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## ON THE DRY SIDE CUTTING THE DEFICIT John Hyde

The attempt to turn the tax summit into a debate about government expenditure failed to get people up and running with the cause. I am sure this was not because there is insufficient distaste for wasteful government, but because people were given nothing concrete to talk about - there was no agenda - no Australian equivalent of the United States Grace Commission. Somebody had first to suggest which expenditures were to be restrained, how and why.

Brian Buckley, writing for the Australian Institute for Public Policy (25 Mount Street Perth), has compiled a list of Federal budget cuts, to save the taxpayer \$5000 million, offering a simple justification for each. Cuts of \$5 billion, without new commitments, should approximately balance the Commonwealth's books. He adds substance to the unspecified demands for budgetary restraint made by the Business Council, the Opposition (Mr. Valder, who was specific, excepted), and many others.

Not many people believe that all, or even most, of the nearly 44% of GDP spent by the public sector is well spent. Everybody, except a few political and economic crazies, knows that the cost of servicing past budget deficits has become a considerable fiscal burden - interest is now a bigger budget item than either defence or education - but almost nobody dares to say where to cut it. Mr. Hawke has said it will not be cut by raising taxes; neither the Opposition nor the Business Council advocate more tax; but none will say where to cut government costs.

No issue demonstrates the need for independent research better than this one. Every budget line has stakeholders among the consumers and the providers of government services who defend spending. These, like the ABC staff association, are often well organised and articulate. Only people who are not beholden to the stakeholders for votes, patronage or money, will argue for general interests, like lower tax rates and balanced budgets, in terms which say who pays. But policies which identify benefits without specifying who pays are worse than useless: they are neither credible nor a guide where guidance is most needed - where the political going is tough. Only the AIPPs and their ilk feel that they can afford to publish the Brian BUCKLEYS. How many universities advocate the introduction of fees; how many farmers the advocate abolition of fertiliser bounties; would the Business Council start by abolishing tariffs and bounties; do civil servants recommend reduction of their own ranks? As Bernard Shaw said "Not bloody likely".

Because the Libs have not said where they would save money, and in fact have opposed assets testing, Senator Walsh was able to have a little fun at the expense of Mr. Howard and Mr. Peacock. A successful Liberal Party Federal Council motion called for \$5000 million (4% of GDP) lower Federal spending. He challenged them to specify where the necessary savings were to be made. Uncharitably he said that if they did not, they would be 'exposed as Cargo Cultists and treated accordingly'. This was all good political fun, but the Finance Minister would have been fairer to have attacked them for their lack of support for his own cost cutting proposals than for a non-binding expression of opinion by the Liberal party. Senator Walsh knows that the real cargo cultists are those in both political parties who think that one day cargo will repay the accumulating domestic and foreign debt caused by deficit budgeting.

Mr. Peacock cannot start a Prime Ministerial term by repealing the laws of arithmetic. His opposition to assets testing, or to any other government cost saving initiative, deserves no political respect, or indeed credibility, until he says where he will make necessary cuts. But a more charitable Senator Walsh might have cast his mind back to Labor's irresponsible undertakings when it was in Opposition. Before condemning Howard and Peacock he might have conceded that there but for the responsibilities of office goes he. Ethical considerations aside, it is a good thing that Labor's more irresponsible promises were substantially ignored on coming to office. Again ethical considerations apart, let us hope that Liberal Opposition rhetoric will be ignored if, as seems increasingly possible, they are elected in 1987.

We might have expected the Minister to have welcomed whatever support he could get for his own efforts to curtail expenditure, even that of the Liberal Federal Council. Heaven knows he needs it. There is every risk that under the pressure of impending defeat his own party will become as irresponsible in government as it's rhetoric was when in Opposition. Instead of encouraging the belief that the Liberals, on gaining office, would cut spending the Senator might have accepted the implied criticism by the Liberal Federal Council of the Opposition's attitude to policies.

like an assets test, but apparently even he thought that the political profit in that course was less than in encouraging the budget line stakeholders to fear the Opposition - of encouraging the belief that the Opposition really mean it.

So frightened of a leak would the Opposition be, that it is very doubtful that they have a list of spending cuts specifying how they intend to balance the books, when they come to office. In consequence, in government, it is more than likely that they will do as Fraser did, reduce the deficit by raising taxes.

People ask questions like, "Is it really politically possible to adopt the various Buckley recommendations: to cut spending over all by \$5 billion, cut the ABC budget, bring men and women nearer to equality by raising women's pensionable age to 65, stop funding UNESCO as the United States has done, pay the family allowance only to larger families or means test it, or cut the sporting budget in half?" The answer is: of course not yet; otherwise these would have been done. The whole point of political advocacy is to make things politically possible. Last year, Buckley advocated an assets test; it became politically possible during the year; as did abolition of the National Aboriginal Congress in line with a general criticism he made of Aboriginal affairs administration costs; and the subsidy to the Northern Territory electricity supply has been cut. University fees and ABC sponsorship have moved well up the political agenda.

At the moment public sector spending equivalent to 44% of GDP is politically possible. Advocacy alone will determine whether that becomes 54% or 34%.