Wed, May 28, 2025 5:00 AM

Opinion: The language of fear

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Over recent weeks we've all heard various "experts" talk about spending, borrowing, taxes, rates, debt etc.

Budget week usually gives us that, but we also have a movement that has introduced this rhetoric to local government elections.

"Spending like a kid with Dad's credit card" was the one I picked up on last week.

It's straight out of Donald Trump's playbook and treats voters as ignorant and stupid when not all of us are.

But the danger is it resonates with some.

The National-led coalition aligned parties that like to thump this Trumpism a lot.

We heard it a lot at the beginning of last year when they were introducing their unaffordable tax cut regime and lining up ways to shovel money at landlords and their big donors.

You know what I'm talking about. It's when Nicola Willis said this week, "New Zealand is a country that has run out of credit cards."

Or last year, saying that the Government's budget is "just like a household" budget and that it needs to balance its books.

Ever since being elected and needing to find ways to justify it's landlord benefits and tobacco company welfare it's used the analogy of ordinary household budgeting to justify its economic thinking.

This is a deeply dangerous, disingenuous metaphor.

So, let's get it straight and let's be very clear, you do not run a country like you run a household.

It's deliberately dishonest when politicians say that. Household debt and government debt are totally different.

Yours and my household spending has a fixed limit depending on how much we earn and how much someone will lend us. You make $X,000 a year and there's a limit on your credit card and After pay. If you default, a collector knocks on your door and your car is gone and there's no TV to watch tonight.

That is so not how governments work.

They don't have fixed income. If they run out of cash, they can raise taxes, borrow from overseas lenders or get foreign investors.

They also don't really have a fixed credit limit on what they can borrow.

Our borrowing is mostly relative to our GDP ratio, ie, Borrowing versus annual output.

In the UK, that's 95.5 percent. In New Zealand, last year we're at 45 percent. So, by global standards, we're doing pretty well.

As the former head of the UK statistics authority said recently in a pushback against this Trumpist think-speak, unlike households, countries don't die, retire, or ever really pay back their debt.

So, in a very literal sense, this metaphor is nonsensical bulldust.

So, government and it’s shills all know this.

So why use it?

It’s to scare us into thinking someone is going to knock on the door and take our cars and TVs.

When you hear language like “they’ve been spending like a kid with Dad’s credit card” it’s designed to make you think the repo man is on his way.

But that isn’t going to happen.

What it does, is get you in the mood for their austerity.

But all this austerity-budgeting is an ideological choice.

Bernard Hickey reported in 2024 that independent global experts said New Zealand’s credit rating was strong. It could borrow up to 120 billion more and it wouldn’t impact its credit rating.

But it gets worse.

Last year, the Treasury told the Government it should borrow more – and it’d still be at a prudent level of spending.

They said the Government could comfortably borrow $80 billion, invest in long term infrastructure projects, put money in the economy and stimulate growth.

But National had other plans. For landlords, mining companies, big tobacco and their other big donors.

I wanted to keep the GDP ratio between 20-40 percent. Treasury actually pushed back and told them that this wasn't enough to create growth. And National ignored them.

Fast forward, now we have a recession, 190-plus people leaving per day for Australia, and another terrible austerity budget.

The National-led coalition has borrowed, this year alone, $13 billion more than they said they would in last year's budget. According to Treasury forecasts they will borrow an additional $72 billion by 2029, leaving us with a total gross debt of $283 billion.

But it's what this borrowing is for that we need to focus on.

Our debt in 2016 was around $60 billion. $30 billion of that was Sir John Key's tax cuts. It rose in 2022 significantly, mostly to support business and communities through Covid and following that to stimulate the economy.

Debt since 2022 has been focused on landlords, tax cuts for the wealthy and tax breaks for oil, mining and tobacco.

Our discussions shouldn't be about debt, but about what our debt is paying for and who is benefitting from it.

But the National-led coalition are not going to stand up and say, "yes, we could have comfortably put 80 billion into the economy to stimulate growth, and we chose not to do that last year and here we are again, team.

And you're going to do it tougher for longer."

Instead, they use the language of credit cards and debt, so you don't ask whether we had a choice in all of this austerity.

But austerity budgeting is a choice and it's not the only choice.

People use it to push back on growth and to promote their own spending agenda.

Here in Whakatāne, we are hearing it as the preferred way to pay for the hundreds of millions of dollars the National-led coalition has decided we ratepayers will spend to pay for water infrastructure.

Long-term planning for sports and recreation, something those pushing the austerity wheelbarrow enjoyed all their lives while ignoring infrastructure spending, are now "nice to haves".

Our library, our museum, the aquatic centre and the airport are suddenly gold plated "vanity projects".

A camping ground next door to the CBD where tourists spend $160

million-plus a year suddenly needs to be privatised.

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