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The Worst Possible Election Result

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"The harlots cry from street to street
Shall weave __Australia's__ winding sheet"
(with apologies to Blake)

The worst possible election result would be for the Democrats to hold the balance of power in the House of Representatives. If the parties were to line up 74:73:1 or 74:72:2 after the election, Democrat balance of power may be averted by offering them one big bribe up front, namely the Speakership. Irrespective of her/his suitability for the role, the price would be cheaper than governing without the ability to get tougher measures through the House. A 73:73:2 result, on the other hand, would be unthinkably bad. Just how bad can be seen by reference to Democrat policies.

The Democrats are condemned not by the detail of their policies, of which there is little, but by their tenor. Indeed, political parties in Opposition should not be expected to provide detailed, precisely-costed policies. Without the benefit of the civil service, they cannot do it---worse, they lock themselves into unworkable policies, as Whitlam did in 1972. In 1987 an arithmetic error of a type that Treasury (and therefore a Government would not have made) coming on top of the Joh-for-Canberra nonsense, finished the Coalition. This was the case even though the error at the bottom line was smaller than the degree of inaccuracy which even Treasury must accept. That error paled into insignificance beside the uncertainty inherent in guesses about how the Democrats in the Senate might vote.

Party policies do, however, provide us with a guide to the principal aims and style of aspirants for office. Although detail and costing down to the last $100 million are always spurious, policies should be internally consistent---if, for instance, they make expenditure commitments but provide for no additional revenue or offsetting expenditure cuts, they are dishonest nonsense.

The Democrats paint their policies with a very broad brush. Fair enough, but there are other objections. One is

that Democrat expenditures, when taken together, are utterly impossible to make. Another, is that nearly every policy is a blatant attempt to win support by appealing to somebody's greed or envy. The total policy stance is populist nonsense that neither major party would be allowed to get away with for a minute. However despairing voters may be with the Liberal and Labor Parties, before they are seduced by the Democrats they should ask what they will be asked to pay for.

Lest it be thought that I am too harsh, allow me to give the Demos some free advertising. They are advocating rather a lot of expenditure and foregone revenue. These items are taken from a far longer list: provide incentives for import replacement and export industries; grant tax exemptions on certain savings to provide funds for home buyers, rural producers and small businesses; increase the social wage; index the tax threshold for inflation and increase it to at least the poverty line; provide tax incentives for decentralisation; subsidise housing interest by allowing a tax rebate for home owners; increase AUSTUDY; provide tax incentives for ecologically-sensitive farming methods; institute a national income support scheme; index all pensions and benefits quarterly; raise the tax threshold above the basic pension rate; reduce the level of proof of eligibility required by the Department of Social Security and reduce the Department's powers to recover debts by attachment of bank accounts; provide more childcare; increase family and child allowances; provide special purpose funding to familiarise young women with modern technology; and offer pre-school education to all children. All of these big ones are taken from the first 12 of 26 pages. Need I go on? The items listed so far would cost many thousands of millions of dollars.

They say they intend to finance all of it by imposing a 10% duty on luxury imports; abolishing negative gearing on company takeovers; eliminating transfer pricing; and taxing "the massive amounts of money leaving Australia to speculate against our currency". The first impost may not actually raise more revenue, as many of the goods are already dutiable and the additional tax will reduce the volume of taxed goods imported. Even if the second can be administered and can be designed so as not to unduly inhibit capital formation, a legal restriction is unlikely to do much more than the recent spate of collapses among highly-geared companies is doing to prevent borrowings or increase the proportion of equity investment. As to the third, the Democrats must ask themselves whether they can do more than Labor has already done to prevent the transfer of profits overseas. And the fourth, that is, tax the money leaving Australia, must be classified as loony. The Democrats claim these measures will raise $5000 million---and pigs might fly!

The Democrats' purely loony policies also make a long list. There is, for instance, the tax provision already mentioned: Janine Haines could not have bought her travellers cheques for a parliamentary junket without speculating on movements in the Australian dollar. Neither can a mining company decide when to pay for a piece of equipment or the

Wheat Board sell a tonne of grain without making a judgement about movements in the currency. Just what do Democrats intend to tax? Even if it is only investments by Australians in overseas assets, that is not smart either. Just one more: the Democrats are calling for "effective price control". Do they not understand that price control implies rationing? Do they intend issuing ration cards? If they have any doubts about that, I suggest that they study a CIS publication, "Wage-Price Control". It contains, among other things, a prescription by one Kautilya, an Indian bureaucrat (circa 320 B.C.) for regulating the price of prostitutes. It does not mention votes, nevertheless, Democrats may understand it.

The general thrust of the Demo's policy is irresponsible in the extreme. It is also well to the left of Labor. Anyone contemplating voting Democrat should carefully study Democrat policy. They will find something in it for themselves, and also for every other vested interest in the land. In short, there is no political corner upon which the Democrats do not dangle their beaded bag.

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