

# The Thoughts of Comrade McGuinness

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To behave like ‘a blindfolded man catching sparrows’, or ‘a blind man groping for fish’, to be crude and careless, to indulge in verbiage, to rest content with a smattering of knowledge—such is the extremely bad style of work that still exists among many comrades.

Mao Zedong, 1941, ‘Reform Our Study’, *Selected Works*, Vol. III, p.18.

There is a case for at least cursory overlap between the thoughts of Chairman Mao and the thoughts of Padraic Pearse McGuinness (1938–2008). ‘Power grows from the barrel of a gun,’ wrote Mao Zedong. Paddy too wrote about power and had a knack for snappy one-liners: ‘If Malcolm Fraser had mislaid his daks in Memphis *before* the 1983 election he would have *romped* home.’ (Paddy would reinforce such observations with forceful downward stabs of his index finger.) In-your-face realism was his stock in trade, and ‘comrade’ was his customary form of address. But the similarities end there. The one-liner that best summarises Paddy’s political thought is Lord Acton’s dictum: ‘Power tends to corrupt; absolute power corrupts absolutely.’

Paddy’s secondary education began with several years of boarding at St Ignatius (Riverview). He hated the boarding experience, which seems to be a fairly common reaction. At one point he shared a double desk with Robert Hughes, the art critic. As a young teenager he was useful around the scrum base, notwithstanding his vehement disdain as an adult for anything to do with sport. Paddy completed secondary schooling at Sydney Boys High. His results in economics were excellent, and he won a cadetship in the research department of the Commonwealth (later Reserve) Bank.

Next stop was Sydney University. Paddy studied in the Economics faculty<sup>2</sup> but hung out with the Sydney Push, the famous libertarian group. Some members remained lifelong friends, including Bill Harcourt, Marion Hallwood and Arthur King. The Push has had its critics. Barry Humphries dismissed them as ‘tossspots’, and Anne Coombs argued that women who wanted to build successful careers needed to distance themselves. But Paddy would stick up for the Push. He could be surprisingly puritanical about some things, but not alcohol (unless combined with driving). He argued that the Push struck a chord with strong women. He would stick up in particular for Germaine Greer, his fellow member. He would

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<sup>2</sup> An anonymous referee lists Ricardo, Wicksell, Arthur Marget and Don Patinkin as formative influences on his economic thought.

describe her as a 'ratbag', but in an affectionate sense of the word, synonymous with 'stirrer'. It takes one to know one.

Paddy's formal education was completed by a Master of Economics degree from the London School of Economics. His thesis supervisor was Harry G. Johnson, the eminent Canadian trade theorist and policy analyst. Harry Johnson was a staunch free trader. That probably had some bearing on Paddy's Holy Trinity of economic issues: 'Comrade, there are three things that are extremely boring and extremely important.' This trinity consisted of international trade agreements, federal-state financial relations, and superannuation.

Concerning international trade agreements, Paddy knew his economic history; aware in particular of the lack of a single historical instance of a small country that has simultaneously maintained a respectable position on the economic league table and substantial trade barriers over a long period of time. By the same token (if I understood Paddy correctly), if you can package your tariff cuts into a deal with trading partners that helps you to access their markets, then so much the better: hence the importance of trade agreements.

Concerning federal-state financial relations, history shows that federations have tended to prosper. Moreover, federalism helps guard against the man on a white horse, a style of government he abhorred. This particular aversion set Paddy apart from some of his fellow 'cultural Catholics'.<sup>3</sup>

Consistent with his federalism, Paddy was particularly interested in local government. He pushed the idea of more municipal councils, combined with a degree of centralisation of the equipment and facilities needed for garbage collection and the like. This sort of arrangement would help ratepayers to monitor what their councils were up to, while keeping a lid on costs. For example, the well-heeled residents of Balmain might be happy to pay for garbage collection twice a week, while their Annandale neighbours might settle for collections only once a week, in exchange for lower municipal rates. Garbage trucks for both suburbs could be based and maintained at some umbrella inner-west depot. In 1999 Paddy spearheaded the Balmain Secession Movement. This exercise was a canny pitch to affluent wards of Leichhardt Council located primarily in Balmain. He duly won a seat on the council: 'Comrade, don't call me councillor, I prefer to be addressed as *alderman*.'

