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Catchline: ON THE DRY SIDE

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Privilege and the Liberal Party

John Hyde

The Liberal Party Council in Brisbane seems to have been a somewhat tame affair. But criticising a Liberal Party Council for not producing the usual vigorous debate strikes me as misguided. The 'usual debate' is awful. Jurisdictional squabbles aside, debate has tended to be dominated by vested interests parading in the garb of community interest. This year, for instance, the apologists for protected industries used the Council to criticise the Coalition's trade policy---usually there is more of this sort of thing.

Because the Councils have been forums for narrow interests untutored by general principles, they have tended to carry contradictory motions---calls for lower taxes and greater public expenditure, higher productivity and industry protection and so on. Indeed, in this regard, Liberal Councils are not significantly different from Labor Conferences. The Libs virtue, and it is a considerable virtue, is that their elected MPs, by tradition, do not take much notice of the party delegates whose democratic credentials are virtually non existent.

Two criticisms of the latest Liberal Council make more sense. These are that the delegates did not come to grips with some serious organisational problems and that few of them showed any sign of understanding the significance of John Hewson's attack on privilege.

If political parties are not to drift, they need some core beliefs. Opposition to privilege is at the heart of liberalism and it is this, rather than socialism, to which the party should direct its attention. Socialism is dead. It will not recover from

the experience of Eastern Europe, the Gulags and the killing fields. But its liberal/conservative alternatives are far from well. In the case of the Australian Liberal Party, its philosophy has been so successfully assailed by socialists, moral relativists and vested interests demanding privileges for themselves that the Libs now believe in very little.

The attacks upon liberal philosophy have often been far from honest. Unable to discredit the ideas themselves, left-wing ideologists and more often people with vested interests have often simply misrepresented the ideas, utterly confusing Liberal Party members. It is past time that the Libs again familiarised themselves with their traditions.

The British strand of liberalism has some of its more important roots in the Scottish Enlightenment of Adam Smith and David Hume. (As Bob Santamaria pointed out last week, it also has other important roots in Christian teaching.) Adam Smith was probably the most effective scourge of privilege that there has ever been. But that is so far from the view of him held by your average Liberal Party member that Smith probably didn't come to the mind of any Council delegate during Hewson's speech. This year has seen the bi-centenary of Adam Smith's death and there is plenty of popular Adam Smith literature available. Liberal Party members might do worse than study some of it.

They will find that Adam Smith, far from advocating unbridled freedom for the business classes, rarely missed an opportunity to criticise them, often in colourful terms. In "The Wealth of Nations" he writes of "The mean rapacity, the monopolising spirit of merchants and manufacturers" and of their "impertinent jealousy". Smith was, if anything, pathologically suspicious of businessmen.

He was particularly critical of the political influence of "the mercantile class". He taught that governments often pursued policies against the common interest because "the interested sophistry of merchants and manufacturers confounded the sense of mankind....with all the passionate confidence of interested falsehood". To succeed with people such as Liberal Party politicians, vested interests have had to discredit Smith---what better way than to claim that *laissez-faire* aided, rather than controlled, the rapacity of the merchant class.

Smith would feel quite at home in the Australian protection debate. On the other hand, it is not clear how he would line up in the Australian industrial relations debate. He wrote sarcastically of merchants and manufacturers who complained about the effect of high wages on the sale of their goods while neglecting the similar effect of high profits. He was at least as worried about employers combining against their employees

to keep wages down as he was about the converse. Whenever he discussed the labouring class, he defended it. However, I don't think he would have smiled upon monopoly unions or upon centralised wage fixing---he opposed all privilege, all monopolies. It is a pity his sarcasm could not have been directed against Telecom and its unions, but his remarks about monopolies of his own time are easily applied to the Telecom debate. So are his observations on politicians, universities and the church easily applied to today's subsidised chattering class.

Smith's advocacy of unfettered markets was not ideological but was derived from shrewd, painstaking observation of the virtues and the vices to be found in human nature. And these have not much changed. When he taught that competition's "invisible hand" would direct man's natural cupidity to serve social ends, and that government intervention was most often employed on behalf of privilege, he taught what he saw in practice. It is, therefore, improbable that he would have opposed modern trade practices law, and highly likely that he would have been irritated by the exclusion of the government monopolies and statutory marketing authorities from its reach.

There is an underlying realism in Smith's work and a beautiful internal consistency. Nevertheless, Liberal Party members should not take his, or anybody's, words as gospel, as Communists once took the words of Marx, Lenin and Mao. Rather than accepting deliberately bastardised versions of the great liberal works, however, they should teach themselves broadly what their philosophical gurus actually advocated. Then, when their current leaders make speeches in the traditions of their faith, they will recognise the significance of what is being said and perhaps be too ashamed to press their petty vested interests.

John Hyde is Executive Director of the Australian Institute for Public Policy

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