

BUDGET LEAVES A PHILOSOPHICAL DEFICIT

DARCY ALLEN

Editor of the *IPA Review*
and Research Fellow at the
Institute of Public Affairs



Once again, the Commonwealth budget enlarged the Commonwealth government. And once again we are predicted to grow our way into surplus, this time in 2020-21. But this year an economic miracle alone won't be enough, so we have contradictory policy tinkering and big new tax hikes.

In time, this budget may come to represent when a decades-long period of Australian economic reform was finally exhausted. There is now no meaningful difference between our two major political parties—which is exactly what happens when the Coalition gives up any consistent liberal political philosophy.

The \$6.2 billion tax on Australia's banks is arbitrary, opportunistic, and populist. The cost of whatever revenue this tax does eventually raise will ultimately be passed onto Australian shareholders and consumers, and its long-run effect will be to dampen our already falling business investment levels.

The bank tax will add to the nearly one quarter of our GDP that goes into government revenue. Even despite this, our gross public debt will reach an unprecedented \$725 billion in 2027-28. That means Australia will be spending almost \$2 billion per month in interest payments.

How did we end up with a high taxing, big spending and contradictory government? While the budget was pure politics, the real concern is a lack

of consistent political philosophy—there's simply no unifying belief holding policy together. Indeed, Treasurer Scott Morrison has now given up on even pretending, recently stating that the Liberal Party could not 'slavishly follow past political orthodoxies, simply because they worked before.'

Does Australia believe in rewarding success, or punishing the most profitable? Do we have a spending problem, or is more revenue the answer? Do individuals flourish when the government is big, or when it is small? We cannot answer these questions without philosophical grounding. In its absence we get piecemeal policy that ignores and exacerbates the core issues.



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Take the long-awaited housing affordability package: does the government want house prices to go down, or does it want prices to go up? The new First Home Super Saver Scheme gives tax concessions to first home buyers. Buyers will now be able to make voluntary contributions into an account inside their superannuation that receives preferential tax treatment.

At first this scheme makes housing feel cheaper. But this is the only sense in which the scheme will ease 'affordability'. As more money enters the market, house prices will eventually rise, ultimately benefitting existing property owners over new buyers.

Despite the rhetoric, this policy is not a comprehensive opening up of the superannuation system—it is not a philosophical commitment to the ideal of allowing citizens access to their own money. It simply washes additional voluntary contributions through our bloated superannuation system.

A further problem that comes from a lack of philosophical conviction to liberalism is a rise in the cult of public experts tinkering with our lives and engineering our incentives. Liberalism teaches us that individuals are the best judge of what is best for them; that we are essentially experts in our own lives.

In this edition Daniel Wild argues that the 2016 election results were a rejection of illegitimate experts who claim expertise in areas where none exists, and suffer few consequences when they are wrong. These experts fill the void where a liberal political philosophy should be—and Australia's public bureaucracy is teeming with them.

As Morgan Begg reveals in his piece, these experts are deeply entrenched within our governing institutions—Australia has its very own swamp of publicly funded advocacy groups. Government continues to lobby itself, with our money, and in critical areas such as constitutional change and freedom of speech. The publically funded bodies who parade before senate inquiries must be called out as a bizarre perversion of our democratic process.

This budget has confirmed no discernible difference between Australia's two major political parties, but perhaps there is hope. Australia's political landscape is now fertile for a consistent and unwavering liberalism to re-emerge. Is this the beginning of a political correction we needed to have? 