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Federal Election 2004 surplus mantra – sounds like a cult!

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So far the election campaign has been comical and tragic.

The Deputy Prime Minister's depiction of the Greens as the 'to be feared commies' of modern Australia threatening our moral fibre was comical. Their only threat is to Government control of the Senate.

Monday saw the 'who can spend the most on health' farce without any fundamental reform announced. Labor's modest package will help increase bulk billing rates but a serious alternative policy would have scrapped the private health rebate which indecently subsidises the better off.

Then, John 'Moneybags' Howard, spending as if there was no tomorrow, trumped Labor's plan. But don't be fooled by the dollars - the Coalition will continue to undermine bulk billing and universal health care. The audacity and hypocrisy of the Coalition election spending-spree is staggering given they have been ripping us off by running budget surpluses for years.

The ALP is no different. It spouts the 'our budget surplus will be bigger than yours' mantra without the slightest economic understanding of what they are saying.

Following the May Federal Budget, the ALP had around \$37 billion to play with if they were brave enough to eschew the high income tax cuts and introduce fundamental reforms to significantly improve the fortunes of the most disadvantaged workers.

Yesterday, their response to the challenge was to 'ease the squeeze' with a measly \$8 dollars tax cut and some other tinkering. Most of the gains will flow to middle income Australians rather than the poor and unemployed.

By choosing to retain all of the Coalition promises and add a few extra billion to the mix they have failed to present a coherent alternative which might have focused on their 'alleged' core issues – the poor, the unemployed, low income workers, health, education and other public services

What happened to the survey evidence that says that the majority of Australians want the Federal Government to improve services and public infrastructure rather than cut taxes?

And, why, if fiscal restraint (budget surpluses) is required in each and every year, it is appropriate to go on a spending spree in an election year? Are these huge liquidity injections informed by economic or political assessments? Stupid me for asking!

Apart from cancelling the high income tax cuts, a reformist package would scrap negative gearing and other tax lurks that have led to an overheated housing market with more families struggling with bigger mortgages.

But don't misinterpret my spleen. Labor's penurious assistance to the workers the Coalition forgot represents a slight improvement. The consolidation of various payments in the Better Family Payment, the changes to permit income splitting and increased means testing limits will also be good for middle income families.

But a commitment to using its budgetary power to ensure there are jobs for all is a much better way to help disadvantaged Australians. Labor's tax policy and their unjustified fiscal conservatism provide no hope of that occurring in the next three years. That is the tragedy.