

4 February 2009

Matters of Public Importance

Economy

Mr BRADBURY (Lindsay) (4:48 PM) —We are all very much aware of the significance of the challenges that we are facing right across the globe at the moment, and one of the most challenging aspects of the situation we currently face is that many of the old economic orthodoxies have had to be thrown out the window. In fact, we all know that an over-reliance upon neoclassical economics has at least in part been responsible for the international economic mess that we are all trying to come to terms with. That is a reality that we all confront. The message that is coming across through the many international discussions that are occurring at the moment is that, for the first time, the international economy has faced a massive downturn of this sort in the global era. It is in that global era that we require a global and coordinated policy response to deliver the best possible outcome, to fight against the economic challenges that we face and to try to deliver stronger economies right across the world into the future. That is the challenge—the challenge to work globally. If we are going to have any chance of working globally we need a bit of support and a bit of cooperation locally.

On the issue of debt and deficit I hear those on the other side say that the Labor Party is the party of debt and deficit. Let me make a few points. The first one is that the first budget surplus in Commonwealth history was delivered under a Labor government in the 1980s. Have a look at all the years of government that preceded it and I can tell you, as unfortunate as I think that fact is, that many more years were under conservative rule than were under Labor rule. These are the same people who just a short time ago were telling you that the Labor Party was the party of high interest rates. With interest rates at their lowest point since the 1960s, there has been a slight adjustment in the rhetoric. Those opposite want to call us the party of debt and deficits. They want to accuse us of driving the budget into deficit, as if in the present international economic environment there were some choice. Have a look around. Have a look at all of the developed economies in the world. They are all in deficit, not as a matter of choice but as a matter of economic reality.

When you have \$115 billion wiped off your tax revenues, it stands to reason that that is going to have a really big impact on the budget bottom line. That fact is going to trip a budget into deficit. There is no active decision taken on the part of a government to do that. If those on the other side have an answer, a solution, a strategy to combat that, to minimise the loss of \$115 billion worth of tax receipts over the forward estimates then I really want to hear it. If they have a solution, it would be in the national interest to put it on the table right now. But they do not have a solution. In fact, the only thing that even resembles a solution that has been put on the table has been what the shadow Treasurer refers to as 'broad and sweeping tax cuts'. That comes from the very flawed and defective theoretical basis that has underpinned the American economy and led the world into the great disaster that we currently face—Reaganomics and the administration under George W Bush.

What we have seen is this attempt to provide those broad and sweeping tax cuts, and some people hope

that that will stimulate the economy. Have a look at the budget deficit and at the debt that the United States' economy is carrying and tell me that they have not got anything to do with that strategy. If you want to come into this place and complain about debt and deficits, you are going to have to do a little better than come up with broad and sweeping tax cuts as your panacea or your prescription because, frankly, they will not cut it. Those of us throughout the world economy who have listened to those types who have led us down that path are all now saying: 'You were wrong; you were dead wrong. Not only were you wrong but we are all paying the price now.' What we say is that we want to be a part of the global effort to bring our nation through this crisis. We know that there are massive challenges but we want to work and draw upon the very best instincts and values of the people in this nation. We want to take advantage of the opportunities that are presented, even in the midst of the great challenges we face. We want to invest in those areas that our nation requires investment in.

For those on the other side, it is almost an acknowledgement of the failing in their time in government. They do not want to talk about it. Frankly, if I were on their side of politics, I would never go into a school because every time I went into a school in my community, the school would tell me about how they needed more resources and that if the Rudd government wanted to deliver an education revolution it would have to do what the Howard government failed so abysmally to do, which was to invest in our nation's future, to invest in educational opportunity. We are committed and determined to build the education revolution. That is why this second major instalment, this second big stimulus package, the Nation Building and Jobs Plan, is following hot on the heels of the Economic Security Strategy. Those on the other side talk about it not really achieving anything and say that it was a bit of a fizzer. All I can say is: let us just take ourselves back to when we introduced the package. Those on the other side, who at first said they were not going to quibble, then went on and said: 'Oh, this is too much money; you are blowing all this money in one hit. Surely the economy is not in such dire straits that we need to be spending that sort of money? It is going to drive up inflation, drive up interest rates.' These were the sorts of things that were being said by those on the other side.

I put this question to the House: where would we be if we had failed as a nation and as a government to take the strong, early and decisive action to put that money into the economy to ensure that the wheels of commerce in this country continue to turn, that small businesses continue to have customers coming through their doors, that people continue to have the opportunity to get up and go to work each day and to provide for their families? All of that has been evidenced in the retail trade figures that were out today. Importantly from my perspective, those figures, apart from showing a 3.8 per cent seasonally adjusted increase in retail trade for December, show a 4.9 per cent increase in New South Wales, the state that I am from.

Those on the other side have to get their story straight. Are they saying that we have done too much or not enough? Do they now say that they were wrong to say that we were spending too much money on this package? Do they acknowledge that the fiscal stimulus provided back then had an impact? Those opposite come into this place and ask questions and say things that really demonstrate they are out of touch with their communities. If they were in their local communities talking to retailers, they would know. They would not have had to wait for the retail trade figures today. Talking to shopkeepers, they would have known that they had been doing it tough and that this really did help.

What is the solution being put forward by those on the other side? Where do we go from here? They say: 'Let's sit on our hands. We've got all the time in the world.' I can understand that. When it comes to economic management, they want to claim the mantle of great economic managers. To them, the last decade in office was about operating a cash register. The money was flowing in from corporate tax receipts in particular; the mining boom was providing the windfall that the government needed. That was a great opportunity for the country. The great shame and the great tragedy was that there was very little investment in our nation's future. That has made the challenge and the job ahead for us even greater, but we are determined to invest in our nation's future.

If those on the other side want to block the package that is currently before the House, as they have indicated, then they will have to account for it to the Australian people. I simply issue this plea: do not fool yourselves into thinking that this is just about statistics or about finding some cute debating point. People's lives are at stake—the lives of people in my electorate and people right around the country. There are jobs at stake. This package stands to support up to 90,000 jobs. When you are voting against this package, just think about those people who will not have the opportunity to go to work because money that would otherwise be pumping into the economy, providing more stimulus, has been denied. That is the challenge for those on the other side. You either want to be part of the solution or you want to stand in the way of us and delivering a strong economy in the longer term for the people that we are all meant to be representing.