

# THE AUSTRALIAN + THE WALL STREET JOURNAL.

# BUSINESS REVIEW

S&P/ASX200  
5788.8 ▲ +27.4

SPOT GOLD  
\$US1325.92 ▼ -\$US8.57

DOLLAR  
US76.93C — Steady

## LAW BLITZ

More class actions if  
Victoria adopts changes  
{ LEGAL AFFAIRS P25 }



## ADAM CREIGHTON

Income statistics do not dictate whom  
people vote for { COMMENTARY P31 }



## TRADE PRESSURE

Tariff showdown shifts to intense negotiation period { P23, 30 }

We are already rewarding people to go on the pension. Now the ALP plans to increase those rewards with a franking credit entitlement.

ROBERT GOTTLIEBSEN

## COMMENTARY

THE AUSTRALIAN,  
FRIDAY, APRIL 6, 2018  
australian.com.au/businessreview

# 31

# IDEAS MATTER IN POLITICS

People don't always  
vote for their  
narrow self-interest

ADAM CREIGHTON



night in two years. "It's bloody disgusting," she says.

Highlighting losers is easy and understandable, but their relentless profiling fuels the perception that households vote strictly in their economic interest. They don't; ideas seem to matter more.

In fact, Roy Morgan polling provided to *The Australian* yesterday shows how swathes of people on lower incomes vote for the Coalition, and similarly large proportions of higher income people for the Labor Party.

The idea that lower-income earners vote for Labor, supposedly in their self-interest to increase welfare, and higher-income earners for the Coalition is just wrong.

Overall, Labor, factoring in preferences, was ahead 51 to 49. Remarkably, among those with incomes below \$30,000 its lead rose only to 52, and for incomes above \$100,000 a year the two parties were in fact neck and neck. The Coalition's support was strongest, leading 54 to 46, among respondents who earned between \$60,000 and \$100,000.

Old conservatives might say

that's because high-income earners can afford to moralise and low-income earners are attracted to the prospect of more welfare—it's the families on modestly above-average incomes who feel the pain of Labor's tax-and-spend policies. Harrumph.

Perhaps, but self-evidently lots of those on lower incomes vote for the Coalition, and vice versa. Remember Julia Gillard famously let slip that "old people never vote Labor", in her reported opposition to an age pension increase by the Rudd government.

Thinkers as diverse as Lenin, Keynes and Hayek thought ideas, not the self-interest assumed by today's economists, were the great motivators of political change.

"It is ideas, not vested interests, which are dangerous for good and evil," Keynes famously said. Many a French aristocrat sided with the *sans-culottes* during the Revolution.

Interesting new research by economists Dani Rodrik and Sharun Mukand, of Harvard and Warwick universities respectively, argues ideas play a much

bigger role in politics and policy than the "winners-losers" framework that dominates the media suggests.

"The reliance on interests in modern political economy is also of recent vintage," they write. "The rise in inequality increases the reward to the rich from successful ideational politics. The returns from discovering a policy meme that persuades the median voter, for example, that lower taxes are in the interests of not only the rich, but also the low-income median voter, are much higher".

They aren't too impressed by this "ideational politics", though, arguing that centre-right parties increasingly use ideas surrounding ethnicity, sexuality, or romanticised family types in a bid to shift poorer voters away from economic positions that would actually be to their economic advantage.

"A meme is some combination of cues, narratives, symbols, or indeed any choice of communication that is deployed by the political entrepreneur such that exposure to it either shifts views

about how the world works or makes an identity salient," they say.

Their ideas are hard to test, though, as they admit: "If a lobby pushes a particular policy, is that because they have a vested interest in the policy or because of ideational forces that shaped their understanding of where their interests lie".

Do we have democracy and welfare states because intellectuals throughout the ages have successfully won the argument, or because the rich calculated the increasingly organised and well-off masses might revolt without being granted a bigger share of the pie?

The Turnbull government is appealing, so far unsuccessfully, to narrow self-interest in its bid to convince voters to cut company tax: wages will be higher. Perhaps a bigger-picture sale around the importance of the free market would be more effective?

I'm not sure. To the extent we have more ideas in politics, they seem pretty shoddy. Conventional economics has lost much respect in the wake of the financial

crisis, and the idea many big companies are operating in genuinely "free markets" (to the extent the phrase has meaning beyond simply making money privately) is debatable, especially in Australia.

Mindless identity politics shouldn't be considered ideas in the sense Keynes or Hayek would have thought of them.

Perhaps voting is more like a cheering for a sports team than picking stocks. Indeed, it's odd how the voting population tends to divide so neatly into two similarly sized voting blocks every election, regardless of the policies or background circumstances?

Let's face it, Labor and the Coalition agree on the vast bulk of government spending and taxation, quibbling only at the edges about this or that.

The next election may pit a higher-spending and taxing Labor Party against a slightly less higher-taxing and spending Coalition — hardly a profound crossroads. And people their vote won't change much, so they don't have to think too much about the policies or the politics.