian and other Southern leaders to protect the value of their slaves from low-cost imports. Or, the introduction of Prohibition in 1919 was driven as much by hatred of all things German—such as brewery giants like the Anheuser, Busch, Schlitz and Pabst—as the temperance movement.

Srinivasan depicts those dreamers, hustlers, schemers and entrepreneurs as they were, without the slightest varnish of moralising about those self-seeking entrepreneurs. For example, the unlettered but parsimonious Cornelius Vanderbilt made his fortune by first engaging in water-borne transport around New York, later buying opportunistically into the new railway business. *Americana* dispassionately describes how this profit seeker, 'who saw the world in terms of dollars and cents', helped New York City to grow, gave numerous poor new immigrants easy access to farmland and markets, and changed the entire mentality of doing business and politics in the then young United States.

Another example of the delightfully non-PC, non-moralising quality of the book's approach to history deals with Al Capone, the gangster. He comes across as a realistic entrepreneur who understood the average American better than the bureaucrats and