

# Tomorrow's Reform

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**R**ALPH Waldo Emerson told us that 'a foolish consistency is the hobgoblin of little minds, adored by little statesmen, philosophers and divines' and enjoined us 'to speak what we think today in words as hard as cannon balls and tomorrow speak what tomorrow thinks'. While statesmen should not persist with known error, their wanton inconsistency makes policy formulation confoundingly difficult.

When he asserted that, 'What determines the course of a nation's economic policies is always the economic ideas held by public opinion', Ludwig von Mises must have had even less confidence in little statesmen. His pupil, Friedrich von Hayek, urged Antony Fisher not to enter politics but, instead, to found think-tanks which, with fact and argument, would change public opinion.

Even among liberalism's opponents, few today argue that Mises' and Hayek's ideas and Fisher's liberal think-tanks did not lead the 1980s and 90s almost world-wide liberal revival. Why would they when, by much the same means, Fabian Socialism had brought the welfare state to Western nations? In neither trend, however, were politicians the mere agents of popular opinion. Especially in democracies, political leaders' capacities to ignore it are indeed modest, but their abilities to influence it are very much less so. Even Saddam Hussein works hard at influencing Iraqi opinion. Can we hypothesize that the ways that leaders use their influence distinguish tyrants from democrats, and the purposes for which they use it distinguish politicians from statesmen?

Liberalism's headlong charge through the corridors of power could

not have proceeded without leaders such as Margaret Thatcher and Zhou Enlai who changed public opinion, as did Bob Hawke in Australia. Now, however, liberalism's charge has slowed, even in some places been somewhat reversed. Canberra has not been immune from trends that see politicians no longer so firmly resisting demands for economic privileges or, as others see the same phenomenon, no longer so blindly following economic rationalism.

Very poor economic decisions abound—rejection of the Trebeck report on petrol pricing, preference for ethanol production, extending motor and textile protection, rural subsidies, taxpayer contribution to the Darwin-to-Alice Springs railway etc., etc. But there is also progress. The pride that John Howard takes in the fact that Australians are less divided against each other is surely justified. The hugely important labour, welfare and arguably also the health-care markets have been improved. Budget balance has been achieved, albeit with high taxes. Although net legislative and administrative progress toward a more liberal, more open, more efficient economy has dwindled, it would still be fair to say it has not been reversed.

Our statesmen's words as hard as cannon balls, however, that is, those intended to enlighten rather than appeal to public opinion, are being reserved for the Iraqi conflict. In contrast, in the economic arena, we are no longer encouraged to accept any unwelcome truths. Even when defending measures that I am more than content to accept as beneficial, the government seems to select its argument at best randomly, ignoring principles of economic efficiency and equity. Policies for which textbook

arguments could have been employed are nonetheless being defended by appeal to popular misconceptions of the sort that Pauline Hanson, the Democrats and Greens actually believe. Unless the major parties have had a radical change of heart, they believe differently.

Take the proposed Free Trade Agreement (FTA) with the United States. Trade experts are not of one mind about its net worth. My quarrel is, therefore, not with the FTA itself but with the Government's defence of it. If the FTA will bring net benefits, then these will come mostly from improved access to American goods and capital, our own reduction of anti-competitive regulation of drugs, medical insurance, performing arts, professional services, textiles, rural commodities etc., and the dynamic advantages of mixing it with the Yanks. But the government is promoting the FTA almost solely in mercantilist (exports good/imports bad) terms.

To treat foreign goods, services, investment and ideas as an invasion parodies voluntary exchange, which does not happen unless both parties benefit. The Government trumpets a fact that nobody disputes, namely, that it pays to sell into the best paying markets, but says nothing to educate us in the advantages of buying well from foreigners as well as neighbours. Once, long ago, Howard criticized Pauline Hanson for her xenophobia. That day he seemed to understand the benefits of exchange with foreigners.

Until recently, Australia had been insisting that the only way to world trade reform was via the multilateral processes of the World Trade Organisation and, currently, the Doha round. A bilateral FTA with

the US may or may not result in a net increase in trade flows but, if it is not a meaningless piece of paper delivering only political benefits to the Government, it will certainly divert trade from our other trading partners. How will China, Korea, Japan, etc. react to losing their 'most favoured nation' status? Such questions should be addressed in terms that do better than reinforce our xenophobic prejudices.

By appealing to Hansonite misconceptions, the Government may, and probably will, improve its chances of bringing forward a policy that I am more than willing to accept it believes is a good one. It is, after all, the recommendation of the Department of Foreign Affairs and Trade. However, by so doing, it is reinforcing delusions it must overcome for further economic reform. What is more, I am reminded of a quip that I am sure the PM has also heard: 'No Government is really dangerous until it believes its own bullshit'. Politicians, and I suspect bureaucrats also, are all too prone to believing their own utterances. Unwilling to admit their deceptions even when speaking in house, they quickly convince themselves of the truth of their own and colleagues' loose rhetoric and worse. These are the people who must negotiate the Agreement while looking over their shoulders at an Australian electorate whose already strong mercantilist tendencies have been reinforced by the people best placed to disabuse them. The potential cost is obvious.

The US Free Trade Agreement is but an example of a tendency that ought to be worrying. In debate about refugee policy, motor fuel supply, single-desk wheat sales, the supply of medical practitioners and preservation of the environment, has not the Government employed arguments that are not compatible with its professed liberal philosophy? Has it not seemed that it does not know the standard liberal responses to the self-serving demands of vested interests and bigots? With due respect to

Emerson, consistency allows decisions to be made without the necessity of thinking every one through from fundamental principles, which nobody in authority has the time or the mental agility to do.

Politically disinterested educators, such as the IPA, can often call some pretty good minds to their aid. Even so, when the Government itself fosters public misconception, they cannot be expected to undo the error. The single greatest sin of the current government is that it is not building opinion for tomorrow's reform. Why not?

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I suggest because it is politically difficult. Whereas calls to resist outsiders appeal to deeply ingrained tribal instincts, calls to uphold the civilizing and wealth-building institutions that afford protection to strangers and admit their goods, services, persons and ideas make no such visceral appeal. These codes are much later developments in the march of mankind and to many people they remain counter-intuitive. They must therefore be defended by sustained argument. Hayek knew that politicians, whose time horizons in the absence of known crises tend to be the next election, would (to use Howard's own expression) seldom have the

tickers. He turned, therefore, to the less articulate but far more resolute think-tanks.

It is relatively easy to appeal to the sort of Chauvinism that surrounds sporting activity and arguments about refugees and meat quotas. When a Prime Minister talks of sovereignty, guaranteeing our borders, or the interests of our exporters or domestic manufacturers, he is not necessarily wrong, but his task is easier than that of defending rules that permit voluntary co-operation among strangers. The principle that defends the non-unionist's right to work, the consumer's right to buy foreign goods, and everyone's right to hear alien ideas, and which should protect racial and religious minorities from exclusion, still needs his leadership.

Unless statesmen recognize the inconsistencies that arise not from the changed opinions that concerned Emerson but from trying to be all things to all men, they are likely to govern in ways that are unfair and inefficient. If the public does not recognize consistency, then the 'little statesmen' may find themselves compelled to yield to the demands of the more articulate vested interests. In such a case, Heaven help the inarticulate, who will be effectively disenfranchised. But the institutions which, when consistently applied, give us liberty, equity and prosperity are not strongly intuitive.

They, nevertheless, distinguish Australian society from, say, Iraqi society. They give us the economic strength to defy tyrants and they give us a land worth defending. They are certainly not in danger of disappearing, but they are in danger of being eroded. Lead us Mr Howard!

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