Paddy's point never caught on with either the Labor Party of New South Wales, which seemed to want even bigger municipalities, or the wider electorate,

<sup>3</sup> Paddy described himself to me as a 'cultural Catholic' but he was probably being a touch ironic. He was actually a bit further out of the Church's orbit than this label might suggest. He took particular offence at notions of salvation and an afterlife, which offended his ultra-realism. One influence of the Church that remained strong was on his aesthetic tastes. He loved the cultural legacies of France, Ireland, Italy and Spain. For example, he admired Goya (a 'cultural Anglican' might be more drawn to Turner.)

which seemed uninterested. Moreover, he found routine municipal matters to be excruciatingly boring. His stint on Leichhardt Council was disappointing.

Finally, superannuation was important simply because society had grossly under-prepared for the ageing of the baby boomers — never Paddy's favourite demographic cohort. The economist in him appreciated just how expensive it is to have promised most present and prospective retirees a government pension equal to a quarter of average weekly earnings. Paddy believed that it is the primary responsibility of the individual to take care of himself, insofar as he is able, and not abdicate his sovereignty to the state (that is, the taxpayer). He was personally but quietly generous in giving monetary support and assistance to those who needed it. Whenever the Salvos approached Paddy in the course of a pub collection, you would hear the rustle of a note rather than the clink of a coin.

Paddy recognised the value of international comparisons when assessing candidate economic policies. He tended to regard New Zealand as a source of negative examples: 'In New Zealand they sit around waiting for their *seamail* copies of *The New Statesman*.' Ireland, on the other hand, had become a source of positive examples: 'Its education system wasn't affected by the 1960s.' He also approved of Ireland's distinctive policy of ultra-low business taxes. As someone of Irish descent, he was naturally proud of Ireland's dramatic rise up the economic league table.<sup>4</sup> But he did not bang on about it. Likewise, though quietly aware of Ireland's terrible history of exploitation by the English, the Paddy I knew refrained from making a big deal of it. As a young Australian expatriate rattling around in the British Isles, Paddy had found an Ireland still scarred by its historical legacy. He reckoned the after-effects of oppression had left its inhabitants neither kinder nor wiser. Living well would prove to be the best revenge.

I first met Paddy in 1983, by which time he had become editor of the *Australian Financial Review*. We were both delegates at the Conference of Economists in Hobart. Back then he was still very interested in economics, including its academic manifestations. We were standing by the bookstand of Cambridge University Press, and happened to notice a copy of *Macroeconomic Analysis and Stabilization Policy*, by Stephen J. Turnovsky, an eminent theorist from New Zealand who has spent most of his career at universities in the United States. Steve had supervised my PhD at the ANU, in between his US gigs. Paddy had read Steve's book and was less than impressed — not an uncommon occurrence for one of nature's sceptics. The book's shortcomings, he said, were exemplified by the fact that 'it doesn't contain a single difference equation', that being a basic mathematical tool for economic theorising. I bet him \$20 that it

<sup>4</sup> 'Never trust a Pom,' Paddy would say. This maxim occasionally mutated into 'never trust a journo', although he wouldn't tolerate criticism of that profession by non-journalists.

did in fact contain a difference equation. After roping in Jocelyn Horne as umpire, I opened Steve's book at page 339, where lo and behold there was a difference equation.<sup>5</sup> I was impressed by the alacrity with which Paddy paid up.

In 1988 I moved from the inner-west of Brisbane to the inner-west of Sydney, Paddy's stamping ground. I got to know him better. At the pub he would insist on rounds rather than individual purchases. He would also insist on schooners rather than middies for everyone in his circle, disdaining the 10-ounce glass. He never shirked when it was his turn to shout. He could also be sighted on Darling Street, walking along slowly with his nose in a book. Once or twice a year he would exchange his black shirt for a purple one, fitting in perfectly with his informal title of Bishop of Balmain.

