

Pork barrelling is worse than the waste.

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Pigging out on public funds undermines the expectations we should have for our politicians in a way that favours conservatives, writes Ian McAuley.

If Labor wins the election the Coorparoo Junior Australian Football Club in Brisbane will get \$1.2 million to upgrade its facilities.

Not to be outdone, the Coalition has promised \$1.4 million for Lismore's Oakes Oval. (It's not clear whether they would keep the promise if they win office but Barnaby Joyce loses his seat.)

A long election campaign invites a string of such promises. They're not expensive (if one disregards the administrative cost of the Commonwealth involving itself in small projects that should be the realm of local or state government), but they send confusing signals about parties' policies, and invite the sort of fiscal nit-picking that partisan commentators have engaged in.

They may help parties shore up or capture marginal seats (the research on pork barrelling is not clear), but even if they work, they impose a political cost on both parties, because they invite the public to see politics not as a contest of ideas, but as a contest of patronage, with little connection to public policy.

That perception suits the Coalition, because while it reinforces the electorate's political cynicism, it also carries the message that we may as well "stick with the current mob for a while" to quote the Coalition's bejewelled and bank-loving tradesman. That strategy works on the idea that if both sides are just as bad, there's no point in switching.

So the Coalition has run a lazy campaign, counting on the unwavering support of the Murdoch media, the ABC's obsession with "balance", the backing of rent seekers who have done so well from the Coalition's policies (property speculators, health insurers, financiers, coal mining firms), and the incorrect but widely-held perception that the Coalition provides better economic management than Labor.

Timing has also been to the Coalition's advantage. Three months ago, in a New Matilda article, I speculated that one strong motivation for Turnbull to call an early election was to get in before people notice how badly the economy is performing. That seems to be confirmed: the labour market is decidedly soft, real incomes are falling, the real-estate market is starting to look wobbly, the government's AAA credit rating is less assured, and the end of the mining boom is revealing our chronic current account deficit and national debt. (Note that Australia's main debt problem is the \$1 trillion foreign debt and the related household debt rather than the comparatively modest \$320 billion Commonwealth debt.)

Then early in the campaign the Reserve Bank cut official rates. Those who are carrying heavy debt see the cut as a windfall, and possibly an endorsement of the government's competence, rather than as a desperate attempt by the RBA to breathe some life into a weak economy.

Finally, for the Coalition has come the godsend of Brexit, just in time to raise anxiety, but not early enough to reveal its economic consequences.

While the Coalition has been lazy, Labor's campaign has been timid.

By almost any criteria Labor's economic policies are more responsible than the Coalition's. It has recognised and responded to the severe distortions resulting from the Coalition's 1999 capital gains tax changes and the long-standing permissive treatment of "negative gearing", but that response has been disappointingly mild. It has correctly (but clumsily) pointed out that the Coalition would destroy Medicare, but it has not put forward a proposal to withdraw support from private health insurance. Its policies on climate change are more effective than the Coalition's, but they fall short of a strong carbon tax. Its promise to connect an extra two million premises to proper broadband is welcome and puts the Coalition's plan to shame, but it falls short of Labor's original broadband plan.

Labor has the occasional infrastructure proposal – a tramline in Adelaide, a few overtaking lanes on the deadly Barton Highway and so on – but in view of our infrastructure deficits, and the opportunity to issue long-term bonds at absurdly low interest rates, Labor has been remarkably unadventurous. Only on school funding does Labor seem to have reasonably bold proposals.

Labor has been hobbled by its attempt to fit its proposals within a fiscal framework set by the Coalition – namely the idea that we cannot raise any new taxes, and the associated idea that all government debt is bad, even if it is used to finance economically responsible investments. The myth that Australia is a high-tax country has stuck, despite the evidence that we have about the lowest tax-to-GDP ratio of all prosperous developed countries. The Coalition keeps saying we have a spending problem, but in fact we have a bad revenue problem.

Evidence shows that political parties on the left do not have to shy away from proposals to raise tax, provided they can give a credible promise that the taxes so raised will be levied fairly and will deliver improved public services, particularly in health and education.

But the case has to be built up within a principled approach to public policy, and Labor in government and in its position in the Senate has tended to put opportunities to embarrass the Coalition ahead of presenting a solid and consistent left-of-centre policy framework – a “narrative” as some say. Its economic policies are on the right track, and they are consistent with traditional Labor values, but the public doesn’t see that consistency. All they see is a disparate collection of promises which puts funding for a football oval in a marginal electorate on the same level as a proposal to restore funding to the CSIRO or to spend \$2 billion on public hospitals.

If economic competence and responsibility were to determine the outcome of the election, Labor would do much better than the Coalition, and the Greens would be assured of strong representation in both the Senate and the House of Representatives.

But my prediction is for a narrow Coalition win. That is, they will almost certainly win more seats in the House than Labor. But the Senate is anybody’s guess, and even if the Coalition were to win enough seats in the House to govern without support from other parties, only in the highly unlikely event of a thumping Coalition victory would Turnbull have the numbers in caucus and the joint party room to fend off extremists on the far right of the Liberal Party and in the National Party. (It’s strange that in considering dealing with the Greens or independents in the House the Liberals talk about “a power-sharing fiasco” and “chaos and dysfunction”, when those same terms could be applied to the way the Liberal Party in office has always been beholden to the National Party.)

A Coalition Government with serious factional disputes and a backbench of dumped former ministers would not make for stable government. If, as is likely, Australia faces a serious economic downturn – a burst housing bubble, a Latin-American style currency crisis, a recession in China – it would also be a chaotic and possibly short-lived government.

Labor partisans may even welcome the prospect of a Coalition Government in these difficult times – it’s usually Labor that comes to office just as a recession is looming. But those who are considering voting for the Coalition just to enjoy a little Schadenfreude should put those ideas aside and give their effective vote to Labor or to parties unlikely to support a return of the Coalition..