

## Passion for Liberal Economic Reform

*John Hyde, Dry: In Defence of Economic Freedom, Institute of Public Affairs, Melbourne, November 2002.*

*Reviewed by Rob Albon*

This is a very important and timely book, that will be of interest to any student (in the broadest sense) of Australian economic policy making, past or present. It is particularly apposite that this book comes at a time when many aspects of real economic reform have stalled, amidst a fair amount of real or imagined 'reform fatigue' and a balance of political forces not conducive to radical change. In some ways, the situation is not dissimilar to that in which John Hyde and the other Liberal 'Dries' in the Federal Parliament found themselves some twenty five years ago. For those wanting liberal reform, this book will be an inspiration and a source of ideas about how to get things happening. Unwittingly, it also contains a few good ideas for those seeking to resist that reform.

The book begins with some background chapters setting the scene. These cover the role of dry philosophy; post-war Australian economic and political history from Chifley to Whitlam (and featuring the part played by another liberal farmer, Bert Kelly); the role of the think-tanks (with a big emphasis on the Institute of Public Affairs and the Centre for Independent Studies); and what was happening outside Australia (for example, through GATT/WTO; Thatcherism and in New Zealand). There is a very good chapter on the decline of industry protection ('From Tariff Board to Productivity Commission').

Then we get the accounts of the different governments from Hyde's time in Parliament and beyond. These cover Hyde's frustration at the lost opportunities in the Fraser years; his delight in the (somewhat unexpected) achievements of Hawke's governments; the near success of *Fightback!* (and its contrast with Keating's *One Nation*); a cameo on the 'Kennett Revolution' in Victoria, and a not particularly glowing account of the 'Howard Years' (and the Opposition). The book ends with a chapter on backlash and a very short one on the importance of what we say and do now for the future.

Different readers will take different things from this book, but there are three things that stand out for me:

Most important, is the inspiration and hope that comes from this book. Back in the early eighties the current circumstances and the outlook were rather bleak — a serious recession; a drought; heavily-protected industry; inefficient infrastructure; costly work practices; etc. and no reform in sight. To everyone's surprise, this dark period was followed by a long period of intense and broadly well-considered economic reform.

Second, the book stands as a reminder of where Australia would probably be if that reform program had not eventuated. While some people ask when we are going to see the gain from the pain, it is fairly clear that the productivity surge of the 1990s (and those forty odd quarters of continual economic growth) would not have occurred without the enabling reforms that preceded it. And — in spite of some claims to the contrary — this was achieved without any widening of the gap between rich and poor.

Third, there is the man, John Hyde, a farmer with a passion for ideas and the humanitarian liberal cause, and basically a ‘good bloke’. Because he was prepared to think outside the square John Hyde was criticised — and vilified — both from within and without the Liberal Party. As former Labor Finance Minister Peter Walsh reminds us in the Foreword, Hyde was even labelled a ‘fascist’. While Walsh earnestly sets the record straight on this, I have my own recollections of Hyde’s moderation. For example, he was invited to The Australian National University *circa* 1980 to address economics students, and he took us through the main arguments for government intervention with a clear focus on justification resting on the standard market failures and demonstration of the government being able to do better. The lecture went very well, but later John was somewhat bemused by the experience after gaining the impression that many of his audience found him too interventionist!

The Dries are an important part of Australia’s post-war economic experience, and it is great to see their role so skilfully and knowingly explicated.

*Rob Albon is an Associate Editor of Agenda.*

*The Editors congratulate Rob Albon on his award of a Centenary Medal for ‘services to Australian Society through the advancement of economic, social and political issues’.*