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HD **Why a pessimistic nation has stopped listening**

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Why a pessimistic nation has stopped listening

AUSTRALIANS are enduring a deep-seated pessimism from a loss of confidence in social and economic institutions at the same time as growing fears of joblessness undermine the government's economic sales pitch.

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As the government embarks on a campaign to boost confidence ahead of Christmas, both economic and social commentators are highlighting the continuing anxiety about the outlook that is holding consumers back.

"The consumer is stuck in a rut at the moment without a comfort level about their job situation," Westpac senior economist Matthew Hassan said.

Although there has been no blowout in unemployment, the steady job reductions as companies cut costs have fuelled job insecurity, which has reached levels normally associated with recessions.

The waning of the resources boom in Queensland and Western Australia is starting to cause the sort of anxieties witnessed in the manufacturing states of South Australia and Victoria, where the closure of Holden, Ford and Toyota have become symbolic of the decline of traditional industries. Across the nation, voters are waking up to the realities of a slowing, patchy and unpredictable economy.

Ricky Townsend, 30, an enterprising carpenter, moved with his wife Melissa and baby boy, Winston, from Brisbane to Townsville in March to catch the flow-on from the **mining** boom. He believes Townsville is a place on the up, but concedes "things are not booming here ... I wish they were. But the truth is that things are pretty slow." Joe Hockey said yesterday that he wanted Australians to have confidence in the future because household consumption was one of the most important drivers of economic growth. "We want Australians to go out there and spend for Christmas. Don't let Santa down, go out there and spend for Christmas," the Treasurer said.

In a co-ordinated effort to end the year on a positive note, Tony Abbott told parliament this had been a year of achievement for the country and of delivery for the government.

However, households have been rattled by the news of falling **iron ore** prices and doubts about **China's** economic resilience while the government's continuing struggles in the Senate mean initial consumer concerns about the budget have not been resolved.

In South Australia, there are growing fears for the future of the shipbuilder ASC.

Glen Dallimore, 42, who works as a pipe-fitter at ASC, is worried. "If the current federal government doesn't make a decision about building the future frigates and submarines here then the future of manufacturing in South Australia is doomed," Mr Dallimore said.

"You can only imagine how that would gut the entire state and how many jobs in other industries would go as well. So I think the mood is one of disappointment and of being completely let down." While the

sale of Medibank Private has so far created 440,000 voters with modest capital gains, a volatile period on the Australian stockmarket will fan anxiety about superannuation savings, which are overwhelmingly invested in stocks.

Westpac asks consumers every three months about their recall of events in the news, and awareness of the budget and tax issues is higher now than it was 14 years ago in the wake of the introduction of the GST.

Mr Hassan said that when the budget was introduced consumers disliked it, but believed it may be good for the country, acknowledging the outlook over the next five years would be better. However, the continuing budget debate and broader global concerns meant consumers were now more pessimistic about the five-year outlook than before the budget.

Social commentators point to a more profound problem of declining faith in the ability of political leaders to deliver solutions to the problems the nation confronts.

"Pessimism is becoming a standard part of the current ethos," said sociologist Hugh Mackay, who blames the insidious impact of the spread of business marketing techniques into political campaigns.

"If the sloganeering and branding persist, people will feel politics is being trivialised more and more, resulting in ever lower esteem for the process and the players," Mr Mackay said, noting the new habit of wearing blue or red ties depending on political party.

"People are bewildered by what's going on in politics — there's a lot of eye-rolling stemming from a lack of trust in politicians," he said, suggesting that Tony Abbott "personified" this for now, given the contrast between statements before and after the election.

Most consumer surveys show Australians have remained pessimistic all year regardless of the vicissitudes of economic statistics, still-strong economic growth and signs the job market is poised to improve.

Quantum's AustraliaSCAN annual survey of 2000 Australians shows they are more pessimistic about their personal finances than any time since the early 1990s recession.

"No matter what the politicians say, the evidence people see in their day-to-day lives contradicts it," said David Chalke, a long-term follower of social trends and consultant at Quantum Market Research.

The official unemployment rate of about 6 per cent contrasted with most people's experience. "People know it is much more than that," Mr Chalke said, pointing to high rates of underemployment or unemployment disguised by the welfare system.

Westpac's index of unemployment expectations has been at least 20 per cent above its long-term average all year.

Mr Chalke and Mr Mackay said closure of Australia's car manufacturing industry at the same time as the resource boom had so clearly started to wane, had been deeply troubling to most people, regardless of the rational economic arguments against its continuance.

"People are losing faith in all the institutions they once revered: religion, trade unions, political leaders, even judges, teachers and certainly bank employees," Mr Chalke said.

