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Politically motivated and fails the nation building challenge

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It's an election year and the Government is trailing in the polls. So last night, just as in previous election-year budgets, the Treasurer was in full vote buying mode with only a token regard for the true national challenges.

Most will call this a responsible budget. No surprise in that – the Government is expert at convincing us that they are responsible economic managers.

But I see them as economic vandals and this budget doesn't change that.

The Government claims the Budget underwrites our nation's future.

The new initiatives in education and training are welcome. Across-the-board tax cuts will help families who will soon forget that previous non-election year budgets skewed relief in favour of high income earners. The child care changes seem generous. These measures will help people balance the work-family demands.

The road and rail transport infrastructure will be improved. The assistance to households adopting green technology seems to signal environmental concern.

Other spending initiatives for example, in aged care and medical research are welcome. The Hunter will benefit from the most of these initiatives.

Fooled? I'm not.

First, the Government has to obey basic fiscal logic – a certain amount of spending is required to sustain employment growth.

Budget surpluses arise when the Government rips more tax from us than they give back in spending. Surpluses flush our disposable income down the drain forever and put a brake on overall spending.

As the growing economy generates an ever increasing tax haul, the Government must increase spending as well. If it doesn't then the "fiscal brake" will eventually cause the economy to stall from deficient demand.

The persistent budget surpluses have been possible because Australian households have kept spending going by accumulating record debt levels. The strong minerals demand from China has also helped.

But the Government realises that families are overburdened with debt and family homes are being confiscated by banks as mortgage defaults increase.

So it's through necessity not virtue that budget spending had to increase. The virtue lies in where the spending goes.

Unfortunately, this budget provides a series of rewards and bribes that will maximise the Government's political advantage. It doesn't fundamentally address the national priorities of more jobs, better education and health, environmental sustainability and such.

Token allocations across selected important areas will not redress the Government's 10 year record of blatant contempt for future planning. The term "window dressing" comes to mind. For example, why has the Government taken so long to acknowledge that climate change undermines our economic future? The Budget pittance allocated to this portfolio belies any true commitment to this issue.

The Budget has many misleading silver linings. For example, the government will double its bonus for low income earners who made superannuation contributions. This sounds generous but low income earners have been most damaged by Work Choices and many didn't have the capacity to contribute anyway.

Further, rumour suggests that high income earners are salary sacrificing massive amounts into super to get their incomes down below the threshold to qualify for the "low" income subsidy. Will the most deserving really benefit here?

The Future Fund is another trumpeted Government initiative receiving a budget boost. The Government gives the impression that the Fund is like a "bank account" that will enhance our future well-being. But this is highly misleading.

The Government deceives us into believing that by running surpluses it is "saving for the future". First, the Government does not need to save; it issues the currency and can fund any beneficial project at any time.

Second, the Future Fund is created by government spending which reduces the recorded surplus. The problem though is that this spending actually involves the Government buying financial assets (speculating in share markets), which benefits wealthy asset holders.

If the Government really wanted to invest in the capacities and well-being of our people it would use this spending to invest in building better schools and universities; a national skills development scheme; improved public health; better aged care facilities, sensible climate change initiatives, and quality jobs for all.

Injecting vital spending into the Future Fund or the Higher Education Endowment Fund established in this Budget does none of this.

Don't think I oppose the Budget's increased spending. With nearly 2 million Australians still without enough work more employment should be the first priority and any spending helps. More spending is needed not less.

But a smattering of politically motivated spending initiatives does not signal a sustained commitment to nation-building and the maintenance of a strong safety net for the disadvantaged.

It is also hypocritical to claim you are looking after families when your industrial relations regime undermines wages and conditions and your income support policies are punitive.

But it is an election year, and the huge government advertising we will see will probably obscure all of that.