

ON THE DRY SIDE Petersen et al John Hyde

Net foreign debt is about \$20,000 per family and rising quickly. Inflation is four times that of our trading partners. Within six years the Trade Weighted Index value of our currency has halved. We must act fast. A new government will repair nothing if it does not address the problems.

The deteriorating economy and the 'dry' campaign started a dry band-waggon and as dryness became respectable surprising people climbed aboard. In tariffs, rural regulation and financial markets the Labor Government has proved remarkably dry. The Liberal Party under John Howard is propounding conventional dry economics. But some, such as the Queensland Premier, are on the band-waggon selling snake-oil.

Political cheapskates who offer easy but false solutions to real problems are the bane of any democracy, so much so that serious authors have argued that democracy is ultimately unworkable. Because they expect to govern, Howard and Co. are stopped by economic facts from offering quick fixes and expensive privileges. Petersen, McPhee, Peacock & Co. are not. The victims of the bottom of the harbour legislation who allegedly commissioned the Quantum polls don't care what is happening to their children's nation so long as they wreak revenge on Howard who was not the principal architect of their troubles anyway.

Andrew Peacock says there is not much difference between Sir Joh's 25% flat tax with a threshold that makes no-one worse off and Howard's flatter tax. There is this difference: Mr Howard's tax is arithmetically possible; Sir Joh's is not.

Premier Petersen cast as the champion of free enterprise and low tax is Gilbertian. The investment bankers Salomon Bros estimate that between 1982 and 1986 Queensland's public debt increased 77%---the fastest of any State. The Institute of Public Affairs has shown that from 1983 to 1985 Queensland had the greatest growth in public sector employment---7.2% as opposed to the next greatest, Victoria, with 5.8%. Canberra grew at half the rate. The Confederation of Industry believes that over the past ten years Queensland has passed more regulations than any other Australian Government. Only Queensland does not charge for hospital treatment. Sir Joh's government used the State Government Insurance Office to Nationalise by purchase the privately-owned Bank of Queensland. Renamed Suncorp, it now has a major stake in most of the major companies listed on the Brisbane Stock Exchange. The life Insurance Federation of Australia complains of the recent practice whereby SUNCORP has been urging companies in which it has significant shareholdings to transfer existing superannuation business away from private insurers to SUNCORP itself. In Queensland bread may only be sold by those who have a government franchise to sell only within one of several zones.

One might think this the work of a socialist government. It is.

Sir Joh says what people want to hear, but his record is that of a big-spending, interfering socialist who got one thing right: the South-east Queensland Power strike. With rhetoric alone, he has adopted a philosophy which circumstances and the hard work of others has made politically acceptable. Where was he when Howard was trying to reform the tax system in 1981? What help did he give to financial deregulation? He risks discrediting the free market ideal by talking nonsense.

The bleeding hearts in the Liberal Party, who claim to represent the under-privileged, should not be believed either. By trying to preserve trade union privileges, wasting taxes and failing to balance the budget they are even worse enemies of the underprivileged than the ill-defined 'ugly right'. By combining with the Queensland Premier in unreality they will make the policies which would give the Australian economy and the underprivileged better chances impossible.

Despite the damage they are doing, I don't see the populists pulling Howard down or dragging him far off course. He has made his own populist noises but none is very major. Howard is being exceptionally careful to say only those things he can live with as Prime Minister.

Howard cares for his country and an honourable mention in history. He will not want the last Fraser years repeated. An experienced cabinet minister, he knows what is necessary, and he knows something of the forces against him.

Apologists for Petersen or Peacock, mostly businessmen, tell me that the first thing is to get elected and that the unreal promises can be abandoned as Mr Hawke abandoned his party's least responsible promises. This is stupid as well as dishonest. Debt and inflation are now so serious that they cannot be remedied without a strong and specific political mandate. A Prime Minister needs to use it against whining spendthrift Premiers, weak-kneed back-benchers and his ministers. A 'mandate' which calls for less tax and bigger States grants, 25% flat tax that makes no-one worse off, free enterprise except for agriculture, media outlets, trade unions, and anyone who makes a fuss, is nonsense and can discipline nobody.

Howard is not perfect. But that statement begs the question: who is more likely to confront the economic mess? If the question were easily answered the antics of the bitter and self-serving who make up the extraordinary coalition against him would not matter. Howard would then be expendable. But there is no easy answer, and Howard's realism is not expendable. The spoilers run the real risk of pulling their ---and our---nation down.