

## THE AUSTRALIAN

# Palmer's chaos is Labor's choice

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Illustration: Eric Lobbecke. Source: Supplied

**DAY after day, serried ranks of QCs struggle to make sense of Clive Palmer's finances. But the abdominal showman's business dealings are a model of clarity compared with the PUP's economic policies, which take inconsistency to infinity and beyond.**

The party's priority, its election program says, is "responsible fiscal management". Yet it wants to reduce all income taxes by 15 per cent without raising the GST, while increasing pensions by \$150 a fortnight, spending an additional \$80 billion on health, fully funding the National Disability Insurance Scheme and sticking to Labor's Gonski commitments.

Given those contradictions, it is unsurprising that Palmer now denies there are any fiscal constraints worth worrying about. Dismissing projections of a debt crisis as "just a lie", Palmer has labelled the budget an "ideological" excuse for forcing "sinister things" on the Australian people.

Not to be outdone, PUP senator-elect Jacqui Lambie has accused Joe Hockey and Tony Abbott of being "nothing less than a pair of deceitful, lying political politicians". Instead of "hitting welfare like there's no tomorrow", says Lambie, the government should be "hitting the big banks", whose profits would provide "\$1300 for every man, woman and child that's living in Australia".

Absurd as those claims may be, it would be wrong to regard them as simply bluff and bluster. Rather, they bear all the hallmarks of the populism that triumphed in last month's European elections.

After all, that politicians are scoundrels has long been the populists' battle cry; so has the promise of painless cures to economic woes. And like Lambie's tax on the banks, those cures are presented as obvious for all to see; if they are blocked, it is only because of a cabal that disdains the hardships of ordinary people. For sure, the cabal will predict those policies would produce catastrophic results: that, however, just confirms its dishonesty.

More a syndrome than a doctrine, populism's rhetoric of irresponsibility is hardly new. Juan Peron, for example, writing in 1952 to the recently elected president of Chile, General Carlos Ibanez del Campo, urged him to "give the people all that is possible".

"Everyone will try to frighten you with the risk of economic collapse," Peron warned, "but those are lies: there is nothing stronger than the economy, which everyone fears because no one understands it."

It could be Palmer talking, or any of his counterparts overseas. But if populism is enjoying a renaissance, it is not because voters are more ignorant of the economic facts of life, or because they are less willing to trust politicians. Rather, it is because political systems have found it so difficult to remain worthy of their trust.

Who can blame Europeans, daily victims of the "insolence of office", for rejecting mainstream parties that have so brazenly combined incompetence, arrogance and mendacity? And although the reaction is more muted, the Australian data is as telling: while the proportion of Australians who believe most people can be trusted is actually higher than 20 years ago, trust in government has reached new lows.

That is not to suggest governments should be given a blank cheque: on the contrary, the conviction that power corrupts is the rock on which liberal thought is built. "The liberalism of fear," as Judith Shklar famously put it, "does not offer a summum bonum towards which all political agents should strive"; but it never forgets "the summum malum of arbitrary, unexpected, unnecessary and unlicensed coercion".

Yet a watchful scepticism is one thing; an angry cynicism, which makes obstruction its weapon of choice, another. And far from seeking to restore public confidence in our institutions, it is increasingly clear that the PUP views chaos, which validates the anxiety on which it trades, as its best friend. Its incentives are therefore to undermine, rather than support, the fiscal reforms Australia desperately needs.

Of course, the PUP may disintegrate before its vandalism wreaks irreversible harm; and there is plenty of precedent pointing in that direction. Political entrepreneurs such as Palmer do not lead their party, they own it. The turbulent lives and sudden deaths of European populist parties set up by wealthy businessmen, such as Mogens Glistrup's Progress Party in Denmark and the Anders Lange Party in Norway, show that without a solid party apparatus, any crisis that engulfs their owner tears those parties apart.

Palmer, however, is wilier and more experienced than most and, even were his nemesis to come, it would take time. Moreover, where the root causes remain unaddressed, the vacuum created by one populist party's disappearance simply creates room for another, as the ultimate success of Pia Kjaersgaard's Danish People's Party and of Carl Hagen's Norwegian Progress Party attest.

It would consequently be naive to think the PUP and the electoral forces it represents will vanish any time soon; but with the Greens no less economically irrational, that means the prospects for fiscal repair must rest largely on reaching agreement with the ALP. Unfortunately, we live in uncompromising times. Partisanship is indispensable to democratic politics; but as the barriers separating governing and campaigning have disappeared, so has the breathing space in which politicians can make the prudent

concessions the public interest demands.

Abbott must therefore learn to reach out to the other side; but since 1996, Labor has not once shown a capacity to rise above the scrum, as John Howard did in supporting Bob Hawke's economic reforms. Now, abdicating any responsibility for Labor's mess, Bill Shorten has even jettisoned the commitment to a surplus Wayne Swan and Chris Bowen previously trumpeted.

That is Shorten's choice. But it is that choice, not the voters, that will put Palmer, with his poisonous cocktail of economic recklessness and tawdry self-interest, firmly in control. And it is that choice, not the voters, that is pushing the country to the verge of a fiscal nervous breakdown, from which recovery will be long, painful and uncertain.

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