

Turnbull's moral cause to fix budget for our children

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Malcolm Turnbull — in an exclusive interview with our editor-at-large, Paul Kelly, published today — has spelled out his mission to explain why Australians cannot continue to live “beyond our means”. He has warned about the consequences of inaction in stark language: “an economic crisis, much higher taxes, much higher cost of borrowing because the credit rating collapses, big cuts in government services and a diminution in every citizen’s quality of life”. And he has spoken about the risk of recession.

After almost a decade of record deficits, ballooning debt, increased spending and expanded entitlements, the Prime Minister is right to call out the intergenerational unfairness that is being perpetrated. “Every dollar we borrow to fund our recurrent expenditure is a dollar we are borrowing from our children and grandchildren,” he said. This, as he argued, is not a political point or one about bookkeeping but a “moral case”.

Certainly every additional dollar of debt today is an extra dollar, plus interest, of tax to be paid in the future. Pointedly, Mr Turnbull argues that the responsibility for repairing the budget sits heavily on the shoulders not only of the government but also of all 226 MPs and Senators. This, in such a tight lower house and a Senate in which disparate crossbenchers hold the balance of power, is true. For good reason, Mr Turnbull labelled Labor’s approach as “reckless” as it seeks to effectively double down on its astonishing campaign commitment to plunge the nation even deeper into deficit for each year of this parliament.

The Weekend Australian is almost sick of saying this — though we cannot relent from the cause just from weariness — but the nation desperately needs a government, and a parliament, captivated by the imperative to reduce spending. Scott Morrison has been making the case this week, describing how trends in society and government policy are creating a new divide between the “taxed and the taxed-nots” and revealing that new figures show the share of households that are net tax contributors will soon fall below half. The Treasurer explained the obvious unsustainability of Labor’s tax-and-spend model: “Deficits are dismissed as temporary, cyclic and self-correcting,” he said. “If it means services are maintained, then deficits are OK — just increase the taxes or increase the debt.”

It is ironic that almost a year after Mr Turnbull suddenly unseated Tony Abbott, ostensibly for the sin of lacking an economic narrative, that Mr Turnbull and Mr Morrison are belatedly shaping their arguments, with some unsolicited advice from, of all people, Mr Abbott. If the former prime minister helps to refine the challenge, then so be it, because the Coalition’s goal and difficulty remains the same. They must carry voters with them and, crucially, sway Senate crossbenchers. They need to be successful lest a wasted decade haunt generations.

Whatever the irony at play here, Mr Abbott has attempted to frame an economic blueprint for the incumbent. Mr Abbott’s speech to the Master Builders Association in Melbourne yesterday drew together the achievements and aims of his prime ministership with the prospects for reform under the narrowly re-elected Turnbull government. He conceded the grim reality that the configuration of the Senate, combined with Labor’s obstructionism, had left the Coalition in office but “not in power”. Yet he also set out a plan for rhetoric and action that may lead to greater success. “To counter populist politics, we have to make reform more attractive than the alternative,” Mr Abbott said. “When well argued, reform

that's in the long-term national interest should always be more appealing than robbing Peter to pay Paul." There is much to commend his speech and its exhortation to Mr Turnbull and Mr Morrison to make the case for reform. Given Mr Abbott's record, in particular his failure to make the case for his reformist first budget in 2014, there is a sense of "do as I say, not as I do" about his advice that will rankle with the present leadership.

It was Mr Turnbull who made the case for improved economic leadership almost a year ago and who, so far, has failed to deliver. From floating, then retreating, on tax reform thought bubbles, through failing to carry the election debate as he lost all but one seat of his parliamentary majority, to a period of post-election inertia, he struggled to advocate for reform. Even if through gritted teeth, he needs to read Mr Abbott's sensible framework. "The first challenge for a reforming government is not to publish a to-do list but to persuade people that change is worth it because it will be good for them," said Mr Abbott.

It is Mr Turnbull's job, and Mr Morrison's, to formulate policies and to try to navigate them through the Senate. He must also communicate well with voters each and every day about the looming economic threats, the dangers of stasis, the broader need for reform and the benefits that will flow in the medium to longer term. His interview today is a belated but well-considered start. As Mr Turnbull said, every dollar we borrow to fund recurrent spending is a dollar we are borrowing from our children and grandchildren.