

## **Memo Scott Morrison: just bin that IMF drivel**

[Judith Sloan](#), The Australian, 12:00AM November 16, 2016

Here's a get-well tip to the recuperating Scott Morrison: bin the IMF report on Australia and ignore its wacky policy suggestions. It's just more drivel from an organisation that has passed its use-by date.

Let's face it, the International Monetary Fund is part of the insider brigade with deeply Keynesian and green instincts.

Its managing director, Christine Lagarde (a regular Davos attendee), just can't get enough of suggestions of how to spend other people's money. Her current pin-up boy is Canada's Prime Minister, Justin Trudeau, whose government has ditched fiscal consolidation in favour of wasting large swags of taxpayers' money on "vital" infrastructure. Nary is there an - acknowledgment that all this binge spending does is alter the timing of GDP growth — after all, the debt accumulated to fund these projects has to be repaid.

And why would the Australian government step up infrastructure spend even more when all the projects are at least 20-30 per cent above the efficient price, courtesy of the cartel between the head construction contractors and enforced by the Construction Forestry Mining and Energy Union?

What's the problem anyway? Our GDP is growing at a respectable clip and we are about to enjoy the benefits of surging commodity prices. The last thing we want is artificial stimulus from government.

As for that completely foolish observation of the IMF team that the pace of fiscal consolidation in Australia is too fast — oh dear. Politicians need to grab the chance when they can. Just forget the IMF's puerile advice about using fiscal room, Scott — it is a highly irresponsible suggestion.

As for the IMF's gratuitous remarks about the overheated housing market, ignore them too.

We can thank the misguided policy of the Reserve Bank driving down the cash rate even when there was no need as well as the excessive rate of population growth associated with an overgenerous immigration program.

To pin rises in house prices on taxation is a long bow — after all, the taxation arrangements have not changed since 2000 and negative gearing goes back to 1915.

But what else would you expect from the well-remunerated staff members of the IMF who effectively pay no tax and receive generous pensions on retirement?

Big government, high taxation and more regulation is the thrust of the its recommendations. It's to be hoped this is advice a growing number of countries, including Australia, will disregard.