



“Faced with a global economic downturn, Labor like rabbits in the headlight!”

By Senator Mathias Cormann on 3 February 2009

Senator CORMANN (Western Australia) (6.53 pm)—I rise to reflect on the government’s management of the economy. When it comes to managing the economy, we have a government that is completely out of its depth. We have a government that has not got a clue what it is doing. When faced with one of the most, if not the most, significant global economic downturn, it is behaving like a rabbit in the headlights. Let us just reflect on the events of the last two years. The Australian people were deceived before the last election into believing that Kevin Rudd would be an economic conservative. They were deceived into believing that, under Kevin Rudd, they would have the same responsible economic management as they had experienced and benefited from under 12 years of the Howard-Costello government.

What happened after the election? Let us reflect on the events. The Treasurer and the Prime Minister, for political reasons, talked up inflation and talked up interest rates so that they could find something to undermine the economic legacy of the Howard-Costello government. Of course, it was purely for political reasons and what they did was actually bad for the Australian economy. Then we had Labor’s first budget. Today we have had Kevin Rudd saying, ‘We protected the surplus in our first budget.’ Let us read the fine print: \$20 billion worth of additional taxes and a \$15-billion increase in net spending. Taxing, taxing, taxing, spending, spending, spending is the history of the Labor Party in this country and the history of social democratic administrations, as the Prime Minister now wants to describe them, around the world. The reality is this: trying to spend your way out of trouble always ends up in tears.

So what have we got? We have a government that went on a pre-Christmas spending spree, which clearly has not worked. People in my home state of Western Australia are saying to me: ‘What is happening in Canberra? They are pissing all this money up against the wall and have nothing to show for it.’

The PRESIDENT—Senator Cormann, I think you should withdraw that word. That is not normal. Also, you should refer to people in the other place by their correct title.

Senator CORMANN—Mr President, I withdraw that word. I was seeking to express to the chamber the sentiments that my constituents are putting forward to me. A \$22 billion surplus has gone, wasted, with nothing to show for it. This was even before the pre-Christmas spending spree. What else do we have when it comes to economic management? The reality is that we have a government here that proposes ideologically based initiatives without thinking through the implications for our economy. We see it again and again.

Most recently, we have had some debates about the impact of the government’s proposed emissions trading scheme. Anybody across Australia, from any side of

politics, that dares to ask any questions, that dares to insist on some scrutiny of the details or of the impact on jobs or on the economy gets howled down: 'You're a non-believer! You're a sceptic! Don't dare ask any questions.' The problem for the government, of course, is that its own members and senators are starting to ask questions. Not only that but the National Secretary of the Australian Workers Union has started to ask questions because he is worried about the impact that the flawed design of this Carbon Pollution Reduction Scheme will have on the jobs of his members. We have a responsibility in this chamber to apply proper scrutiny to the government and what it is proposing, no matter how much bullying comes from the other side and no matter how many attempts there are to prevent us from doing our job.

I asked Senator Conroy today whether he was aware of the calls from Mr Paul Howes, the National Secretary of the Australian Workers Union, to have some additional Treasury modelling to assess the impact of the government's proposed Carbon Pollution Reduction Scheme on the economy and on jobs. He did not take the question seriously. In absolute arrogance and contempt, he said: 'I'm not even going to answer this question because it is based on the wrong premise.' What does he mean—based on the wrong premise? We have Treasury modelling which was very clearly based on very optimistic assumptions and which, even according to the Treasurer himself and to Treasury officials themselves, did not assess the impact of the global financial crisis in terms of the forecast of that particular modelling. There are people ranging from Dr Brian Fisher, who reported to the Senate Select Committee on Fuel and Energy yesterday about his assessment of the Treasury modelling, all the way over to Mr Paul Howes, from the Australian Workers Union, who are saying: 'The Treasury modelling was flawed. We are concerned. We think the government should have another look at this.'

On the one hand we have rhetoric from the government that we are facing the worst economic crisis ever and on the other hand they are saying that it does not really matter. There would be a significant shift in the way the economy in Australia would operate with the additional costs imposed as a result of the tax on carbon under the Carbon Pollution Reduction Scheme, but the government is not prepared to talk about it. They are not prepared to talk about how we can ensure that there will not be further job losses as a result of what the government is trying to ram through this parliamentary system. We are not allowed to ask any questions because we just get dismissed as climate change sceptics or non-believers.

When I reflect on the events of the last 12 to 14 months since Kevin Rudd took over as Prime Minister, what I can see is a government whose first instinct, when faced with a challenge, is to tax, to spend and to come up with some ideologically-driven initiatives which are actually going to make things worse rather than better. We have a precedent for this in our political history. This is what Gough Whitlam did in the 1972-1975 period. The government would be well-advised to remember the experiences of the Whitlam years because after three years Australia threw them out. If you think that you can spend your way out of trouble, ultimately, it ends up in tears.

I will give some free and gratuitous advice to the government. Governments cannot inject new money into the economy. All that governments can do is take money from taxpayers—either today's taxpayers or, after borrowing money, tomorrow's taxpayers—and distribute it according to their preferences. Does this government really believe that Labor governments are better able to ensure that the available resources in the economy are allocated to the needs of the Australian people than what can happen in the context of a free market? Does it really believe that? Does this government believe that it is a responsible act to borrow billions and

billions of dollars, to bill future generations so that it can follow its absolute obsession to spend, spend, spend, no matter what the consequences?

The Government's actions will end up in tears. It is not pursuing responsible economic policy. This is a government that has no answers other than to tax and to spend. Quite frankly, I do hope that this Senate is going to reflect very seriously on the possible consequences of what has been generally emerging over the last 18 months.