

Church-going folk aren't political property of the Tories

Religion
Anyone in Labor or the Coalition who thinks the Liberals have a monopoly on God are wrong and letting Australians down.



Kevin Rudd

I'm always amused by the observations of Alexander Downer. Rarely enlightened, but always amused. The most recent case in point is Downer's epistle of June 2 referring to my attitude to Christianity, our family practice of attending church at St John the Baptist in Canberra while I was prime minister, and horror of horrors, being door-stopped outside church by the press gallery on Sunday who would always happily throw up the partisan question of the day.

For the record, not long after my wife and I first met at the Australian National University, we were active in the youth group at St John's. It was the church we most frequently attended when we were a young family growing up in Canberra when I was a member of the Australian Foreign Service. It was also the church in which we married, where our oldest son was baptised and from which members of our wider family have been buried. In Canberra, it had been our family church, long before I decided to enter politics.

After I became prime minister, the Canberra press gallery began badgering my office to take footage of my wife and I at church on Sunday. We declined, saying our religious observances were an entirely private matter. Nor did we wish to bother other members of the congregation who had different and indeed higher priorities. The uneasy truce negotiated between my staff and the Canberra press gallery at the time was they could wait outside the gates of the church to take overlay footage if they wanted, but they could not enter the church grounds and certainly not the church itself.

It did not take long, however, before this agreement was breached and journalists began throwing questions at me on my departure from church. This, of course, places you in the classic bind of being seen to be evasive in not answering difficult questions put to you by the press gallery on the one hand, or pausing to provide a brief response on the other. As for Downer's observation that I did not on all occasions



Kevin Rudd outside St John the Baptist Church in Canberra in 2007 with wife Therese Rein and the Reverend Jane Folcher. PHOTO: GARY SCHAFFER

respond in classic, "gentle Jesus meek and mild" fashion, always turning the other cheek to the political barbs of the day, perhaps he could provide me with copies of the offending transcripts. The bottom line was the Tories found it politically uncomfortable that a Labor prime minister would actually go to church. They saw that as their exclusive political turf.

What I do remember from the time, however, was Peter Costello and other members of Downer's government happily attacking Christian ministers who had the temerity to disagree with Howard government policy, deploying the tired old argument that the clergy should stay out of politics. In other words, in the Coalition

In the Coalition world view, a good Christian was always a conservative Christian.

world view, a good Christian was always a conservative Christian. I'm not so sure Jesus of Nazareth, friend of prostitutes, the poor and the oppressed, would necessarily have agreed.

My own attitude to Christianity has been well-documented. I have never made any particular claims to personal piety. Indeed it

was Downer who thought it was very clever to leak the story of my now famous visit to Scores nightclub in New York to my good friends in News Limited, who in turn gave it wall-to-wall coverage across the front pages in all their Sunday tabloids. Nothing, it seems, has changed.

Downer neglected, of course, to mention I was taken to said club by the very same senior News Limited executive who gave him the story in the first place. Downer obviously hasn't read that part of the scriptures where Jesus says "let he is who is without sin cast the first stone".

For me, Christianity, apart from my personal spiritual beliefs, has been a source of inspiration for the fundamental principles of social justice—principles which in my case later found their secular expression in the Australian Labor Party. My reasons for doing so are recorded in a long article I wrote in *The Monthly* entitled "Faith in Politics", published long before I became leader of the opposition.

The more fundamental question in today's debate, as I sought to canvas in that original article, is it is simply wrong to see God as some sort of wholly owned subsidiary of the Liberal Party. That has never been my view. And anyone in today's Liberal Party, or Labor Party for that matter, who has a contrary view, denies the legitimacy of the views of millions of Australians from various faiths who also happen to be members of our national political community. Thankfully our founding fathers agreed our government and our Parliament be secular institutions. It's part of the reason we have been so long a peaceful country where all non-violent views should be heard with respect. And that means people of faith are as entitled to their political voice as people who choose to have none.

Kevin Rudd was prime minister of Australia from 2007-2010 and in 2013. He is president of the Asia Society Policy Institute in New York.

Reserve Bank finally acts to stave off a self-inflicted recession

Monetary policy
The economy requires significantly negative real interest rates or aggressive stimulatory fiscal policy. Right now, we have neither.



