

Opinion

Beware cashed-up influence peddlers



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When a government gives a benefit to some companies and not others, it is playing favourites. Sometimes it is called "picking winners", sometimes "targeted assistance". The opportunities for influence – peddling and calling in favours – take off when a government starts being selective.

I have no trouble with individuals or companies trying to influence government. This is what representative government is all about. Every voter who casts a ballot is trying to influence government and sometimes they benefit from particular policies. It is one thing when a broad policy applies equally to people of like circumstances – a tax cut for those on a certain income or child-care assistance for those in like circumstances.

But it becomes a problem when you narrow it down to particular companies in particular industries. Where there are special benefits going, people seek special access to get them. Special influence looking for special benefits is a recipe for cronyism.

Recently the Government decided it would buy a limited number of mortgage securities issued by private sector companies; not all – just some. If one company gets its funds from the government, it's a big advantage in a tight credit market over competitors that don't. And how do you get your company into the scheme?

I was not surprised to read the Queensland non-bank lender FirstMac retained a lobbyist – a former staffer to the Prime Minister, Kevin Rudd – to represent it. Until now there was no need for a lender to have a lobbyist, but once the Government started in this business, you can understand why lobbyists and political networkers began offering their services.

I can't say whether it was worth it. The lobbyist says he didn't do much. But I doubt he downplayed his potential value when he accepted the appointment.

A lot has been written about who was and was not assisted under the OzCar scheme. Until now, there was no reason for a car dealer to need government patronage. But when the Government decided to guarantee finance for car dealers they started scrambling for access to government and lobbying for favourable treatment. The more the government licences, subsidises, finances or guarantees commercial advantage – the more its patronage opens up – the more opportunity there is for lobbyists.

In my time in politics, the amount of time and effort put into fund-raising has exploded. Fund-raising is considered such an integral part of an MP's job that candidates for preselection are assessed for their fund-raising potential. A candidate who can bring in campaign funds is as highly prized as one that will bring in votes.

Outside public funding, there are no guaranteed sources of financial support for political parties – apart from the union movement's donations to Labor. Business support is contested. Some businesses support both sides of politics. Some support neither. Many skew their support to the party that happens to be in government which, after all, makes decisions that affect their business.

And the more extensive the role the government takes in business, the more important it is to get along with it. Here is where the lobbyist and fund-raiser enter the picture. Often they are one and the same – buying seats at fund-raising events and bringing clients and government together.

One of the first things I noticed at

fund-raisers for state elections was that the clientele was completely different from those at the federal level. A whole class of business people – mostly property developers – showed a great interest in state politics, particularly planning issues, but apparently had no interest in federal issues. In NSW, where poker machine licences are held by clubs and hotels, these business owners were extremely engaged in the political process. They had strong personal ties with state ministers, but curiously they showed little interest in federal politics.

The most interest in federal politics was shown by federally regulated industries, such as electronic media and telecommunications.

Mortgage originators and car dealers will be new business classes invited to future fund-raisers.

What surprises me is that people fail to understand the connection between government intervention in the economy and the influence of money in politics. One spawns the other.

One of the benefits of getting government out of commercial operations is to limit the patronage and cronyism that follows. Smaller government costs less and, when it deals with you, it will charge you less as well.

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