

Budget 2017: no contest of ideas, just a grubby fight for votes

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For years, legitimate questions have been raised over what the modern Labor Party stands for. Following the 2017 budget, those same questions now hang over the Liberal Party.

In the House of Representatives on March 11, 1999, Peter Costello, then treasurer, accused the ALP of lacking discernible values: “The Labor Party stands for nothing but populist oppositionism.”

The Liberal Party has been in power for almost four years. With the support of its Coalition partner, it has won the past two federal elections. Yet many of the policies promoted and implemented during this period of Coalition government seem at best disconnected from the philosophical platform on which the Liberal Party was established by Robert Menzies in 1944, and at worst a repudiation of those ideals. Does the Liberal Party now stand for nothing but populist government?

When Kevin Rudd declared less than two weeks out from the 2007 federal election “I am an economic conservative”, it was more than merely a tactical ploy to unseat John Howard and Costello as celebrated responsible economic managers. It was a challenge to the identity of the Labor Party. That statement demonstrated the respect that even Labor had for a conservative economic agenda in government, even if only because such a message was popular. It was a powerful signal about confidence on the centre-right that liberal values were being adopted by the major party of the left.

The 2017 budget — with a permanent new tax on Australia’s most successful financial institutions, and government expenditure continuing to increase for the foreseeable future — shows the opposite is true today: the left is so brimming with confidence that the major party of the centre-right is implementing its ideas.

In 2007 it was no surprise Rudd felt the need to say he was a fiscal conservative. The record of the Howard-Costello years is remarkably impressive. Before Howard came to power in 1996, net debt as a percentage of gross domestic product had reached 18.1 per cent. By the end of the Howard government it was minus 3.8 per cent. In the 1995-96 budget government spending had reached 25.6 per cent of GDP. Howard and Costello brought that down to 23.1 per cent in their last budget in 2007-08.

As we know, Labor in government departed significantly from the economic narrative Rudd had promised before the election. Prime minister Rudd embraced profligacy for the same reason that opposition leader Rudd had paid lip service to frugality: political expediency. In many ways Rudd was the perfect embodiment of the modern Labor Party: an ideological chameleon willing to do whatever it took to retain power. Though some have painted Rudd as a political outsider, he is in fact a product of the party he joined at age 15. And his lack of conviction is no doubt connected to the structural problems within Labor today.

Trade union representatives continue to make up half of delegates at ALP state and national conferences. Such a structure made sense when union membership rates were relatively

high. In 1990, 40 per cent of full-time workers were members of a trade union. When the Rudd government took power in 2007 that had fallen to 18.9 per cent. And while union membership rates remain high in the public service (they were still as high as 39.5 per cent in 2015), they have declined rapidly in the working-class industries where the ALP has traditionally found support (12.36 per cent in manufacturing; 11.37 per cent in construction).

These changes in the makeup of the single largest stakeholder in the Labor Party are turning the political wing of the working class into a party of the cultural elite. Radical climate change policies such as the carbon tax may make wealthy inner-city dwellers feel good about themselves but they sharply increase the cost of living and smash blue-collar workers. Caught between old Labor and new Labor, the ALP is stuck in an ideological vacuum.

Perhaps because of this shift towards populism, the Liberal Party no longer appears to be anchored in principle either. In the years following the Howard government the Liberal Party has struggled to prosecute its philosophical agenda. The current budget abandons any pretence that government should be smaller. It accepts growing levels of government spending as the new normal, leaving less room for individuals to pursue their own opportunities.

This malaise goes back at least as far as the previous government. While the current budget taxes banks to pay for Gonski 2.0, the Abbott government proposed to tax Australia's largest corporations to pay for an absurdly expensive paid parental leave scheme.

The 2017 budget shows the Liberals are just as guilty as Labor in losing touch with core beliefs. Both major parties have all but conceded they exist not to participate in a battle of ideas but merely to win the next election.

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