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## **The taxpayer smells a rat**

Tax revolts have some history in Australia, the best known example being the Eureka Stockade. Few would be aware of all the historic details as Eureka has become a piece of folklore over time. But most of us would be aware that it was a miners' rebellion against unfair taxes and obtrusive government which sparked the rebellion.

Sounds familiar? Although it did not result in armed conflict, the mining industry's recent campaign against the Rudd government's tax on alleged 'super profits' evoked memories of the Ballarat miners. Now just like then, the sympathies of the public were with the miners. Ordinary Australians sensed correctly that the new tax would not only hurt some big companies, but every member of a superannuation scheme and the Australian economy at large.

The dive of the Australian stock market confirmed the growing fear about the new tax. Meanwhile, the rhetoric about foreign-owned miners and resources allegedly 'owned' by the people added to the conclusion that Australia's sovereign risk profile should be reconsidered. In terms of conducting good policy, it was a disaster for the country which probably cost the then Prime Minister his job.

Future generations of historians and political scientists will have ample material to study how not to make tax policy. For us today, there is another lesson in all of this.

Australians have come to the point at which they see through politicians' relentless craving for tax revenue. They instinctively understand how governments have grown too big, sucking the lifeblood out of the economy. Where this will lead to can be seen in Europe where whole countries are crippled under gigantic public debt burdens that taxpayers are struggling to service.

However, it would be unfair to put the blame exclusively on politicians. We only have the politicians we deserve, and in fact they are only providing us with what we ask for. The great economist Milton Friedman knew this. He wrote: 'A major problem of our time is that people have come to expect policies to produce results that they are incapable of producing.'

The Eureka Stockade is now regarded as one of the turning points in Australian history which paved the way towards free elections and democratic institutions. If the more recent experience of the super profits tax is meant to become an event worth remembering, it should be as the moment in which high-taxing governments had to realise their limits.