



A MODEST MEMBER

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The handout honeymoon's nearly over

Mark Anthony and Cleopatra were voyaging down the Nile in a galley.

At 12 o'clock the captain of the galley came down and expertly flicked a wasp off the eyebrow of one of the rowers with his whip, and said:

"Now men, I have some good news and some bad news for you. Which do you want first?"

"The good news, please captain," they replied.

So he told them that shortly after lunch, the royal couple wanted a quiet time together, so there would be no more rowing till 4 pm.

"What is the bad news?" they asked.

"Well, then they want to go waterskiing!"

I have an uneasy feeling that it will not be long before the honeymoon is over for us and the waterskiing starts.

Since the election we have had an endless series of announcements of money being given or promised to almost everyone.

Every time a State Government complains that more money is needed, more money is found; more for Aborigines, for social services, for health, for education, for the arts — almost no one is missed out.

People must have the impression that the Government has a bottomless spring full of money.

I do not say that all the money will be wasted — although I have a healthy scepticism of the ability of Government to spend money wisely or economically. But, although a lot of the money will go to good causes, it will still have to be found.

The extra money could come from increased direct or indirect taxation.

This solution will not be popular, but more serious will be the effect of the increased taxation on the economy as a whole and on the morality of our people.

I know that Mr Crean has the fond belief that he can make everyone good by passing laws to close off the bolt holes which people have been using to escape paying their proper tax dues.

But as soon as one bolt hole is closed, some clever sod will open up another — this has been the common experience in this country and in all others.

If Mr Crean had done as much rabbiting as Fred and I, he would have a clearer picture of the problem.

And certainly increased income tax will destroy the incentive to produce, so we will have a smaller economic cake to cut up.

The recent finding of CEDA on this question is generally accepted by those who are too shiny-eyed to see clearly.

If the money isn't to come from increased taxation, it must be obtained by creating credit, or deficit financing or by printing money — use which phrase you like, they mean the same thing in the end.

You can do a certain amount of this kind of thing with advantage, sometimes.

But in Eccles' opinion we have had too much deficit financing in recent years with serious effects on inflation.

Now it looks as if we are to have a deficit of at least \$900 million and the inflationary effect of this kind of credit creation will be serious indeed.

I know that many people think that inflation is unimportant and money is easily created, and so on. Some think that the concern about inflation is part of a capitalist plot.

But these people would surely grant that Mr Chifley was hardly a tool of capitalism. In his Budget speech in 1949 he said:

I am deeply grateful for the support that my colleagues have given me in my fight against the great danger of inflation.

I know that some of them have not readily seen the force of many of the economic theories on which I have had to act, and that they were apt to regard my ideas as fossilised. But they have stood by me.

Mr Chifley knew that inflation is dangerous to the economy as a whole but fatal to the little man — the small wage earner or the person on a small fixed income. They are the defenceless ones — they pay for inflation in the long run.

As I said, I have an uneasy feeling that the post-election honeymoon will soon be over and the waterskiing will soon begin.

This will be fun for those at the end of the rope, but damn hard work for most of us who will be doing the rowing.