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Media release

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Who is the better economic manager - Labor or Coalition?

A new analysis of the economic performance of the Hawke-Keating Labor Government and the Howard Government concludes that, in a reversal of what would be expected, Labor did better at controlling inflation and the real rate of interest, while the Coalition did better at reducing unemployment and cutting the current account deficit.

The performance of Labor and the Coalition with respect to GDP growth is judged a draw.

In an Australia Institute discussion paper, Professor Raja Junankar of the University of Western Sydney compared changes in five macroeconomic variables over the period of the Labor Government (1983-1996) and the Coalition Government (1996-present).

Economic performance over the two periods is assessed using four methods:

- comparing averages for the five macroeconomic variables (GDP growth, inflation rate, real interest rate, unemployment rate and current account deficit as a proportion of GDP);
- comparing changes in the averages of the five variables over each period of government;
- comparing the difference in averages between the Australian and US economies for the five variables over the two periods of government; and
- comparing the changes in differences between Australian and US variables over the relevant periods..

The report notes that, since the ALP came into office in the middle of a recession and had to cope with another recession in the early nineties, it had a much more difficult task in managing the economy. The Coalition Government came into power when the economy was growing rapidly and also benefited from the structural changes introduced by Labor.

A summary of the paper may be read under What's New on the Australia Institute's website.