

HANDLING THE VESTED INTERESTS

Some people distrust our political process entirely because it too often advances private interests, fails the interests of the whole community, is short sighted, and inequitable. In this they are like some other people discussing market failure. The democratic process is imperfect; it, like the market in the well known example of the smoking chimney, can generate private rewards with attendant social costs. But like the market it is far from being entirely perverse; like the market it cannot be escaped; and like the market there are innate forces within it which compel it to take some account of the widest community interests. These innate forces seem to be less sure than Adam Smith's invisible hand, which directs the market participant to further the public good while he pursues his own, and our understanding of political forces is less complete. However, one only has to look at undemocratic governments to be convinced of their existence and their worth.

If it is believed that many of Australia's more serious social and economic problems can be traced to "political failure", then it is a great pity that we don't better understand what causes politicians to behave as they do.

(8/5/84)

Writing to the Australian Financial Review, Ian Marsh of the Australian Graduate School of Management and formerly a Liberal Party staffer, accuses Liberal Party "Dries" of assuming away the power of interests in the modern state. "Neo-liberal ideologues, by and large, are inspired by the purity of economic nostrums. They are custodians of a moral ideal. But manipulating interest groups ought to be the concern of their political friends..... If Liberal proposals are to be taken seriously they need to tell us how interest groups are to be handled."

The Neo-liberal ideologues' problem is even wider than Mr. Marsh says. They are inspired by ethical, legal and political nostrums as well as economic; and the interest groups to which Mr. Marsh refers sometimes defend positions in which they have no obvious economic advantage. The anti-uranium lobby, the anti-smokers, the anti-United States lobby and people who wish to regulate others' private sexual behaviour are also interest groups.

The parliamentary "Dries" have enough experience at the workplace of democratic politics to know of the power of the well organised vested interest. From the beginning we tried to build a constituency for dry views and capture the intellectual and moral ascendancy from wet views. Cynics' opinions notwithstanding, <sup>that</sup> was the purpose of our high public profile. We knew that, in spite of some realistic growls during the 1977 election campaign, the Government was a paper tiger.

Although we were not particularly respectful of the growling paper tiger, <sup>a</sup> we most definitely preferred <sup>a</sup> paper tiger to <sup>a</sup> real tiger. If only it had stopped growling and started some long term thinking it would have had my sympathy.

Hermann Goering is said to have remarked to a British diplomat during a debilitating British strike just prior to World War II, that Germany did not have a strike problem since it shot a couple of strike leaders. (Governments strong enough to countervail powerful vested interests are themselves dangerous and are seldom the best means of dealing with interest group power.)

In their actions politicians are followers. Let us keep it that way; it is safer, even if it places a conservative impediment in the way of the most desirable changes.

The balance of community power can be changed in several ways. The power of ~~one~~ vested interest can be countervailed by another. For instance, the power of the motor vehicle lobby is partly offset by people who want cheaper, more reliable and safer cars. Further, people with vested interests usually have a nice side to them which causes them to mute their demands when those cut across other things they believe in. For instance men who bore arms for Australia may feel very uncomfortable about weakening their country through its economy. Further again, people don't like to be caught acting against the public interest and (they don't like politicians who prejudice the community interest.)

Ian Marsh asked what the "dry" Liberals proposed to do about an assault on our protected sector and whether they would be as bold as Mrs. Thatcher is in dealing with <sup>her</sup> nationalised industry. He might have asked whether they will be even as bold as Mr. Hawke.

~~Some things can be done without being very bold. In opposition they can support every deregulatory move Hawke or a State Government makes, as John Howard did with the currency float. They are in a powerful position to change the debate.~~

In office they can act where resistance is least, in the knowledge that example is the best teacher. Privilege is like a wall standing between us and freedom and prosperity, but it is a wall with many loose bricks. With the displacement of each brick a little light enters and more people are encouraged to probe it.

(Processes should be made as transparent as possible, abandoning administrative procedures in favour of open inquiry.) The losing interests - the car buyers and the unions which lose employment to protected industries - should know of their loss.

The public interest is the high moral ground. It is fair to make people who demand privileges feel a bit dirty and unpatriotic. Ridicule is a powerful weapon. Hypocrites, like those managers of protected companies who complain about trade union privileges, ought to be exposed.

Some of the effort devoted to identifying with established opinion, to gain popularity and power, could be given to influencing opinion to enable power to be used well. While governing and governing well are not necessarily the same thing, neither are they necessarily incompatible. Although misinformed, electors are usually not stupid, they do care about their children's future and they will accept some sacrifices. It must take time, but I am sure it is possible to build a constituency for the long term and the common good - a common good to which every politician already feels obliged to pay at least lip service.