



## **President's Message**

**19 September 2016**

### **Rising tides and hard decisions**

Control of the Senate is held by minority parties and individuals. For the country's sake we trust this new cocktail will be able to produce sensible long term decisions.

By definition such decisions will not be popular and do not align with the populist rhetoric which have been recently espoused.

The Brexit and the Federal election result reinforced the fact there is a large undercurrent of voters who are disillusioned with the political classes. These people consider they have been left behind and aren't sharing the benefits of free trade, globalism and technology disruption.

To quote PJ O'Rourke the benefits of the free enterprise system's rising tide lifting all boats is diminished if some have short anchor chains.

Branko Milanovic's recent book Global Inequality confirms the top 1% have been winners from globalisation however he goes on to make the point that the bigger winners have been the rising middle classes in Brazil, India, China and Indonesia.

Australia as the lucky country has been able to effortlessly rise with them on a tide generated by commodity exports. With the collapse of our terms of trade we are now faced with a diminished national income. We can generate opportunity and increase our living standard however it will require living within our means and making hard decisions not necessarily popular ones.