

On not Subsidising Ansett

*John Hyde*

Ansett Chairman, Sir Peter Ables, has now promised that the Federal Government will not use taxpayers' money to compensate his company for losses incurred in the pilots' strike. It took a long time for the story to be denied and I am amazed that the government even contemplated such a hand-out--- particularly when Federal Labor MPs were trying to distance themselves from their WA colleagues and WA Inc.

The Prime Minister knows full well that the taxes ought not be given to his friends or, for that matter, private individuals who are unknown to him. The power to raise and spend money, like all government authority, is held in trust for all and should not be employed to favour the few.

Although the principle that laws should be general in their application is often ignored by politicians, it is well known to them. Governments which violate it by protecting industries and occupations from competition seldom go so far as to favour individuals or single companies. When governments do the latter they do not escape the stench of corruption--- *vide* recent events in WA and Queensland.

Were Mr Hawke to compensate Ansett for the cost of this dispute, he would be making the very mistake Mr Burke made when he gave preferential treatment to Rothwells, and which the Bjelke-Petersen Government is alleged to have made by giving preferential treatment to the Thiess companies. Mr Hawke would no doubt have claimed that the public interest justified picking up Ansett's costs. This would not have been so. In the first place, not everyone agrees that the pilots should be defeated. In the second, once it is conceded that government expenditure (or the power to allocate licences and monopolies) could be employed so selectively, what then would distinguish an Australian government's use of privilege from, say, that of the Philippines under Marcos?

A hand-out to Australian Airlines would offend on different grounds---unfair discrimination against Ansett. Since Australian is government-owned the government may, without facing the charge of improper (as opposed to unwise) use of the taxes, inject capital into it. Moreover, were Australian to look like not meeting its debts, the government

would be obliged to pay them. Despite the Western Australian Government's attempts to repudiate its obligations to the National Australia Bank and probably Bond Corporation as well, may we be spared the day when our governments do not meet debts properly incurred in their names.

There is no way out of this sort of dilemma because the nature of government is totally incompatible with its being a commercial player. Government should employ knowable laws which should regulate all within its jurisdiction without fear or favour.

In contrast, commerce is all about discriminating. Commercial success attends those who find and discriminate in favour of the best match of competing sellers and buyers. Purchasers are entitled to shop around before striking an exclusive deal. Employees have a right to evaluate potential employers before signing on---thereby excluding other employees from the job and other employers from their services. Discerning discrimination and exclusivity are in the essence of commerce. Without them living standards would not rise.

Government differs from other public agents, because it alone is the source of legitimate coercive power. This gives it an advantage which cannot be competed away. Government can make people accept imposts, standards of service, and prices, whereas even the biggest company's employees and customers can simply walk away---they do so regularly. Illegal behaviour aside, other organisations which fix prices and quality, such as the Wheat Board, Telecom, the protected industries and the unions, all derive their power from the government.

In the market sector, transactions are voluntary. No deal is done unless both parties are advantaged by it. Markets are win/win games. They are disciplined by everybody's need to offer somebody a better deal than the particular somebody can get elsewhere. Those who don't offer a deal are not in the game at all.

Transactions ordained by law, however, are vastly different, because they have at least one involuntary party. If they did not, the law in question would not be necessary. Governments create losers---taxpayers, prison inmates, people prevented from buying cheap foreign-made cars, etc. Governments can, therefore, play a win/lose game which advantages some people at the expense of others. Frequently, governments maintain monopolies, dispense subsidies and administer prices for their friends, voters in marginal seats, party donors etc.

Only anarchists believe that the power to create losers is unnecessary; but only fools and the naive believe it is not easily turned to discriminatory---that is, corrupt---ends. Because government power is so easily misused, governments are constrained in three ways which are not compatible with commerce.

As well as the requirement that governments act only through generally applicable laws, governments are required to be open---that is, have no commercial secrets. And government authority is divided in perhaps a dozen ways with each part designed to check the others. No business could operate this way and no government is to be trusted operating any other way. With all due respect to the many businessmen who want the government run like their company, politics and commerce are different. Like oil and water, they cannot be mixed without constant agitation, and all you get when you do mix them is a mess.

When government enters commerce, the wealthy and the articulate, who have the ear of government, get subsidised by the poor and the disenfranchised. The market incentives are perverted.

Since Mr Hawke cannot compensate everyone who has been disadvantaged by the pilots' strike, and every other strike, and every other natural and unnatural calamity, he should subsidise no one. Does he wish to be numbered with Mr Dowding and Sir Joh?

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