

The Good Fight

John Hyde

Austin Stewart Holmes, who died in 1986, was a fine economist and one of the Australia's finest ever civil servants. He referred to the never-ending struggle to get good sense into our economic affairs as "The Good Fight". It was the title he chose for his 1980 Giblin Lecture.

He was a true servant of democracy---as true as any I have known. Above all, he understood that the truth of politically relevant matters, so far as it could be known, should be faced by both the elected and electors. He was justly renowned both for his respect for the facts and the humility with which he sought them. He was notorious for the pithy, even earthy, expression of them and for the effect that this had on many a stuffed shirt. On the occasion of his retirement from the Reserve Bank its then Governor, Mr Bob Johnston, likened him to Bunyan's character Mr Valiant-For-Truth.

"The Good Fight" is now the title of a festschrift of 16 essays in his honour, edited by Chris Ulyatt and published by Allen & Unwin and the Australian Institute for Public Policy. Each essay deals with an aspect of the good fight, as it must be fought for better management of the Australian economy. Each is an attempt to convey important economic facts to those who implement economic policy and to those who hold ultimate sovereignty, the voters. Aussie would have ridiculed the idea that anything should be done in his honour, but I think he would have approved of another blow struck in the good fight.

In his Giblin Lecture Holmes had said: "My complaint is not with the rights of voters to select whatever objectives take their democratic fancy. My concern is confined to the consequences of possible cases in which people or governments seem less than realistic in their appraisal of what the pursuit of one objective will cost in terms of a lesser fulfilment of other objectives..."

Australia's economic difficulties are by no means insurmountable in any economic sense, but without people who want the necessary changes the difficulties will not be faced by politicians. And, for as long as politicians and others encourage voters to be unrealistic in their appraisals of the

opportunity costs of policies such as trade barriers, transport regulation and Telecom's monopoly, the public will go on demanding policies which preclude the fulfilment of other objectives. That may also be said of the current favourite, interest rate reduction accompanied by devaluation. The art of democratic government is that of explaining often unpalatable facts about the fulfilment of alternative objectives. If the mark of a statesman is that he changes public opinion to achieve worthwhile goals, and that of a politician that he gives effect to current public opinion, then election years produce politicians when statesmen are most needed.

Whichever side wins the coming election, it will not enjoy a Senate majority. Its capacity to tackle economic problems, therefore, will be constrained by its ability to legislate. The Democrats have already underlined this point by threatening to block some Coalition policies.

Far from explaining stark choices to people, and in spite of Don Chip's promise "to keep the bastards honest", the Democrats have tended to pretend that people can have their cake and eat it too. Their politics are irresponsible, damaging and, in fact, dishonest---but democratic.

Of course, in the event of a Coalition victory, their threats would be hollow if Labor were uninterested in blocking reform---as it might be. Some Labor ex-Ministers, who in office fought the good fight and who despise Democrat populism, might not wish to oppose reforms which they contemplated themselves. They will remember that Labor got most of its reforms through the Senate. If the boot should be on the other foot, some Coalition members will be similarly constrained. Nevertheless, Oppositions tend to succumb to the temptation to make themselves popular.

No democratic government can ignore public opinion for long. However, the gulf between those politicians who try to lead opinion---such as, for instance, Keating, Howard, Walsh and Stone---and those who follow opinion polls is a wide one. What is more, the gulf comes between your average populist politician and nearly everything that is important to the proper use of political office.

The fault lies not just with the Democrats. In the pre-election climate, aspiring ministers are saying precious little about the consequences of "less than realistic appraisal of what the pursuit of one objective will cost in terms of a lesser fulfilment of other objectives".

Many of them, no doubt sincerely, believe that they can tackle the economy after the election. I think they significantly delude themselves, because, unless the fact of their election gives them the authority to make the necessary changes, they will not be able to get their legislation through the Senate. What is more, they might not be able to get it through the party room or caucus, perhaps not even through the cabinet. They will find that every about-to-be-

disadvantaged vested-interest finds a plausible reason why it is a special case, if not meriting exception, then delay. These interests will find a ready ear among the populist politicians, who the Democrats epitomise, but of whom they have no monopoly.

The most important battles in Austin Holmes's good fight are fought prior to elections. I think the public is scared about the state of the economy and would, ahead of other considerations, elect whichever party they felt would be most economically effective. I also believe it is more ready to accept straight talking about the cost, in terms of "the lesser fulfilment of other objectives", of some current practices than it has been at any time since the Second World War. If I am right, they will probably reward a Mr Valiant-For-Truth with office---if they can find one.

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