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The Dries 10 Years On

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The uncompetitive industries and excessive foreign debt of the eighties are the outcome of mistakes made in the seventies and earlier. Government in the nineties will be difficult because we will face the inevitably painful business of adjusting our work habits and our lifestyle to our means. But the eighties also brought the beginnings of a change which the Garnaut Report described this way: "...the beginning of internationalisation and liberalisation of economic life has established an economic, political and intellectual base from which, for the first time this century, it is possible for Australians to seek first best outcomes....The tide has turned through the 1980s, although we carry still most of the dead weight of a protectionist past..."

It added: "There is no inevitability of success".

The level of success depends both on ordinary people and on political leadership---each may reinforce or negate the other. The Hawke government, which has led us toward a freer economy, looks good in the light of past Australian governments, but less good when we consider what was achieved during the eighties by some other national governments or is demanded by Australia's current needs. I think Garnaut overstates Australian successes to date but, be that as it may, Labor's progress is significant.

Labor is now tired, and government may pass to the Coalition. If so, what might we expect of the Libs?

It is almost ten years since four Liberal Party MPs and one ministerial staffer set out to change the direction of the Liberal Party. They, and those who joined them, became known as 'The Dries'. The original dries, who were at one time an effective team, were dispersed by electoral fortunes. Recently, the fact of the Peacock coup and the manner in which it was conducted have divided dries. The Liberal Party has travelled a long way since 1980---but not always at the dries' behest and not always in a constant direction.

The dries were disrespectful and critical---their unsettling ideas undoubtedly caused the Liberal Party some pain. So long as the Liberal Party believed in little, unity

was easily maintained. But as soon as the dries started to spell out the implications of the classical liberal position, which we asserted was the natural philosophy of a Liberal Party, others, who became known as 'wets', demanded an interventionist utilitarian form of liberalism. The wet arguments, except in the area of environmental legislation, have been substantially defeated by argument, by events here and overseas, and by the Labor Party adopting dry policies. Most Liberals were, however, neither wet nor dry---they just hoped the questions would go away and stop costing them votes. Some of the wets, especially the late Alan Missen, earned my profound, if at times grudging, respect. Not so those who wanted the issues to go away---the pragmatic vote-seekers.

Although plainly some of my dry colleagues of old see it differently, I see in Peacock's ascendency a return of old ways---of the political pragmatism that so wasted the Fraser years. Electoral pragmatism has been responsible for more of what the Garnaut report called 'economic dead weight' than have been the activities of the few true wets.

Some long-time dries and some more recent converts believe that, like puppeteers, they can control Peacock. With some justification they point to the way that economically rational ministers, such as Keating, Walsh, Button and Kerin, periodically force economic sense upon the Prime Minister. I don't entirely share the confidence of these dry Peacock supporters.

In the first place, the Labor Party puppeteers do not always succeed. In the second, Liberal Party leaders, unlike Labor leaders, appoint their cabinets. In order to believe that economic rationalists will, in general, control economic policy, we also need to believe that the key economic portfolios will be in dry hands and that these Ministers will have the numbers and the gumption to gainsay Mr Peacock and the pragmatists when necessary. I would, therefore, like to be assured that some of the people who supported Peacock's leadership have not been promised preferments for which their records do not qualify them.

We might take comfort from recent events. When Mr Peacock predicted a massive fall in interest rates, his economic lieutenants refused to support him, the party line was restored to something plausible, and no great harm was done. Peacock was written down as a person of little economic literacy---indeed of even less than the Prime Minister. Economic literacy is not a prerequisite for successful Prime Ministership and the matter died, as it should have done, if that was the correct interpretation.

Again I am not quite so sanguine. I do not think Mr Peacock is economically illiterate. That leaves the much more damning possibilities: that he did not care; that he was driven by the opinion polls; that he had returned to the behaviour the dries first set out to combat.

Let me take another example, this time involving the National Party Shadow Minister for transport, Mr Sharp. Following the twin bus smash on the Pacific Highway, Mr Sharp criticised the Government for being niggardly with road funds. I accept that he was probably castigated for poor form by Mr Peacock or Mr Blunt, who are not totally insensitive to the decencies. But was he castigated for demanding more road funds---a largish budget line at any time---when the coalition is promising lower taxes and a responsibly high budget surplus?

The next government will either be economically prudent or risk seeing the economy collapse about its ears. Under Mr Howard, although not because of him alone, the Liberal Party briefly became a party with a classical-liberal mission. That it did so was not an accident but was planned by, among others, Mr Carlton and Mr Shack---two of the original gang of five---yet they both supported Mr Peacock against Mr Howard. Maybe they were right, but only if they can promise to deliver Mr Peacock to the dry cause whenever that becomes necessary.

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