"All that is left is the doers — electricians, plumbers, etc — people who do tangible, useful things for their work," he added.

Mr Mackay said the Abbott government's reforming budget could only have been brought down by a re-elected government, not one elected, in his view, on simply not being the Rudd-Gillard government.

"Abbott should have realised this and gone quietly, building the case for more dramatic reforms in a second term," Mr Mackay said.

John Daly, the head of the Grattan Institute, said sluggish falling national income growth and real wages declines were the main economic reasons for the malaise. "People have some sympathy with what the government is trying to do with Defence Force pay, but equally they have a lot of sympathy with Defence Force personnel," he said, noting the government had not tried to explain how well paid Australian Defence Force personnel were compared with those in other rich countries.

Mr Daley said the community was still very sympathetic to balanced and surplus budgets, but the Coalition had chosen a number of savings that were bound to appear "mean and nasty".

"Halving unemployment benefits for under-30s, for instance, doesn't save much money and isn't even supported by the business community," Mr Daley said.

"Ironically, however unpopular the savings measures might be, they still aren't enough to fix the structural problems in the budget.

"Most of the repair is a result of bracket creep — not spending cuts — and even that won't be enough given the size of the structural deficit." Mr Chalke said the growth of social media and the ossification of more traditional media outlets had also made it much harder to prosecute difficult reforms.

"Less and less, there is such a thing as a nation talking to itself — the old mass-read newspapers and TV stations that were a feature of the 20th Century are becoming a thing of the past," Mr Chalke said.

"We are going back to a 19th century world where 'word of mouth', pamphleteers, and the 'citizen journalist' drive public opinion," he said, explaining how social media gave people far greater ability to vent and to see other people venting.

"To be sure, people are better informed than in previous eras, but they have much more choice about whom to be informed by and, crucially, don't have to listen to opposing views," he added.

WESTERN AUSTRALIA KRISTIE Young and Damien Krebs are grateful to be living a good life with their children near a picturesque stretch of Perth's Swan River, particularly now as they see so many other families hit hard economic times.

The couple have built their experience and careers in **mining** - her as an engineer and him in metallurgy. While the slowdown in the state's resource sector is well advanced, they are lately witnessing a lack of confidence that many are beginning to find unnerving.

"Competence doesn't seem to have anything to do with it - really good people have lost their jobs," Ms Young said. "I've been trying to find the most senior people in my field to talk to about this and they all say they have never seen it this bad."

On the home front, Ms Young and Mr Krebs are thinking about ways to safeguard against what could be next, including by possibly selling an investment property they bought when the economy was far more buoyant.

And the couple are unlikely to spend big at Christmas on their four children - Jasmine, 12, Kobe, 10, Xavier, 6, and Lenny, 4 - despite Treasurer Joe Hockey urging Australians to "don't let Santa down".

SOUTH AUSTRALIA MIXED messages and broken promises by the federal government have left families like the Dallimores anxious about their future and with little faith Tony Abbott is on their side.

As a pipe-fitter at Adelaide-based government shipbuilder ASC, Glen Dallimore is disappointed the Coalition has delayed a decision to commit to building the next generation of naval ships and submarines in South Australia, a decision he said could "make or break" the state.

The 42-year-old and his wife Angela live in the Adelaide Hills with their two children, Reilly, 6, and Ryan, 4. He said yesterday that he understood the tough decisions faced by government, but he was concerned there appeared to be no overall plan.

"My boys are just starting school and Angela is in her second year of a masters at teaching so we're a one-income family. If I don't have a job there's no plan **B**," Mr Dallimore said, "I'll hopefully be OK in the short term as we have several projects at the moment at ASC - we're building three ships and are only 11/2 ships in.

"But I worry about the future of my children getting jobs and staying in South Australia."

QUEENSLAND RICKY Townsend moved up from Brisbane earlier this year hoping to cash in on the glow of the **mining** boom. He was a bit late. "It's nowhere near as busy as Brisbane," said the 30-year-old, who runs his own business, Townsend Carpentry.

"We moved here for family reasons and we thought it'd be easy to get ahead. It's definitely a positive move, it's a town on the up, but it's taking longer than I expected." Townsville has the second-highest number of fly-in fly-out workers in Australia after Perth - and the slowdown in the region's **mining**, especially Queensland's **coal** fields, has been a blow. Much of the mine workforce has moved back into Townsville and the city's unemployment rate has shot up, hovered around the 10 per cent mark for several months before dropping to 7.9 per cent in October. "The **mining** industry slows down, so the tradies come back into Townsville, there's more people in competition for jobs and work," said Mr

Townsend. "Construction isn't booming." For Townsville, levels of unemployment this high is a new experience. The city has a high public-sector workforce.ANDREW FRASER, SARAH ELKS

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