Dissatisfaction with 'economic rationalism' is not confined to the Left of the spectrum. Shaun Carney interviewed Jim Ritchie, the leading figure of a new Liberal breakaway group.

Jim Ritchie is the spokesperson for the Liberal Reform Movement, a group formed largely from disaffected members of the Victoria Liberal Party, many of whom were previously supporters of state Liberal MP Ian Macphee. Its initial stated purpose is to campaign against economic rationalism, the 'level playing field', and the Goods and Services Tax. Ritchie, 44, now a businessman, is a former ASIO officer and Branch President of the Liberal Party.

Is it fair to characterise the Liberal Reform Movement as a revolt against economic rationalism?

I think it's a response to the collapse of a number of philosophical strains, rather than a revolt. In response to the Liberal Reform Movement I have had telephone calls from former communists and arch conservatives, both complaining about the inadequacy of their former philosophical positions. So it's not just about economic rationalism, it's much broader than that. Perhaps I could put that into context. Let's take three strands of political philosophy: Rousseau; John Locke; and socialism. Over the last decade, each of those three has been fundamentally
affected by changes in our society. The Rousseauian belief that a state of nature is an ideal, that nine-tenths of the worth of a particular thing is generated by nature and one-tenth by the ingenuity of man, has found its logical home in the environmental movement. Lockean belief, in contrast, holds that of the worth of a particular thing, nine-tenths is due to the efforts of man and one-tenth due to nature. That has found its home in laissez faire capitalism, the greed-is-good generation of the 1980s, which has now run out of steam. Socialism has basically left the field with the demise of the regimes in Eastern Europe.

So there is this enormous shift in political philosophy, and people who have in the past attached so much importance to philosophy, have become terribly frustrated and are looking for alternatives. The Reform Movement is picking up those people, and it's a very broad movement. We are concerned with economic rationalism, but there are a lot of people in our society who believe in intervention in the economy but nevertheless have very different political views. Fundamentally, people don't care about ideology and philosophy. We Australians are amongst the least ideological people in the world. What we really care about, and what we need to be concerned about in the next two decades, is a managerial agenda which has very little to do with philosophical preoccupations.

Which brings up, I suppose, the big question on both sides of Australian politics this year, if you reduce it right down, which is whether to intervene or not. Can you generalise about your view of interventionism?

Well, I think the economic rationalists have actually done us a favour. Whilst I don't agree with them, I think that if we're going to learn anything, we have to recognise the merits of an argument. The economic rationalists have pointed out the costs of intervention—that's the useful thing that they've done. And those of us who want to intervene in the economy, and like to think that we can do so intelligently, have to face up to those costs. I think there's a growing belief that economic rationalism does not provide answers. Its central proposition is that we will only concentrate on those things where we have a comparative advantage. If you take that to its logical conclusion, we basically have a comparative advantage in only three areas: agriculture, mining and tourism. None of those three are going to solve the problems of unemployment that we now face. So I think the proponents of economic rationalism always cease their argument short of the cliff. They've left unstated some of the flaws in the idea, and they've been aided and abetted in that by the collapse of the alternative philosophies. But that doesn't mean that those of us who want to intervene in the economy, won't have to do so with a great deal more discipline and intelligent thought than has been exercised in the past.

In recent years there has been a decline in liberal thought, certainly within the Liberal party, which has enormous national implications. Do you see the emergence of people like Peter Costello, Michael Kroger, David Kemp and various others as a blip or as a terminal decline?

I think it's a blip. I think that the New Right is actually dead now. Because the Labor Party shifted to the middle ground of politics, the Liberal Party decided it had to differentiate its product and move to the right. I fundamentally disagree with that. I think it should have stayed in the middle ground and I think it should move back to the middle ground, but it will not do so before the next federal election because it's already committed to that particular posture. So for the next couple of years, the Liberal Party will remain a conservative party. But I don't think that the Liberals, fundamentally, have solved their internal problems, and I cannot imagine them lasting more than one term in office. For all the energy being put into the Costellos and the Krogers and the Kemps, there's not been one scrap of evidence of any benefit from that effort.

