

# The Australian

---

## Populate or live in boredom

- Johan Norberg
- From: **The Australian**
- August 20, 2010 12:00AM

Recommend

Be the first of your friends to recommend this.

0 tweet

### **TELL me where you live, and I'll tell you how prosperous you are.**

Development economists such as P. T. Bauer and Julian Simon taught us that the ultimate resource is not capital, land, minerals or oil, but human beings.

You are better off if you are close to others and their ideas, their supply and demand. The more people that are connected by trade, the more you can make use of knowledge and work that you have not learned or performed yourself. Coasts are wealthy whereas mountainous areas are often poor.

Economists have calculated that a city that is twice as big as another city is almost 10 per cent more productive, because it can engage in a more advanced division of labour. Everybody can focus on what they do best and perfect their skills and invest in supporting technology, and buy the rest from others. It is easier to find the right talent, workers and customers, and you get a multitude of lifestyles and tastes, which creates a more dynamic, pluralist and exciting society.

Few countries know this so well as Australia, a continent built from nothing but people and ideas from all across the world. New arrivals have constantly renewed the country and made one of the least densely populated countries livable and prosperous. In recent years large-scale immigration saved the booming economy from wage inflation. As an outsider it's easy to be impressed by the wisdom of the policy and the relative smoothness of the process.

It's therefore strange and disappointing that the only big idea in this election campaign was the opposition to "big Australia", first formulated by Prime Minister Julia Gillard (born in Wales) and then in many ways echoed by Opposition Leader Tony Abbott (born in London). It's not like you're running out of space. When we Europeans travel

across the country, the first impression is that there is no one there. You have the population of Romania in a country the size of the US. Even in and between the big cities you sometimes get a sense that everybody is away on holiday.

Obviously there is a problem with infrastructure services. But partly this is because Australians are so few and far between. Had the big cities been more crowded, it would have been much cheaper to build good transport systems. But, of course, more construction in the city centres is made difficult by the not-in-my-backyard crowd and the planning and development bureaucracy.

The politicians who blame a crumbling infrastructure on the surprisingly large inflow of people must be surprised to find out that Woolworths is perfectly able to service a growing population, and that there is no lack of gas at the service station for a growing number of cars. The difference is that businesses react to price signals and adapt,

because that is how they profit. And they never blame their consumers for too strong demand.

Infrastructure services can be changed to resemble private enterprise. The way to make the shoe fit is to price it, which encourages supply and restrains demand. As the Henry review pointed out, Australia needs traffic congestion charges to moderate the pressure on the roads at peak hour. Tolls could also provide the resources to build better roads and ring-roads.

Water is no different. When I stayed in a hotel in Sydney the other week, there was a sign in the bathroom asking me to reduce the time in the shower to conserve water. So the hotel asks visitors to sacrifice an improvement in personal convenience and hygiene for a completely negligible reduction in Sydney's water consumption. I don't think it worked well. But the hotel was probably much more successful in restraining the consumption of water from the mini-bar, because it used a time-tested method: charging \$5 a bottle.

If politicians want Australians to temper their thirst and water waste, they must learn from the difference between the shower and the mini-bar: abolish water subsidies and create proper state and national water markets. If people paid the real price of water, it would be more economical to desalinate, recycle and transport water on a larger scale.

Australian politicians at state and federal levels have obviously failed to create the right conditions for infrastructure services. But instead of admitting the mistake and doing something about it, they blame the people for just being there. It's not me, it's you.

It would make for good satire if it wasn't so serious. If the country is to get more wealth and choices and better services, it has to become bigger, not smaller. The economy needs population growth and a constant inflow of innovators and workers. For a scarcely populated country far from the rest of the world, it's still "populate or perish". The discussion should focus on the changes that it takes to keep a bigger Australia functioning.

That political leaders shrink from this challenge reflects a worrying lack of ambition and vision. Defensive ideas about halting growth and shrinking society are traditionally symptoms of a civilisation in decline.

And if it wasn't enough that stopping growth is economically destructive, it's also boring. Sure, crowds can be irritating. I'd much rather visit a multitude of bars, restaurants, cinemas, theatres and shops without being pushed around and waiting in line. But that is a bit like wanting to swim without getting wet. The choices are there only because the crowds are there.

When I listen to these expressions of enochlophobia I can't help but think of a passage in Bill Bryson's hilarious travel book *Down Under*. Bryson is a card-carrying believer in small Australia. When he visits Canberra, he writes admiringly about how the city has managed to avoid the awful urban sprawl, shopping malls and eight-lane roads that he is used to in the US.

And yet, when Bryson walks from his hotel to find a bar or just someone to talk to, he doesn't find anything. The only thing worse than a crowded place is a place that is not crowded.

In the end, Bryson returns to his hotel and gets drunk all alone in the hotel bar.

*Swede Johan Norberg is a senior fellow at the Washington think tank Cato Institute and the author of the award-winning book *In Defence of Global Capitalism*.*

Recommend

Be the first of your friends to recommend this.

0 tweet

