

An FDR future with muddleheaded Rudd

[Economics & Deregulation](#) | [Alan Moran](#)
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From London, our globetrotting Prime Minister is preaching for regulations to rescue capitalism.

But Mr Rudd's policy record provides no confidence in his own capacities.

Mr Rudd pledged to downsize government. But his spending splurges will increase the federal share of national income from last year's 24 per cent to 29 per cent.

Mr Rudd has also consistently misread the economic outlook.

Less than a year ago he was "optimistic about Australia's economic future".

And in October last year he saw the 2009 outlook as "positive growth with a two in front of it".

In November, following his first \$10 billion give-away of the nation's savings, Mr Rudd was "confident Australia will avoid a recession despite the global financial crisis hurting other countries".

In early February he refused "to haul up the white flag and say, as the Liberal Party have done, that recession is inevitable". He pointed to buoyant sales as "real data as opposed to theoretical projections".

Despite injecting another \$40 billion into the economy, last month the Prime Minister himself finally hoisted the white flag, saying it was "virtually impossible for Australia to avoid recession".

His solution?

Yet another pump-priming package, even though Australia already tops the world charts for such irresponsibility.

Kevin Rudd is testimony to the cliché that a week is a long time in politics and a year is an eternity. He has been in constant denial about the gravity of the economic situation.

Mr Rudd penned a long article for February's edition of *The Monthly* which covered his views of the world and his prescriptions for fixing its ills. The article revealed him as an opinionated muddlehead on economic management.

His model is Franklin D. Roosevelt, whose deficit spending and regulatory excesses as president consigned the US economy in the 1930s to much greater economic distress than other countries.

He rejects the Reagan and Thatcher governments' tax reductions and partial unwinding of the dead hand of regulation. Having been adopted all over the world, their blueprint vastly invigorated the global economy over the past quarter of a century.

In Australia, Labor treasurer Paul Keating also adopted such deregulatory measures.

He overturned the market interventionism that characterised all previous Australian governments, setting the stage for a period of solid growth punctuated only by a downturn which stemmed from excessive government spending.

In addition to spending rashly, Mr Rudd also wants to undo the reforms which lightened the stultifying hand of government on business.

This includes reintroducing the labour regulations that have in the past destroyed Australian competitiveness.

And while private sector businesses are reducing costs to survive, in a re-run of Whitlamite pace-setter wage policies he opposes public sector wage restraint.

Mr Rudd's inadequate grasp of how wealth is created is also evident in his determination to lead the world in introducing a carbon emissions tax on our most efficient industries.

There are several fine federal government ministers. Australia's tragedy is that, faced with the worst world economic conditions for 60 years, we are burdened with a prime minister who is rivalling Gough Whitlam for the title of the least competent in our history.

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- > [July](#)
- > [June](#)
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- > [March](#)
- > [February](#)
- > [January](#)

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- > [December](#)
- > [November](#)
- > [October](#)
- > [September](#)
- > [August](#)
- > [July](#)
- > [June](#)
- > [May](#)
- > [April](#)
- > [March](#)
- > [February](#)
- > [January](#)

[2012](#)

- > [December](#)
- > [November](#)
- > [October](#)
- > [September](#)
- > [August](#)
- > [July](#)

- > [June](#)
- > [May](#)
- > [April](#)
- > [March](#)
- > [February](#)
- > [January](#)

- [2011](#)
- [2010](#)
- [2009](#)
- [2008](#)
- [2007](#)
- [2006](#)
- [2005](#)
- [2004](#)
- [2003](#)
- [2002](#)
- [2001](#)
- [2000](#)
- [1999](#)
- [1998](#)
- [1997](#)
- [1996](#)

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- [Events](#)
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