



● At first glance, Switzerland – exporter of watches, chocolate and secret bank accounts – would not seem to offer Australia much by way of public policy. However, German-born economist Dr Oliver Hartwich insists it shows one way of retrieving the dream of home ownership for many Australians.

Demographia international rankings suggest Australia has the least affordable housing of six countries that include the United States and the United Kingdom. By contrast, the Swiss “pay exactly the same amount of money for a typical house as they would have paid in 1970”, Hartwich says.

His explanation, coming from a liberal economist at the Centre for Independent Studies, is less surprising than his country case study. “The incentives are quite clear [in Australia]. And they are working against development. In Switzerland, if you are a planner, what really matters is to get people into your council area because they are your taxpayers.”

For Australia’s weaker local governments, the burden of servicing residents and businesses overwhelms the rates they pay. “Nobody has calculated it down to the last cent, but I think development is probably a loss-making business at the moment.”

Doing such sums on housing and local government finances forms a key part of Hartwich’s research brief at the CIS. The Sydney think tank, which he joined as a research fellow last October, will be hoping he can shake up local policy debate in the way he did in London. As chief economist at another pro-market body, Policy Exchange, he led a successful campaign

to remove the anti-development bias in British Conservative Party policy.

Five years ago, BANANAS (Building Absolutely Nothing Anywhere Near Anyone) held sway over the party. Then Policy Exchange papers exposed the damage that strict planning laws can do to both the economy and social mobility.

“People can’t get on the housing ladder any more because it has lost its bottom rungs,” Hartwich says. “It took about two or three years of convincing but in the end they changed their party policy.”

With capitalism in the dock for its excesses, now may not be the most propitious time to be arguing the liberal case. But Hartwich is a willing defendant.

First, the pragmatism of Australians

– who include his wife – makes them less opposed to policy on ideological grounds alone, he says. Second, “it helps if you have substantial reforms done by a centre-left government rather than a centre-right one. They are speaking to their main constituency, and they have to explain to them what they are doing.”

Hartwich believes history is on the liberal side. “I think it will make it more a bit more difficult for liberals to make their case. But I still think they have a case to make. If you go back into history and have a look at how much world GDP per capita has risen in the past 300 years since the birth of modern capitalism as we know it, [the current economic crisis] is just a little blip in that general record.

“Wherever capitalism has been played against communism or socialism, capitalism has always come out victorious. Look at East Germany against West Germany. The Berlin Wall was torn down from the East, not the West.” **BRW**



People can't get on the housing ladder any more because it has lost its bottom rungs

Interview: An Inevitable

Oliver Hartwich

Centre for Independent Studies

Position:	Economist, researcher
Milestones:	2001: Visiting scholar, Uni of Sydney Law School
	2003: Completed PhD in law, Bochum University
	2004: Advised Liberal Democrats, House of Lords
	2005: Chief economist, Policy Exchange, London
	2008: Joins Centre for Independent Studies

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