

Grattan on Friday: What Labor has to fear is the Big Scare

Written by Michelle Grattan, Professorial Fellow, University of Canberra

Asked this week to nominate Labor's main problem, one insider said "time". As the very remote possibility of a March election drifted away, the opposition bunkered down for the long wait until May 11 or 18.

Labor has an entrenched lead in the polls and, from its frontbench to its campaign planning, it is match-ready. But there's no match at the moment. While some government MPs worry things will get even worse for them as time passes, it can equally be argued that the downside risk for Labor is as great.

This revolves around how effective the scares being rolled out against the ALP will be.

Though it is generally believed a minor miracle would be needed to rescue the Morrison government, the Coalition judges the best way to "save furniture" is to wave the fear flags.

"Scare" campaigns are distasteful but potent: Labor's Mediscare in 2016 was dishonest but brutally effective.

This is well-ploughed territory. In notes written at the time, then Liberal federal director Tony Eggleton documents the success of the Coalition's 1980 fear-mongering.

The election "was particularly heavy going ... the opinion polling was not encouraging" for the Fraser government, Eggleton wrote. Then "Labor inadvertently tossed us a lifeline in the final stages of the campaign.

"One of their spokesmen cost the opposition dearly by raising, albeit tentatively, the prospect of capital gains taxes on the family home. We jumped on this and the unpalatable new tax was made the dominant issue for the last week of the campaign.

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"Television and radio messages and full page press advertisements warned of Labor's threat to the family home. The day before election day our pollster Gary Morgan was able to report that for the first time in the campaign the polls showed us drawing ahead of Labor. He predicted the possibility at the last minute we had enough momentum to get over the line".

Which Malcolm Fraser duly did.

Eggleton also recorded that "the negativity and the tactics were controversial even among the Liberals but the political hardheads were of the view that the end justified the means".

The Morrison government has been stepping up its scares since the start of the year. Two major targets are Labor's proposed crackdown on negative gearing and capital gains and its plan to scrap cash refunds for franking credits (both cast against the background of Labor raising taxes). A more general scare is being run claiming a Shorten government would harm the economy.

The latter illustrates how scare campaigns can be complex and carry the danger of backfiring.

In a Tuesday speech Scott Morrison claimed a Labor government would lead to a "weaker" economy. He didn't say it would put Australia into recession, but he highlighted that many workers hadn't experienced a recession - enough for an Age headline "PM warns recession on way under Labor". Defence Minister Christopher Pyne declared unequivocally: "There will be a recession in Australia if Labor wins".

Morrison then found himself on the spot, caught between what he'd said, what he was taken as implying, and what Pyne had asserted.

Amid the confusion, it's unclear whether this scare would have been a plus or a minus for the government. It contained another risk too – any talk of a recession is itself bad for the economy, including for overseas perceptions of Australia.

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The scares over the negative gearing and franking policies are less complicated, focusing on and magnifying the losers.

Labor first announced its negative gearing revamp last term, when house prices were rising. Since then, prices in Sydney and Melbourne have been falling.

This has made it easier for the government to whip up concerns about the impact of the policy on house values.

The centrality of their house in the thinking of so many Australians makes this hazardous territory for Labor, however rational its policy.

In the changing circumstances, Labor does have a modest element of flexibility to play with, because it has not yet announced the start date.

But to fireproof itself on negative gearing, Labor needs to work harder on both reassurance (the fact existing negatively-gearred properties would be grandfathered) and selling the policy's advantages (linking it more strongly to the aspirations of first home buyers).

Anything that affects retirees is another highly sensitive area electorally.

It has been reported that Labor is discounting the political impact of its franking credits policy because it calculates that many of those hit are already likely to be Liberal voters.

But it would be unwise to be complacent – in the way the Liberals were for a time about Mediscare in 2016.

And in the hyped climate before an election, any throwaway line can be weaponised, as shadow

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treasurer Chris Bowen found this week.

Under questioning about a listener's view on the franking issue, Bowen told the ABC: "I say to your listener: if they feel very strongly about this, if they feel that this is something which should impact on their vote they are of course perfectly entitled to vote against us".

It was a statement of the obvious, although it also came across as reflecting some frustration.

But the comment took off in the media. "ALP goads seniors: vote against us", The Australian headlined its Thursday lead story. Morrison said the Bowen comment was "arrogant"; Bill Shorten was grilled.

None of the above is to overlook that the government has had another bad few days, despite Newspoll giving it a small summer lift (from trailing 45-55% before Christmas to 47-53% now).

Two more ministers, Michael Keenan and Nigel Scullion, have announced they will leave at the election.

Three high profile independents have emerged in heartland Liberal seats: Zali Steggall in Warringah; Oliver Yates in Kooyong, and Julia Banks (Liberal defector now on the crossbench) who plans to run in Flinders.

All three are highlighting climate change and the fractures in the Liberal party.

The prospects for Yates and Banks are low but Steggall is a real threat to Tony Abbott in Warringah.

The government in general remains in bad shape on multiple fronts, and Scott Morrison often

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sounds desperate.

The Coalition does have the April 2 budget as an opportunity to improve its fortunes - on the other hand, if that goes badly it will be another own goal.

The budget will offer the sugar, the incentives, the bribes to voters. But it will be the scares that will be the government's strongest ammunition. The question will be: how far can these bullets penetrate Labor's armour?

Michelle Grattan does not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and has disclosed no relevant affiliations beyond their academic appointment.

Authors: Michelle Grattan, Professorial Fellow, University of Canberra

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