I'm a Victorian economic refugee. I hail from Melbourne, but every working week I commute to and from Wagga to work at the university there. I may well be the first of a new generation of Victorians who have to regularly travel interstate to find employment; everyone now knows that Victoria, and especially Melbourne, is bearing the brunt of this recession. At the University I am charged with explaining the nuances of economics to first year students. As a model of inspiration, I always proffer Paul Keating as an example of someone who made good by his mastery of economics.

Canberra folklore has it that Keating, in his early days as Treasurer, spent many a lonely night in his parliamentary office, heroically poring over economic textbooks. They say it took Keynes, originally a mathematician-cum-philosopher, six months to master classical economics. For Mr Keating, originally a chief headkicker and numbers man, it took considerably longer. The Treasury jesuits who drew up his reading list and spent the odd hour tutoring him had to make sure he cleansed himself of his earlier exposure to the economically unorthodox views of RFX Connor and Jack Lang.

The end result was a Treasurer basing his economic stewardship of this country upon an economics that was part theory, part fashion and part myth. Mr Keating took the new-fangled concepts like the level playing-field, deregulation and the J-curve close to his heart. He showed his celtic temperament by taking as a personal affront any criticism of his economic policies. When, as so often, he was proved wrong by that great unpredictable—the Australian economy—it meant only further frustration and acrimony directed at his critics. Keating was particularly savage with those urging a different policy direction from the Treasury line, labelling them 'snake-oil salesmen'. But now Keating seems to have recanted, converting to the expansionist cause late last year in his campaign for a second chance at the Labour leadership.

While just about everyone is now talking about fast-tracking various infrastructural projects, only a few have cottoned on to the truly fundamental problem of the Australian economy—our high level of import dependency. Sure, our annual import bill has been cut by some $5 billion, but most of that comprises imports of capital goods as business investment slumped. This, in itself, is disastrous. When domestic demand recovers, engendered by the fiscal stimulus, however modest, from Canberra, imports will soar, causing a trade deficit blowout.

There is a cheeky way out of this fearful scenario. It is well within Keating's ambit to come up with his own version of the consumption tax of sorts. It may serve to foil John Hewson's version and, into the bargain, address head on our love for imported finery. Mr Keating's 15% consumption tax would fall upon imported consumer goods only, capital goods remaining exempt from the duty surcharge. When Britain, like Australia now, had a balance of payments deficit and dire unemployment during 1933, Keynes recommended fiscal stimulus and import protection as the expedients to recovery. Australia is in a sufficiently similar economic crisis to warrant similar measures. It might disrupt the internationalisation of the Australian economy, but who said being between a rock and a hard place was ever sensible policy?

The only comparably expedient 'conversion' I can recall is that of Richard Nixon. In 1971, President Nixon, in a nationally televised interview, declared that "I am now a Keynesian". If Keating might wince at this odious parallel, perhaps better company would be Keynes himself, who, when accused by critics of constantly changing his mind on economic policy retorted: "When I am proved wrong I change my mind. What do you do?" In Keating's case, of course, an actual confession that his policies were wrong would be very hard to extract. Despite some concessions in his first press conference as prime minister, the hubris still hangs heavy.

For all that, Paul Keating is still the best hope we have. He has the intellect and capacity to craft, with Dawkins' help, an alternative agenda, far removed from the orthodox advice of Treasury mandarins, if he can only free himself from his continued commitment to the precept of the level playing-field.

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ALEX MILLMOW, a former Treasury officer, teaches in economics at Charles Sturt University, Wagga.