

The Three Lies Labor Should Attack

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The Liberal Party's three main slogans - boats, debt, and the carbon price - are all based on outright falsehoods. Why hasn't Julia Gillard been tackling Tony Abbott's lies, asks Ian McAuley.

A story from the 1915 Anzac campaign describes General Birdwood's encounter with an Australian digger. Birdwood, the British commander of the Anzac forces, was inspecting the Australian lines, and was accompanied by a corporal from the British army. As they approached a comparatively unsheltered spot, an Australian soldier yelled to Birdwood "Keep yer head down mate". The corporal, a product of the British class system, was shocked - no salute, not even a "sir". "Should I take his name sir?" asked the corporal. Birdwood's reply was "Take his bloody advice".

The story is apocryphal, but it's a reminder that good advice often comes from those who dispense with the usual niceties, and who may be speaking out of turn.

Kevin Rudd had the audacity to use the "L" word on the ABC last week. In response to a question about Tony Abbott's pledge to turn back the boats, he said "That is an absolute lie. He knows that".

Rudd was talking frankly, without reference to the insipid and patronising daily speaking notes prepared for backbenchers. But more than a breach of etiquette, some saw Rudd's speaking out as an act of disloyalty.

The Government has handled the asylum-seeker issue poorly, but by any reasonable criteria the Opposition's policies, as stated, would be far worse, and there is no practical way an Australian government could "turn back the boats". It's a nothing more than a glib statement designed to have traction in the outer suburbs.

The message has another audience. Few journalists have commented on how the message about turning back the boats is received by people smugglers and their hopeful customers. It's a Harvey-Norman style message: "offer can't last - get in before 15 September!" Great for the people smugglers, and great for Abbott if it results in a surge in the months leading up to the election.

Is that his deliberate tactic? We will probably never know, but for Abbott the message is certainly convenient.

The Gillard Government would do well to take a similarly aggressive stance on two other lies, about government debt and carbon pricing.

"Record debt is Labor's Achilles heel" reads a banner on the Liberal Party's website - a message often repeated by Abbott.

If we look at the tables at the end of Budget Paper #1, we can see that Australian Government net debt is \$178 billion, and that is indeed the highest figure in the table, which goes back to 1970-71.

But the figure is meaningless unless it is put in context. It's like someone saying that their \$200,000 mortgage in 2013 is 20 times as large as their grandparents' £5000 mortgage in 1953, or like comparing the £1023 (\$2046) price of an FJ Holden with the current \$34,990 price of a Holden VF Commodore.

The most relevant metric for debt is the borrower's capacity to pay. In our domestic lives we generally think of our capacity to take on a mortgage in terms of our income. In terms of national economics, the equivalent metric is a country's GDP.

Australian Government net debt stands at 11.1 per cent of GDP. Its peak was around 130 per cent of GDP, at the end of the 1941-1945 Pacific War, and it has been on a steady decline ever since, with a few minor fluctuations.

There is no end of stupid comments one can make from figures unadjusted for price and inflation. My favourite, generated by a student in a classroom competition to find the most idiotic comment using unadjusted fiscal data - the data-set used by Abbott and the Liberal Party Secretariat - was the statement that Costello in his last budget spent 23 times more than was spent by the Whitlam Government in its last budget.

It shouldn't be hard for the Government to expose the deceit in Abbott's debt statements - using simple metaphors like mortgages or the price of a Holden. It could even refer to the massive accumulation of private

debt on John Howard's watch, fuelled by housing price inflation encouraged by government policy. But Gillard is politely refraining from entering this territory, leaving the Opposition a clear run in holding the impression that it is more competent in managing the economy.

Labor has also ceased to fight the outrageous variations on Abbott's "big new tax" theme for the carbon price, the most recent being about its adding \$400 to the price of an Australian-made car and therefore a major factor in Ford's closures. There are a range of independent estimates, all much lower than \$400. The most careful estimate from the industry is Toyota's figure of \$115 – about 0.3 per cent of the price of a car.

The Government did challenge this particular instance of Abbott's nonsense. But it has generally let Abbott get away with the "big new tax" line with impunity. Whenever he has talked about the carbon price as a "wrecking ball" the Government has done no more than to dispute the figures, rather than to explain the principle behind carbon pricing – that it's a means of ensuring that prices are in line with costs.

As any first year economics student would know, applying a price to carbon is simply a way of capturing some of the environmental cost of burning carbon into its price – "externality pricing" in economists' terms. It's an economically orthodox pricing mechanism, which is quite in line with traditional Liberal Party pro-market ideology.

Abbott's promise to abolish the carbon tax is essentially a promise to subsidise some firms at the expense of others – requiring low-carbon energy firms such as Infigen Energy, Geodynamics and Hydro Tasmania to compete in a market where their competitors are not required to cover the full cost of production. It would be like applying a tax on Holden and Toyota to subsidise Ford.

Abbott's three main planks – "stop the boats", "record debt" and "big new tax" come within the definition of a lie – not only an outright falsehood, but also "something intended or serving to convey a false impression" as defined in the Macquarie Dictionary. Kevin Rudd has been frank enough to call one of these planks a lie. Gillard, like General Birdwood's corporal, would do well to take his advice rather than getting offended by his speaking without respect to her focus-group tested speaking notes. On gender issues she speaks her mind, and commands attention. Perhaps that's because her media advisers don't have written speeches ready for her to read. On other policy issues she must show the Australian people she has the same fire in her belly – or hand over to someone who does.