The tide is now moving against them. Now, there are some variables. The Goods and Services Tax (GST) might get them through the next election, but fundamentally there is the shift back towards intervention and any attempt at well-organised intervention within the Liberal Party will cause a tremendous problem for it. The fact that Greiner, the great economic manager, runs a budget deficit of $1 billion, and all his Liberal mates around Australia remain silent, criticising Labor governments, but not criticising him, is really going to plague the Liberal Party. There'll be enormous internal upsets. That is one of the reasons why the Liberal Reform Movement has been formed, because we can apply that pressure externally, in an outflank-
ing movement. It is not going to occur internally because the party is still in the hands of conservatives.

How reflective is the Liberal Party now of the broader community, bearing in mind that when Menzies established it, he was basically trying to take away a lot of the base of the Labor Party, the small people, shopkeepers and so on. How far away is it from that?

It is a long, long way away from the Menzies ideal. Let me give you a contrast between the ALP and the Liberal Party. If you don’t like Hawke or Keating, you have a menu of philosophical positions that you can choose from, which are provided by, for example, Simon Crean, Brian Howe, John Button or Kim Beazley, all with different variations on the general theme. So you have an enormous depth of philosophical earth. What is there in the Liberal party? There is a single layer of dry economics, and underneath that rock solid conservatism.

“There is no internal organised group of people who will argue in favour of intervention. Jeff Kennett is in favour of intervention because it is a political convenience. It is a reality of life in Victoria, that when you are a year away from an election and you have a premier who is emphasising jobs for Victorians, then Jeff has to emphasise jobs for Victorians too. It’s political opportunism. I’m not so concerned about that, I expect that of Jeff Kennett, but what I am concerned about is that there is no organised group of believers within the Liberal Party who will fight for those issues. That is a long term structural problem for the Liberal Party.

Let me explain why. The next two decades in Australian history are going to be totally concerned with the managerial agenda. Not philosophy. It’s going to be to do with debt, financing, recovery, overcoming the loss of self-confidence that Australians presently are experiencing. Now good managers have to be able to pluck ideas from a great variety of sources, not just one source. Any manager who has just one skill is going to fail. And that is the problem with the Liberal Party, it has a set of managers who all subscribe to one managerial option. The Labor party has a vast array of managers, all of whom are plugged into much broader options.

It seems to me that what you’re suggesting is that the Liberal Party is isolated from the community in many respects, compared with the Labor Party, which is much more linked to community groups. How would you characterise Hewson’s recent attack on ACOSS and the welfare lobby?

I’d just make one observation firstly. This is a guy who wanted to be a missionary, and as a lay preacher in my church I’m rather pleased that we didn’t recruit him as one. Hewson’s role there was entirely ideological. I mean, here you have a group of people who are, after all, picking up the human debris of 20 years of economic mismanagement. Now you could go along to them and pose a number of questions about their efficiency and their effectiveness, without insulting them. If you had any original ideas of your own, you could go along to them and talk about how this managerial objective could assist them in their proper role in our society, and it is a proper role. But you see ideologues, I think, simply believe that it isn’t.

One of the things that always frustrates me about the Liberal Party is that they always say that a genuine need should be assisted, but they never define ‘a genuine need’. There’s this masquerade of concern about genuine needs, without ever defining what they are. So basically, Hewson gave me the impression, and I’m sure he gave it to the public too, that he just doesn’t believe that those people are engaged with a genuine need.

That’s a good example of how so firm a commitment to an ideology leaves you bankrupt of ideas. You can’t pick up all these other options that are available to you. And Hewson, basically, doesn’t have an agenda for the ACOSS constituency, he doesn’t care about them.

Have the conservative parties managed to use their time in opposition effectively? Have they learned things?