Richard Holden

Finally. After nearly three years since it last cut official interest rates the RBA has lowered the cash rate to a record low 1.25 per cent.

It has done this in the face of annual inflation of 1.3 per cent and a most recent inflation figure of literally zero. It has done this in the face of annualised GDP growth of just 1 per cent per annum in the last half of 2018. And it has done this in the face of wages growing at barely more than 2 per cent a year despite unemployment consistently hovering around 5 per cent. In the lead-up to yesterday's meeting a number of arguments were advanced about why the RBA shouldn't or wouldn't cut rates.

One was that income tax cuts will provide significant fiscal stimulus. The Commonwealth Bank's Michael Blythe suggested that the tax cuts will be the equivalent of 50 basis points of interest rate cuts. This is a reasonable point, but it is worth remembering that the full tax package doesn't take effect until 2024-25, it is far from certain that it will get through the Senate, and that it is only of moderate size. It's a bit stimulatory. If it happens. Several years from now.

The second main argument advanced was that rates are close to zero and that further cuts should be reserved for dire circumstances. As was reported in *The Australian Financial Review* on Monday, company director Graham Bradley put it this way: "The RBA should keep its diminished supplies of powder dry in case world trade tensions tip Australia into unexpected recession."

The problem is that we are disturbingly close to tipping into a recession without the help of the rest of the world. It's one thing to avoid soggy gunpowder, it's another thing to fail to shoot the enemy when one sees the

whites of their eyes.

The third argument was that further cuts won't work. There's surely something to this, and one effect of a rate cut may just be to re-inflate house prices which doesn't directly add to economic growth. But just because cuts might not be as effective as when rates were 7 per cent doesn't mean they don't do anything, and one needs to be mindful of what the other options are.

These arguments against the RBA cutting rates may or may not be persuasive, but they do raise important issues.

GDP growth is very low, inflation is disturbingly low, and the labour market is in serious trouble.

There are downsides to cutting rates, even from their already low levels. First, Australian household debt is extremely high—currently standing at 189 per cent of disposal income. Fuelling house prices and household debt is risky and raises the ugly spectre of mortgage delinquencies and defaults. Second, it is unclear how effective cuts from already low-levels will be in stimulating economic activity. Third, if there is a major global downturn can non-standard monetary policy be effectively deployed in Australia?

And even if it can be deployed, can it be subsequently unwound without serious side effects?

But there's really no getting away from the fact that GDP growth is very low,



Reserve Bank governor Philip Lowe is now expected to move the cash rate twice before the end of the year. PHOTO: AAP

inflation is disturbingly low, and the labour market is in serious trouble with high levels of under-employment and low levels of wage growth.

Something meaningful has to be done before falling into a largely self-inflicted recession.

As former US Treasury Secretary Larry Summers has forcefully argued, the so-called "equilibrium real interest rate"—the real interest rate consistent with a stable macro economy for a country like Australia—has fallen substantially in recent decades and is now probably negative. Perhaps significantly negative.

There is overwhelming evidence that this is true across advanced economies. It has come about because of a major shift in savings behaviour and investment opportunities. There are more and more

savings—think billionaires and sovereign wealth funds—chasing fewer and fewer attractive investment opportunities in dollar terms.

We now live in a world where a company more valuable than the nine largest Australian listed companies combined can be created in a dorm room with a laptop and a really good idea.

This environment requires significantly negative real interest rates or aggressively stimulatory fiscal policy. Right now, we have neither.

Even with this RBA cut, short-term real interest rates are just below zero. And even if the government's full suite of tax cuts is passed, we still have a budget that is effectively in surplus.

There are plenty of reasons why Australians like it when the federal government balances the books: fewer boondoggle spending projects, less interest paid on debt, fiscal space to manoeuvre if another GFC-level event occurs, and more.

But our low-growth, low-inflation, secularly stagnated economy requires stimulus. And there are precisely two options: unprecedented monetary policy that could easily end up involving quantitative easing, or aggressive fiscal policy with big tax cuts and infrastructure spending that will involve the government running deficits.

Those are uncomfortable options—especially for an economy that has gone close to three decades without a recession. But if we are to make it to the 30-year mark and beyond we will have to confront the need for meaningful stimulus to the economy, be it monetary or fiscal.

Richard Holden is professor of economics at UNSW Business School.