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ON THE DRY SIDE 167 WRITTEN ON TURNING FIFTY John Hyde

I belong to the depression and war babies generation. Like others before us, we deplored our parents' and grandparents' mistakes and determined to make a better fist of running the world. It is doubtful if we have.

We did our growing up in the forties and fifties and were starting to influence national events, if from the sidelines, by the sixties. We did not know the depression and we really did not know the second world war but we had heard a lot about them which encouraged us to believe that with better government these disasters would have been avoided. No doubt they would have been, but our prescriptions, adopted in the seventies, now look no better and sometimes worse than our parents' prescriptions.

In Australia, the two decades after the war saw our parents cautiously trying to avoid the mistakes of the twenties and thirties. They adhered to the conventional wisdom of the time and avoided risks. Because of 1929 they feared debt and because of 1939 they no longer believed that aggressive powers would be tamed by appeasement. They fine-tuned the economy using Keynes' prescription but repaid the war debt. Commonwealth Government budgets were very nearly balanced; the foreign account, during the time of difficult-for-Australia fixed exchange parities, was watched very carefully; and the money supply was, except in 1951, kept within tight bounds. They signed and supported the ANZUS treaty, kept our guard up in the cold war, and endorsed the American alliance.

They also adopted a low risk approach to the welfare net. It was expanded, but expanded slowly, and care was taken not to destroy incentives to work or create incentives for sickness, single parenthood or marriage breakdown.

The approach to the supply side of the economy was probably thought to be low risk also, but it was our parents' greatest mistake. At a time when world trade was expanding rapidly Australia was nearly shut out of that growth, first with import quotas and then with tariffs. Local, State and Federal Government enterprises were multiplied and expanded. The transport industries and agriculture, already heavily regulated, were even more so. In an environment of high employment and featherbedded industry the union movement gathered strength.

Economic per capita growth was poor by the standards at that time but unemployment and inflation were low. Although the productive side of the economy was mismanaged, Menzies' macro-economic management, social policy and strategic policy, with the benefit of hindsight, looks sound if unimaginative. We must then have been the envy of most of the world. Twenty years on we are not.

By 1965 my generation was starting to call the shots, if only from the sidelines. We had, as it has turned out, an unwarranted faith in our own ability to remedy the various 'problems' we

identified. Donald Horne's book 'The Lucky Country' was typical of the mood of the times as was my own first foray into public life.

In the late sixties I joined the council of a small wheatbelt shire. During my five years in office we built some black top roads and public buildings but we did it with credit. What is worse we did not analyse the costs against the benefits in any credible way. In my time there was a somewhat shakey public demand for the facilities but not long after I had moved on to Federal politics a new building was financed by loan in spite of an adverse ratepayers' poll.

Because of our extravagance on credit now that the district's principal source of income, wheat, has fallen on hard times, the Council cannot reduce the rates. My generation inherited a relatively debt free Shire from our parents and we have passed it on debt laden to our children.

Our attitude was typical of the time. We thought that by fiat we could fix most deficiencies and in our arrogance we did not weigh costs which we loaded on to current and future ratepayers.

State governments, who had long been heavy borrowers, encouraged their statutory authorities to expand by raising loans, and Whitlam on behalf of the Commonwealth promised us Utopia on tick.

The residual debt is the most obvious evidence of failure to count costs but it may not be the most serious. Much of it was cancelled by inflation the lenders of the seventies did not anticipate. Other costs may be measured in offence given to traditional allies, changed social behaviour, unemployment, inflation and lost confidence in our currency.

The cost of my generation's enthusiasms is not only being borne by rate and taxpayers but by consumers - often the relatively poor. Above all else, the cost is risk; we have changed from a low risk society to a much higher risk society. Because the economy is weaker, the Pacific and Indian Oceans are less friendly, and attitudes to living from the efforts of others have changed, we no longer can as easily fend off economic and strategic problems.

Of course not all social indicators for the period from 1970 to today are bad; infant deaths have halved from 18 per thousand to 9 per thousand. Other social changes have been less satisfactory. Mostly because of changed eligibility rules, the number of aged and invalid pensioners has nearly doubled; the divorce rate has jumped from less than one per year per thousand population to 2.8 per thousand; and the proportion of ex-nuptial births in total births changed from 8% to 14.8%. In the same period the number of persons drawing unemployment benefits increased 45 times. Between 1973 and 1983 the ratio of pension and benefit recipients to employed persons changed from a sustainable 24.7% to a probably unsustainable 49.9% - a ratio which in the long run must either

lead to minimal benefits or destroy the incentive to work.

We changed other more purely economic indicators in directions we did not choose in 1970. The worth of the Australian dollar measured by the trade weighted index fell from 100 index points in 1970 to only 62 now. The gross non farm product deflator, the best measure of inflation for most purposes, rose from 36 in 1970 to 145 now. We left the ranks of the very low inflation nations to become a nation with inflation more than double that of its trading partners.

I have a sinking feeling that it will be written of us that we gave our kids a bigger mess than we inherited. There are signs that they reject our wilder dreams. The wheel has turned again.