



This Budget Ends The Liberal Age

Publish Date:

May 2017

Maybe it's time to acknowledge what in recent years has become obvious, and what was confirmed on budget night.

A unique period in Australia's modern history is drawing to a close. For three decades both of the country's major political parties held a commitment to policy reform based on the principles of economic liberalism.

It might be that in the future we'll look back on these 30 years as an aberration of our political and economic history. Two-hundred years ago Australia was settled by Europeans as an inward-looking, statist colony. There's every indication that's a condition to which we'll return.

Tony Abbott's former chief of staff Peta Credlin said of the budget: "When they come to write the history of conservative governments in this country, the 2017-18 budget will be a defining moment. Last night, the Howard-Costello era ended."



“In its place, Malcolm Turnbull and Scott Morrison delivered a budget that owes more to the ghost of Labor leaders past than it does to Liberal fundamentals of debt reduction, prudent spending, lower taxes and smaller government.”

If in 2014 Tony Abbott had delivered a high-taxing, high-spending budget as the Coalition did this week, maybe he'd still be prime minister.

Credlin's assessment as it applies to the Liberals is correct, but her point can be drawn even more broadly. On budget night it wasn't just the Howard-Costello era that ended. The Hawke-Keating era ended too. Within minutes of Morrison revealing a new and arbitrary tax on the banks, the shadow treasurer Chris Bowen announced his support for it.

In truth, the burial rights for the heritage of Hawke and Keating were uttered by Kevin Rudd following the global financial crisis. In February 2009, in an essay in *The Monthly*, he repudiated “the triumph of neo-liberalism” and “free-market fundamentalism”. The ALP has been living in the shadow of Rudd's pronouncement ever since.

Rudd was typically overblown, but he wasn't wrong. “From time to time in human history there occur events of a truly seismic significance, events that mark a turning point between one epoch and the next, when one orthodoxy is overthrown and another takes its place.”

The philosophical confusion of the Liberal Party was encapsulated by Morrison on Tuesday evening. He had said the budget wouldn't “tickle the ears of the ideologues”. But the ideologues of the left would have been delighted at the Liberals' super profits tax on the banks. Until this week, the only people talking about such a tax were the Greens.

Also on budget night the Liberals' double standards were made apparent.

In February, when explaining why the Turnbull government could not abolish the Renewable Energy Target, the Treasurer said: “When you put in laws ... if you put them in one day, and you change them the next day, what do you think people investing are going to do and thinking about the stability of government policy? That's called sovereign risk.”

So if you're running a wind farm, the Turnbull government won't dare touch you. But if you're running a bank, the Liberals will happily throw a metaphorical brick at you. If you're a Liberal-voting retiree trying to live off your superannuation savings, the government will throw two bricks at you.

The claim that the 2017-18 budget is the way it is because of a recalcitrant Senate is a fig-leaf excuse hiding much bigger problems. And it is not just on government spending that the Liberal Party is abandoning its principles. The Turnbull government took a fortnight to decide its position on changes to penalty rates – and what that position is remains unclear. And both the Abbott and Turnbull governments took years to decide what they thought about freedom of speech.

For the Liberals, the end of the heritage of Howard and Costello is more recent than what



happened to Labor – but more dramatic. The ALP wasn't founded, for example, to defend the cause of free enterprise against big government – the Liberal Party was.

A typical member of the Labor Party doesn't believe taxes should be as low as possible so individuals can be free to choose to spend their own money as they wish – the typical member of the Liberal Party does. Once upon a time a typical Liberal MP believed that too.

Originally published in:

The Australian Financial Review

Original Link:

<http://www.afr.com/news/policy/budget/this-budget-ends-the-liberal-age-20170510-gw26nf>