

## Opinion

# You spin us right round, Kevin, right round ...



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Every now and then you see a change in the political spin-cycle that is so audacious, so contradictory that you have to go back and check the facts – just to make sure you haven't imagined the whole thing.

That's what happened on the weekend, when newspapers reported Kevin Rudd's claim that "the great neo-liberal experiment of the past 30 years has failed" and "social democrats [will have] to save capitalism from itself".

That's what he's saying now, but 12 months ago, the Prime Minister, laid out the path for his Government as follows: "Prior to the election, we ran as fiscal conservatives. With the election behind us, we now intend to govern as fiscal conservatives ... Today I announce a fiscal target that will guide our decision-making ... a budget surplus of at least 1.5 per cent of GDP ... This will require a determined, disciplined approach to spending."

Rudd, the fiscal conservative of last year, was attacking the Coalition government because it hadn't cut spending enough. He promised to do more. He wasn't worried about all those "neo-liberal" ideas on careful spending, balanced budgets and low debt. He was complaining it hadn't gone far enough.

And by the time of the May budget, he was boasting how much better he had done. The budget speech boasted a surplus of 1.8 per cent of GDP "built on disciplined spending with the lowest real increase ... in nearly a decade".

Forget about all those namby-pamby Liberal Party budget surpluses. Labor would show who was really the tough economic manager. Last year Labor was billing itself as the true apostle of expenditure restraint and smaller government.

A budget is only a projection of what a government intends to do. The budget outcome records what occurred. Last year's budget bears no relation to what will happen. It should be filed with Labor's previous budget of 1996 – in the fiction area of the Parliamentary Library.

Then comes the change of the spin cycle. All those ideas of expenditure restraint and small government? Just a failed experiment, a load of nonsense. The biggest nonsense of all was the TV ad Labor ran before the 2007 election where a beaming Rudd declared: "A number of people have described me as an economic conservative. When it comes to public finance, it's a badge I wear with pride." You can still see it on YouTube.

Late last year the Government delivered more than \$10 billion (1 per cent of GDP, 4 per cent of Commonwealth outlays) to pensioners and families and asked them to spend it before Christmas. Many didn't. Very sensibly, they thought they should pay off some debt or put away something for the future.

The Government urged them to spend it all at once so it could massage the retail figures in the December national accounts. Last week, the Treasurer, Wayne Swan, claimed the payment was successful because Woolworths had good sales results in that month. If the purpose of the payment was to boost sales at Woolworths, the Government should have bought the goods and distributed them to pensioners and families. But it is a low-quality use of \$10 billion.

Now we are in the March quarter and there is nothing lasting to show for that money. So the Government is looking at new ways to massage this quarter's results. But in case everything goes wrong, it's not the fault of Rudd or his Govern-

ment. It's all the fault of a great neo-liberal conspiracy – and you guessed it – the Liberal government.

No Australian bank has suffered a run or collapse. Our major commercial banks are all in the top credit bracket of the world's banks. Nor has there been any regulatory failure here. The only institutions that have had trouble are those debenture funds that had to freeze redemption because of Rudd's ill-considered deposit guarantee.

Rudd inherited a government with no net debt and a budget surplus of \$20 billion. Which socialist or social democratic government did better than the Coalition? Name a country in a stronger position in 2007.

Rudd claims there has been a 30-year failure – enough to cover the Howard-Costello government, the Hawke-Keating government and the Fraser government, taking us right back to which economic success story?

You guessed it. Gough Whitlam.

It is hard to tell whether Rudd was always a big spending Whitlamite who managed to con the public with all that stuff about being an economic conservative or whether his dexterity results from the fact he has no strong economic convictions. His about face is a matter of wonder. By political standards it is a media spin that stands in a class of its own.

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Name a country in a stronger position in 2007.