

FEA

John Hyde

When Elephants Mate

The spectacle of a Labor Prime Minister fawning on multi-millionaires Packer and Bond, and of their endorsement of him, reminds me of the African proverb, "When elephants mate, the grass gets crushed".

I am not upset by Mr Packer's and Mr Bond's endorsement of Labor. It is arguably their duty to their shareholders to support the party most likely to maintain the monopoly value of TV licences now worth hundreds of millions but potentially worth nothing. In the courts of princes and the drawing rooms of the great, where success depends upon favour, flattery has always been coin.

What does concern me is that governments courting the powerful trample the relatively powerless. Governments, unlike millionaires, have a traditional responsibility to protect the grass---or the grassroots---from undue trampling.

Governments granting licences, tariffs, mining and development rights and other monopolist privileges almost inevitably favour the few against the many. It is all too easy for the few to then favour the party in government. Government that is turned from public to private service is corrupt in any useful meaning of the word. Take some hypothetical cases:

Developers might consider a hefty campaign contribution a small investment if the return is a planning permission worth hundreds of millions. Companies wishing to make textiles, chemicals or motor cars without facing the rigors of international competition might contribute to party funds and expertise. Licences to catch rare fish and mine common minerals do great things for share floats. Casinos---need I say more?

The power to confer privilege can also be used negatively. A troublesome brickmaker might find a government selling land way under value to a rival.

Ex-Marxist Jean-Francois Revel in the March issue of 'Encounter' put the problem this way:

"In a civilised, efficiently-alert democracy, you have to be a fool to commit the major felonies punishable by the law: breach of trust, speculation, embezzlement, influence-peddling. So in order to gauge the extent of corruption in our own kinds

of liberal society, we need to look beyond the classic offences.

"Being 'corrupt' means somehow misapplying political or administrative power, whether directly or indirectly, outside its proper sphere, for one's own financial or material advantage or in order to distribute the gains among one's friends, colleagues, relations, or supporters.

"When a minister grants a subvention to an association of dubious utility, even when he observes all the rules in doing so, he is committing an abuse, especially if it turns out that the beneficiaries of the subvention are his personal or political friends. A subvention ... amounts to a levy imposed on the labours of the producers, in favour of the occupants of the power structure.

"The further the system extends, the heavier the hidden tax on production and the less profit and employment. Even if legal appearances are saved ... it may be assumed that democracy is not. The national inheritance is diverted into private or partisan uses, causing a pernicious drain on the general economy.

"No doubt the good Minister ... has no sense of being dishonest---and that is the most serious thing about it.... (T)he greater the role of the State the more numerous the opportunities for corruption."

The differences between the contenders in this election run deeper than any since the war. Under John Howard's leadership the Liberals really have rediscovered individualism. And under Hawke, Labor has abandoned socialism for corporatism---the consensus of elites.

The contrast is greatest in the parties' approaches to industrial relations. The Liberals promise individual workers the right to choose their own unions (or no union); Labor promises a better world delivered by agreement among the leaders of the IR Club.

Any discussion conducted in terms of 'isms' invites contradictions and in the case of the Liberals there are plenty. But in spite of concessions to 'wets', rural socialists in the National Party, gold miners and others there is no reasonable doubt they have rejected the elites in business, unions, education, and culture.

These are the people who bribe and blackmail political parties with votes, campaign funds and the quiet or strike-free life. The Liberal Party, now the little man's party, is being out-spent as much as three to one: it has traded influence and money for purer air.

It was not always so. I remember visiting Phil Lynch in Parliament House one evening because Malcolm wanted him to carpet me. Representatives of GMH, BHP and another company, I think it was ICI, were queued to make submissions to him. I opened the conversation by observing that there was something rotten in the State of Denmark and he had to look no further than his own ante-room for evidence. (Poor Phil, he was meant to be ticking me off!)

Public scrutiny of the exercise of power militates against corruption. We sometimes close a court to the general public but would not contemplate closing one to people with a direct interest in a case. Yet ministers deal privately, often secretly, with representatives of Australia's better-organised interest groups.

Deals thus made are still subject to scrutiny by Parliaments (usually in the teeth of Government resistance) or by bodies such as the IAC. But this is not enough if the public's sense of outrage becomes dulled.

In the liberal tradition, interest and authority are kept at arm's length, with a clear distinction between the state and the law which binds everybody, including agents of the state and their mates. This tradition is threatened in Australia today by the corporatism of Labor and National Party governments in the States and in Canberra; it is upheld by liberal think-tanks such as AIPP and CIS, and has been rediscovered by the Liberal Party.

Corporatism---the consensus of (usually elected) elites--can produce good outcomes; Singapore, Austria and Sweden were often cited as examples of successful corporatist governments although Austria and Sweden don't look so good today. In the late 1920s Italy was often cited in the same context! But power corrupts and only fools expect elites to remain benevolent even if they start that way. Being human they soon succumb to temptations to use their authority to guard their own status.

Those who cannot organise---consumers, the unemployed, the really poor and those whose businesses are too small to afford a trip to Canberra---find their separate voices drowned by the directors of this and secretaries and presidents of that. If they are represented it is by people most unlike themselves---the New Class intellectuals who lead the welfare lobby, much of the union movement, environmentalist groups, and so on.

Although Australian corporatism is not new, Labor has changed it. The Liberals were ashamed of back-room deals and usually felt obliged to generate smoke-screens like the argument that the Two Airline Agreement was necessary to prevent a one airline monopoly---it sounded reasonable to non-economists.

In contrast Labor has made a virtue of deals, justifying them as 'consensus'; agreement is justification. Labor has further raised expectation among the more powerful vested interests, particularly the ACTU, that the government will bargain. Government is no longer seen as an impartial arbiter but as an interested party. The poor Liberal Party, advocating a smaller role for the State, has fewer favours to sell and less money. We voters, the grass beneath the elephants, get crushed.

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