Paddy was a compulsive bookworm. In order to avoid getting caught short without a suitable read, he would sometimes wear black cargo pants with pockets big enough to stuff books into. If a paperback was too big to fit he would cut it in half. His tastes were catholic. His current read might be a fashionable pick from the *New York Review of Books* or it might be an obscure ancient Penguin — the white ones with coloured borders, by the likes of Louis MacNeice — which he obtained from second-hand bookstores.

In 1989, by which time Paddy was a columnist for *The Australian*, Paul Keating described him in parliament as a 'bloated cane-toad'. Negative strokes are better than no strokes. Possessing a strong feline streak, Paddy purred with pleasure that evening. By his side, but distinctly uneasy, was his wife Brigitte, a haughty and handsome Prussian lady. Growing up in East Germany might well make you nervous about being bad-mouthed by a leading politician.

During the last decade of his life Paddy's became less interested in the latest economic theory or policy debate, even while continuing to stick up for the economic way of thinking.<sup>6</sup> He would ostentatiously throw away the fact-filled Market Wrap section of the *Australian Financial Review*. On the other hand, his interests in politics, history, science, religion, the arts and the law continued undiminished. That was what made him such a good editor of *Quadrant*. Paddy resisted all calls to update the look of *Quadrant*:

*Quadrant* critic: 'Paddy, *Quadrant* is dowdy. *The Spectator* brought in glossy paper, and colour, and its circulation went up. You might attract more young readers.'

Paddy: 'Comrade, I don't want young readers.'

<sup>5</sup> Difference equations are in fact sparse in the book under discussion. The reason, as Adrian Pagan points out, is that in the 1970s macro theorists preferred differential equations to difference equations.

<sup>6</sup> For example, in 2000 he launched and reviewed *Exasperating Calculators* by William Coleman and Alf Hagger.

Maybe he was right. Maybe *Quadrant* has found its niche as a kind of intellectual and antipodean companion to *The Oldie*, a successful British magazine with self-explanatory title.

Economic think-pieces that once might have appeared in *Quadrant* migrated to *Policy*, currently edited by Andrew Norton. Andrew's blog entry of 27 January 2008 contains his recollections of Paddy: 'I found our few conversations awkward.' In the experience of some of us who knew him, this awkwardness in one-to-one conversation never entirely disappeared, unless Paddy's companion was either a woman or a trusted male acolyte.<sup>7</sup> Maybe it had something to do with old-fashioned male competitiveness. Or maybe he'd just stop listening at some point if you didn't make your point well. When he listened, he actually listened, which meant you had to choose your words carefully.

Whenever the group around Paddy expanded in number, he would loosen up. The mug lair took over from the shy man and the one-liners would begin to flow. On one occasion a female fan bearded his circle at the pub: 'Mr McGuinness, I agree with *everything* you write.'

Paddy drew himself up: 'Madam, I don't agree with everything I write.'

There is no getting around the fact that Paddy was a serious contrarian. He revelled in it. On one occasion, someone in his circle made a detailed case against the work of Manning Clark, the historian. He listened attentively before responding: 'You bastard! While you were talking I was mentally drafting the case *for* Manning Clark, and that's pretty inconvenient at the moment.'

Like Manning Clark, Paddy lost his Christian faith fairly early on. Had he returned to the bosom of the Church it would have been to the faith of his forebears. He was vocal in his disapproval of latter-day happy-clappies. I suspect he was less than impressed by traditional Anglicanism as well. He would sternly recall the appropriation of Catholic property by Henry VIII. He prudently refrained from going into print with these atavistic thoughts.

Paddy passed away on Australia Day, 2008. 'Where he goes to next will depend on whether the Good Lord has a sense of humour,' commented my wife Carol. Amen to that.

<sup>7</sup> Different friends appear to have had different experiences. On the one hand, two of Paddy's friends from 50 years back concur with Andrew Norton and me. On the other hand, an anonymous referee (who was no acolyte) attests to hundreds of easy conversations with him over a 50-year period.