

I never tire of reading the good economic sense talked by our political leaders when they are overseas. Mr. Hayden recently had occasion to make two speeches to the Ministerial Council of the O.E.C.D. The speeches advanced so many sound prescriptions so completely in accord with conventional economic wisdom and so completely divorced from popular nostrums that I was reminded of Mr. Fraser's great speeches in Manila, Lusaka and New York.

Mr. Hayden said " The basic dilemma (the underdeveloped world) faces is, that they cannot adequately service their debts unless they are able to secure export possibilities sufficient to generate the necessary exchange," and "... we in the O.E.C.D. countries have to give more explicit recognition to the link between finance and trade."

In effect, Mr. Hayden was saying, " We in the O.E.C.D. countries will have to make up our minds whether we want a healthy banking industry or a healthy textile industry, because we can't have both." If we refuse to buy the Third World's textiles, clothing and other labour intensive products, then they are unable to pay their debts. Mr. Hayden saw repayment of those debts as the necessary " fill" to global economic recovery.

Presumably the Foreign Minister had the GATT Code in mind when he called for "adherence to existing international conventions - in the spirit as well as the letter." Then came an unclear sentence. "Leadership here must flow from the major developed countries and be conducted as far as possible within a global framework which can promise hope of some renewed growth in overall trading opportunities." Is Australia seen as a minor developed country and therefore exonerated from leadership? That would sit oddly with the new government's offer to mediate much of East Asia's political difficulties. Is lack of a global framework intended to be a defence, carefully provided within the speech, against actually doing anything in Australia consistent with his magnificent common sense volunteered to the O.E.C.D. Does nothing change with change of government?

The speeches include three other pearls -- pearls, so far as I can see, without the flaw of escape clauses. First: "Permissive fiscal policies lead to tough monetary policies." Indeed they do. The more is spent by the government on housing or job creation the higher will be the government's own borrowing requirement, forcing up interest rates - reducing private sector investment in business and housing. There is no free lunch in government expenditure-- a job made by the government is a job lost to the private sector.

Second: " We must achieve a prices and incomes situation which will permit sufficient profit to sustain employment creating investment while at the same time ensure sufficient earnings to maintain a steady supply of production creating labour."

This is a pearl beyond price. There is more than a sufficient supply of production creating labour. Right now 9% of it is unemployed. What is needed is a sharp fall in income's share of GDP and a sharp rise in investment's share -- to sustain employment creation.

Third: ".... it is important that O.E.C.D. countries..... exercise caution in subsidising their trade and expanding trade credits with Eastern European countries."

This support for President Reagan is timely; financing our most likely predators is indeed poor strategic sense.

I have never understood the public objection to ministerial travel: they are so much better when they are overseas.