

## RURAL TIMES 9

### Cutting Government

*John Hyde*

There is more to cutting the size of government than cutting the size of the budget. Nevertheless, budget cutting is important. Before the Federal election the Australian Institute of Public Policy published a list of expenditure cuts which it said the new government ought to make and, more importantly, it told how to go about budget cutting (Economic Witness No 44: \$9.95). Both the list and the advice on method were produced by Sir William Cole, a former head of the Department of Finance.

The list included such items as: changing health insurance arrangements to encourage the wealthy to pay more of their own way (saving \$800 million); reducing university grants while encouraging the institutions to charge modest fees (\$400m); tightening the administration of AUSTUDY (\$47m); cutting in aboriginal affairs spending by 5% (\$25m); recovery from farmers of 90% of the cost of quarantine and inspection services (\$45m); abolition of the First Home Owners Scheme (\$153m), the Australian Institute of Sport (\$22m) and the Australia Council (\$50m); and some 39 other savings.

Anyone who believes that budget cutting is easy should have heard the representative of the Australia Council who telephoned me about the recommendation to abolish it. Of its budget of \$58 million, \$8.7 million is spent on administration, making the Council's 117 staff the largest identifiable group greatly to benefit from the Council's existence. She was unabashed by that!

Insincerity can be disguised, but I do believe that the lady who rang me believed that relatively poor taxpayers had an obligation to subsidise opera-goers, people who choose to be artists and the 117 staff. Taxpayer-funded selfishness is not, however, restricted to the arts. For instance, farmers demand that taxpayers subsidise their fuel, fertilisers and loss-making railway lines. And who has not heard it insisted that the poor bloody taxpayer must finance aged persons' pensions, health care, and free tertiary education for everybody, irrespective of means?

A big-spending, big-taxing government, although not my ideal, is possible. However, most people seem to want the

impossible: they complain when their handouts are reduced and complain also about high level of taxation. When pressed, they usually suggest reducing the subsidies paid to sole parents and aborigines. Those two payments encourage dependency, and it may be a very good idea to reduce them, but the two budget lines together only add up to \$2500 million---a figure which includes the money paid to widows who support children. The money saved by pruning them will not go far towards paying for all of the handouts that people want. What is more, to me it seems somewhat less outrageous, in intention at least, to subsidise single parents and aborigines than to encourage artists, farmers and university students to attach themselves, like leeches, to the taxpayer.

Faced with the wrath of frustrated mendicants, the budget-cutting politician's lot is obviously not a happy one (a fact which, no doubt, accounts for Senator Walsh's acid tongue). Dealing with so much selfishness and Ministerial gutlessness must go quite some way toward souring one's view of human nature---that is, to make one forget the millions of generous people who do not come begging and whining to the Ministers' doors.

Cuts can be made, however. Government expenditure is not cut to the bone. Consider this table of budget outlays---all at 1984-85 prices.

Year	budget outlays \$ billion	budget outlays \$ per capita
1972-73	36.1	2700
1975-76	48.1	3400
1982-83	55.1	3650
1985-86	65.8	4150
1988-89	62.5	3800

The table shows that Whitlam was much more extravagant than McMahon; that Fraser was more extravagant than Whitlam; that Hawke is still more extravagant than Fraser, but that Hawke has cut expenditure from his own peak in 1985-86.

Neither Mr Whitlam nor Mr Hawke came to power with the intention of cutting expenditure. Mr Fraser did. Sir William Cole noted that Fraser failed because his government lacked nerve and teamwork and identifies some of the lessons to be learned.

Whitlam had the Priorities Review Committee; Fraser, the Bland Committee and Sir Philip Lynch's Razor Gang; and Hawke, Mr David Block's review of departmental functions. But want of political will ensured that none of these was very successful. The Hawke government's Expenditure Review Committee of Cabinet has been more successful---but how much of its success was due to Senator Peter Walsh who has now retired to the back bench?

Major budget cuts are needed urgently to help deal with Australia's balance-of-payments problem. Cole suggests means by which a cost-cutting cabinet might deal with the vested

interests---one was push a telephone into the hand of Ministers who ask for further information. The core of his advice is to act quickly using the people who already know the outlays side of the budget inside out.

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