

The man who ruined a government

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Oliver Hartwich



Kevin Rudd has been drafted back to help the Labor government fix the problems he created in the first place

Sometimes Australia seems an odd country indeed. Kevin Rudd's elevation to the Australian Labor Party (ALP) leadership last week after three years spent undermining his own leader, colleagues and political party, is the latest astonishing development.

Mr Rudd is back, hailed as a returning messiah, the man who will "save the furniture" and help the ALP retain a few more seats in the upcoming general election. Labor optimists even think he might have a chance of winning.

To understand both Mr Rudd and Julia Gillard and the turmoil inside the ALP, one must go back to 2007 when Mr Rudd beat John Howard amid euphoric celebrations of a new dawn breaking.

Mr Rudd was a geeky wonk, an alleged policy supreme, depicted as Hergé's Tintin by *The Australian's* cartoonist Bill Leak. Mr Rudd was a family man and a practising Anglican. He was a fiscal conservative but one who believed in fair workplace laws.

He believed in "action on climate change" and signed the Kyoto protocol. He was also going to apologise to the aboriginal "stolen generations." He denounced Howard government profligacy, exclaiming "today I am saying loud and clear that this reckless spending must stop."

In short, he looked the goods: a younger, a cooler version of John

Howard: same steady hand on the tiller but without the dinosaur views attributed to Howard in his later years.

However, on taking office, this turned out not to be these case. Once elected, apart from great rhetorical commitments and acts of high symbolism such as the Kyoto protocol, his government didn't seem to know what to do: except get on the news every night.

The global financial crisis finally gave Rudd's government a reason for being. When Lehman Bros collapsed, he and Treasurer Wayne Swan panicked and believed they had to save Australia from the perils of "the greatest economic downturn since the great depression." (The 'greatest economic downturn since the 1970s just didn't have the same ring.) Mr Rudd adopted a "go early, go hard, go households" fiscal stimulus package, shovelling \$A10.4 billion and then \$A42 billion out of the door as quickly as possible to help to "stimulate" the economy and prop up aggregate demand.

He then penned an 8000-word essay explaining how, far from being a fiscal conservative anymore, it was up to social democrats like himself "to prevent liberal capitalism from cannibalising itself." Of course, in Rudd's world, the big spending Howard government was used as the exemplar of flinty neo-liberalism.

The money was sent out in two lots: cash in the post to much of the population and old-fashioned "nation-building" projects. There would be a new schools-building programme (oddly called Building the Education Revolution) and a programme installing Pink Batts. There was the Roads to Recovery programme, where the federal government helped fix up roads.

The package essentially saw the federal government finding new and innovative ways to spend money on (mostly not productivity-enhancing) local and state projects outside its purview.

This was where his trouble began. Australia didn't go into recession; he and Mr Swan thought

continued from there. Once the GFC hit, the once dominant issue of climate change apparently no longer mattered. His commitment to the "greatest moral challenge of our time" turned out to only be as deep as the opinion polls. The incredibly unpopular emissions trading scheme was dropped, revealing him to be little more than a populist charlatan. He created an impossible situation for himself: his popularity could not survive with the policy and his integrity could not survive without it. The perception of Mr Rudd being all sizzle and no sausage, as Australians would put it, was simply reinforced when the Henry tax review came back with more than 138 specific recom-

increased from zero to 100 people a day. It was undoubtedly his biggest policy failure.

Overlay on this the enormous deficits that have been a staple feature of this government and you can see why Rudd and then Gillard were unpopular.

Even with the GFC, Australia enjoyed record terms of trades, high employment, growth and tax revenues. Yet Mr Rudd delivered deficits, boat arrivals, public policy paralysis and empowered antiquated unions through productivity sapping work place laws.

Now, he has been drafted back in to help Labor fix the problems he created in the first place: by his useless policies, mismanagement and then his three-year vendetta against Ms Gillard, undermining her government until things were so bad he had to be called back.

It is a hardly a reward for virtue.

The extent to which this one individual actively undermined the interests of his country and party for his own selfish ends is difficult to comprehend. And now that he is back, it appears his three years out of the job have not induced him to think about policies at all but rather their packaging.

Normally, Australian economic indicators would suggest an incumbent government would be returned by a margin. This will not be the case and the one man most responsible for this has just been returned to the top job.

Dr Oliver Hartwich is the executive director of The New Zealand Initiative

Oliver.hartwich@nzinitiative.org.nz

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they had saved the nation. Mr Rudd basked in the adulation and believed his own press.

However, much of this stimulus was woefully mismanaged; most of the cash was spent after the so-called crisis had ended. The insulation scheme ended in tears. It was an invitation to shonky operators and ended up with house fires, deaths and all insulated houses having to be recertified. It cost more than \$A1 billion to clean up. It was a disaster.

Mr Rudd's policy missteps

with only one major suggestion taken up.

The resource super profits tax was theoretically elegant but practically unworkable. All superannuation accounts in Australia had a vested interest in mining companies doing well. Not to mention the fact that only the states have a constitutional right to mining royalties.

And, of course, there was the issue of illegal asylum seekers. It's not clear why Australians are obsessed about this but regardless, after policy changes, boat arrivals