

Election budgets can only ever be a charade

Written by The Conversation USA

Election budgets are notoriously hard to get right. Governments are tempted to announce electoral sweeteners, make new promises, and commit to new spending (even when they don't have the money). On the other hand, governments need to be seen to be behaving economically responsibly.

It's a dilemma Malcolm Turnbull and Scott Morrison have been wrestling with since before Christmas, and the perception of how well they have done this will largely determine their electoral prospects in the forthcoming federal election. Most expenditure decisions were made some time over the past three months (although some may have been revisited), while the revenue decisions were probably made last week and are now locked in.

Oppositions also have a difficult job; they have to formulate some credible response to the government's budget strategy, but also give some indication of what they would do instead if they became the government. Labor has announced some budget measures on [superannuation and negative gearing](#), but nothing coherent or systematic. Needing the oxygen of publicity, the opposition needs to create the image it is sufficiently different to be attractive to aspiring constituencies.

One of the unfortunate phenomena of contemporary politics is that our modern parties are relatively policy-poor; they are largely reactive and interested in the short-term rather than strategic and visionary. In turn, this makes the leadership group of the main parties act now as brokers and arbiters of policy proposals generated elsewhere.

For governments their policy proposals are predominantly generated by bureaucracies which today are also lacking in policy knowledge and decidedly self-interested. Oppositions fall back on their own ideas complemented by input from think tanks and consultants. These different sources of advice partly explains the very different messages coming out from both sides of politics.

So what can we say about the economic and fiscal credentials of the front bench of the government and opposition? Both sides have bright, economically literate, experienced politicians who have served time in both government and opposition.

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Yet Labor's spokespeople (Chris Bowen, Tony Burke, Andrew Leigh, Jim Chalmers and perhaps Penny Wong with current responsibility for trade but a former successful finance minister) give the impression they sing from the same hymn sheet, have road-tested their pronouncements, and defend them as a team.

They have put some skin in the game by announcing a few one-off controversial measures, such as removing existing properties from negative gearing, and increasing taxation on superannuation, but on the bigger questions are ducking the inevitable issues until they "see the state of the books". Announcing a Hawke-like "trilogy" to discipline a future government would be an important measure of fiscal rectitude, but equally limit their flexibility to assuage voters.

The government has had obvious difficulties with expectations management, across each of the three budget periods of Hockey and Morrison. Sometimes they have claimed "everything is on the table" for consideration or amendment, but at other times then arbitrarily ruled things out and reduced their scope for action.

There are open conflicting views within their economics front benchers – mostly over questions of political expediency and prudence rather than disagreements over direction. The once powerful [Expenditure Review Committee](#), that makes most of the budgetary decisions, may have done its job rationing departmental bids and perhaps even cutting own-use spending here and there, but it has been sidelined by the interventions of two of its core members – the harder line Treasurer Scott Morrison and the softer more compromising Prime Minister Malcolm Turnbull.

The other members of the committee, other than Mathias Cormann, do not have sufficient clout to have influence (although Barnaby Joyce will undoubtedly extract some concessions for his rural constituency).

The Treasurer's behaviour this time round [has attracted some comment](#). He has apparently not been ensconced in Treasury or in consultations with Treasury officials, choosing instead to campaign in marginal seats and criticise any Labor announcement that comes along. This probably means that outside a few big items, the budget is being framed by Mathias Cormann and Finance and Treasury officials.

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The danger here is that the government will select its most preferred projections (ie, most constrained expenditure growth across the forward estimates, but highest revenue and economic growth projections) to best suit its immediate interests knowing that the election will then intervene before anyone can be held to account for errors or miscalculations.

The present experience suggests that it is almost dysfunctional to prepare a four year estimated budget on the eve of an election campaign. We also face the prospect that the next new government, if it sticks to the annual budget timeframe, will be in office for almost one year before it will pass its first budget – one third of its life.

Maybe we should have just two budgets in a parliamentary term – one straight after the election, and another one 18 months into the term. That would allow for better resource planning and avoid the charade that is happening this year. Nothing in the Constitution requires us to have an annual budget; the constitutional requirements simply determine how any budget or appropriation measure shall be handled through the legislature, that's all.

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