

Philip Ayres on Fraser

*John Hyde*

When John Howard was Treasurer and I was a backbencher I felt Howard's loyalty to Malcolm Fraser was excessive. Howard told me---March 23rd 1982---that Fraser was the best leader, and on October 8th when the government was falling apart and I wanted Howard to seek the leadership he urged me 'not to undo Fraser'.

I think the 'Big Fella' would be nobler if he returned Howard's loyalty---but I was a bit player and the cobbler should not judge above his last. Moreover, every ex-Prime Minister wants history to speak well of him. All we may demand is truth. Was Howard the deregulator, or was Fraser? Did the 1982 budget undo the progress toward budget balance or did Treasury invent the \$9.6 billion deficit? Was the Reserve Bank or the Government responsible for allowing inflation to climb above that of our trading partners?

Philip Ayres' biography, 'Malcolm Fraser', does not provide convincing answers to the most obvious questions but on the less obvious it has a wealth of information. For instance, Ayres shows that as early as January 1976 the ACTU and the Fraser Government had established a consensual/corporatist relationship which had most of the essential features of the 'Accord'. Was this the start of the most important and contentious political trend of the eighties? Until I read Ayres I had forgotten about poor Tony Street struggling valiantly to explain power-sharing deals with unions to a sceptical party room.

However, overall, Ayres conveys an impression of the years 1975 to 1983 which differs sharply from mine. From the backbench I was not fully informed and I can't claim to be a disinterested observer---but I did keep a diary.

Interested parties always differ and no author can check everything, but the failure to seek Sir John Kerr's version of the events of November 11, 1975, is remiss. Also, it was naughty, when writing about Fraser's handling of Phillip Lynch's forced resignation and post-election reinstatement, not to record why some people thought Lynch had no case to answer. Beside being unfair to a family's reputation, Dr Ayres glosses over an important political episode which cost Fraser respect he later needed, and possibly on other counts, deserved.

By dealing in land on the Mornington Peninsula, Lynch became associated with the Victorian Government's land scandals and he was named by Landeryou in the Victorian Upper House. Ayres asserts that Lynch was inexplicably invited into the land deal after the profit was realised. Ayres has this wrong. Lynch was bound by verbal agreement to a simple partnership to share profits and losses from trading in real estate. Of course a speculative profit was anticipated. It was no secret. Senator Fred Chaney and I went through Lynch's financial affairs at the time. They were boring and profits were not always taken---Lynch was busy.

It is not fair to judge Mr Fraser by today's delegatory standards and my diary---May 13 1980---identifies another reason why it is hard to be fair. It reads, "Dinner at the Lodge. It is no wonder F. is so sure of unsound policy because nobody speaks frankly to him....I wish I understood him better if only to get my own way." Nevertheless, I am sure I understood him well enough to know that he was not a deregulator. He was an instinctive *dirigiste*.

Malcolm Fraser was master of using a literal truth to convey a false impression. In his own defence he would say, 'People do not listen to what I actually say'. I never did make up my mind whether he did not understand fundamental economic concepts or whether he felt inconsistencies such as those between his domestic and overseas statements on trade were legitimate politics.

His attitude to interest rates is sufficient evidence that he did not champion financial deregulation. He criticised me when, in my own electorate, I said interest rates should be deregulated. Several cabinet leaks testify that he disliked banks and favoured their regulation. As late as June, 1986, Malcolm Fraser was widely reported favouring a regulated exchange rate, and regulation of corporate takeovers and of airlines. He has since supported media regulation. Ayres says Fraser now favours a referendum to give the Commonwealth greater powers to control unions in the private sector. He does not favour the deregulatory alternative of allowing employees to opt out of unions.

I accept that Fraser favoured exchange rate flexibility. Treasury and the Reserve Bank used to threaten the government with balance of payments crises if it did not accept sufficient fiscal and monetary discipline. He would have seen devaluation as an alternative to budget cuts and high interest rates. Professor John Rose's information that Fraser favoured relaxing the foreign investment guidelines is interesting. I wish the dries had known it at the time.

There was no shortage of issues with which the Prime Minister could have earned a deregulator's spurs, but did not: the labour market, radio and TV licensing, motor car protection, textiles clothing and footwear protection, the so called 'general reference' to the IAC, Aussat, Telecom, Australia Post, wharves, shipping, airlines, banks, rural marketing, mineral export pricing, Tasmanian freight equalisation, and education. Unless my memory is playing

tricks, Mr Fraser was a regulator---but it no longer matters.  
What is John Howard?

When Howard joined the ministry he had a lawyer's preference for controlling things with laws. By today's deregulatory standards he was a poor Minister for Business and Consumer Affairs. However, by the 1981 motor car debate the press could dub him, Chaney and Durack 'the three musketeers'. It was he who fought for financial market deregulation. Now the Opposition's labour market policy, written by Gerard Henderson and defended by Howard against 'The IR club' and the wets and the wimps in the Liberal Party, is the most important and subtle deregulatory policy so far presented to Australian voters.

Howard is now a deregulator. His virtue is that he learned. At some stage didn't most of us?

ENDS