I don’t think they’ve learned anything. Two of the things that they should have been concerned with are preselections and education. If you want to have able people managing your national affairs, you need to be able to identify them, establish the characteristics you need in those people, and then set up as democratic a process as you can to recruit them. And once you’ve recruited them, you educate them, you train them, you give them insight into the political and economic options that are available in our society. The Liberal Party has expended no effort whatsoever on that. Instead, they’ve spent 18 months, since Hewson arrived, putting together a package, a bribe, that reflects accurately their belief about their fellow Australians. They believe that if you throw a few bones from the tables of the rich, that will keep the electorate happy. They could have used the time to look sensibly at where economic rationalism will take them, or at what options are available with intervention, but they haven’t done any of that. No-one is putting in the time and the effort to generate ideas.

The problem is that the whole internal structure of the Liberal Party is set up for the venting of prejudices, rather than for the enlightenment of them. So people coming in with a particular hatred or preoccupation, are given full rein. But anyone coming in with questions, or who wants to debate an issue, is gagged, driven out of the party.
People like Chris Puplick and Peter Baume walk away, sick to death of a dialogue of the deaf. But the right-wing sees that as a weakness, you see.

One of the problems of conservatism, and one of the strengths of liberalism, is that conservatism is afraid of diversity of view and the contest of ideas, and liberalism is strongly in favour. It's the old question about whether democracy is a fragile child or a strong child. Surely the overwhelming evidence now is, given the collapse of the regimes of Eastern Europe, that if we're not yet convinced that diversity of ideas and debate about them are tremendous assets, then we're very slow learners indeed. And most of the slow learners in our society end up in the Liberal Party.

Let's assume that the Liberal Reform Movement succeeds. I'm interested to know first of all what sort of time-frame you're looking at in which you'd have to be successful, and also what you actually want to achieve?

The time-frame is really not within our determination, but within the determination of the Liberal Party. I believe that if John Hewson can sell the GST, then he'll be the next prime minister of this country. If Hewson trips, or fails to sell the GST, that's the only card he has to play, and we would then have an enormous advantage, because the thing that the Liberals have not understood is that there's no position of retreat. The Liberal Reform Movement would then have a very real prospect of drawing together a lot of people who are becoming frightened by the prospect of a whole lot of necessary economic reforms, or rather the speed of those reforms. I think there's a general across-the-board agreement on the nature of change. Incidentally, I believe the entire electorate will be bored rigid by the GST four weeks after its release.

As for what we want to achieve, Australia can't put off the evil day any longer. Australians have to decide whether we are honourable people or not. Do we pay our debts in this world? Now I'm critical of both the ALP and the Liberal Party, because they haven't communicated to ordinary men and women in language and symbols which they understand, the real costs of what we are doing. We have got deficits this year of about $8.6 billion, federally and in the states. In other words, every Australian in employment is having $1,200 per annum spent in their favour, which we haven't earned.

We have to come to grips with this. We have to tell people that and they can make a judgement about whether they are going to let us pay that $1,200. Now that's a question about just how mature the electorate is. We have a choice between maturity and decline. What's more, we believe that shonkiness succeeds. Now we've seen the evidence that it doesn't, but I think that there's still a residual. Will the ethical prevail over the unethical in our society? You see, to have a social contract, as Rousseau talks about, you have to have the belief that others will behave pretty much the same way as you.

There's a second problem, and that is related to egalitarianism. One of my primary concerns is that conservatives have abandoned all notions of egalitarianism. Now that happens to be the single most important contribution that Australia has made to social realities - our egalitarianism. Yet no one is talking about asserting a belief in the equality of people. Certainly conservatives aren't. I think it should be reasserted, not least because I don't share the concerns of the conservatives about multiculturalism. The best result for Australia is the creative clash between multiculturalism and egalitarianism.

And thirdly we have to deal with the crisis in confidence in Australia. Australians basically believe that our northern Asian neighbours are industrious and hard-working people, and we are basically lazy. That view is rife. I personally would be surprised if any of our current political leaders have the capacity to radically improve that self-confidence.

Australians now, because of this crisis of confidence, have a clear idea of what they don't want. They've no clear vision of what they do want. So we have to rapidly draw together an alliance of people who are ethically based, who are prepared to tell some unpalatable truths, and who are intelligent enough to manage intervention in a managerial agenda for the next two decades.

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