

Political Essays by Hugh Stretton

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This is a bold, but thoughtful, book. It will be too radical for some, too conservative, even reactionary, for others: such is the mix of ideas, arguments and conclusions that it contains. Hugh Stretton, Reader in History at the University of Adelaide, is a social scientist who, in this book, applies his trained reason, his pragmatic insight and humanist values and passions to a wide range of social, economic and political issues. His concerns are both methodological and substantive, and both theoretical and practical.

If the book has a theme in its diversity, it is to argue strongly against the 'market-knows-best' cum 'deregulation' syndromes of many economists, trained and untrained, and their political and journalistic epigones. The point is that their dogma is not unchallengeable, and Stretton's concern is to present and argue for a carefully designed and implemented interventionism as a counterbalance to 'market failure' and misused 'market power'. His criterion for action is always the optimisation of individual human well-being and he makes no secret of his convictions, values and ideals in his process of advocacy. And, as a concurrent theme, he argues for more value-explicit social science, especially in the case of economics, where a pseudo-objective, positivist methodology has come to dominate virtually all analysis and teaching.

A premise of Stretton's work is that we should give pre-emptive attention to what we want our social and economic system to deliver before we concern ourselves with the means by which the ends are to be realised. There are things which governments do, or could do, best, and there are things which 'free' or 'controlled' markets do best. The challenge is to get the mix right in the sense that it serves our objective matrix most effectively. There is no monistic route to the optimum. Moreover, he strives to dispel the fetishistic notion that such categories as 'privatisation', 'deregulation' and 'market efficiency' should serve as ends in themselves. These categories require appropriate contextual situational and analytical defence in order to establish their merits explicitly. Without this they represent merely ideological obfuscation. The fact is that whatever their virtues, such categories represent only **potential** mediations in any system designed to serve more immediate human needs. They have no more defensible status *per se* than do the categories 'nationalisation', 'regulation', 'bureaucratic control' and 'administrative efficiency'.

In all, the book contains 18 essays ranging in length from three to 39 pages. Five of the essays are published here for the first time while others have appeared in a range of academic journals and collections.

Several themes in social and political economics are addressed: the relationship between the business sector and government, with special attention to the finance sector; forms of, and access to, housing and its appropriate environmental setting; ensuring the effective structuring and operation of public organisations and the consequent effective delivery of public services; the role of personal and social values in social science and general education; and two essays that explore the relationship between the present and potential future of government economic and social policy.

The book opens and closes with essays which pose options for our short-and long-term future. In the 'Introduction', Stretton canvasses what he refers to as 'other trilogies' as alternatives to the Hawke-Keating fiscal version. One dissects the Hawke Government's policy record into a trichotomy of 'Labor', 'Liberal' and 'Mistaken' categories, with the last condemning the unnecessary restrictions imposed by the fiscal 'trilogy' and the cult of speculation and associated dysfunction that has resulted from the deregulation of the financial system. The second alternative 'trilogy' is more positive and suggests policy re-directions in the areas of 'finance', 'industry' and 'employment'. As a final alternative, Stretton recommends two other books that form a 'trilogy' with this present volume: Frank Stilwell's *The Accord . . . and After* (Pluto Press, 1986) and Peter Wilenski's *Public Power and Public Administration* (Hale & Iremonger, 1986).

The final essay, 'Some Australian options', comprises retrospective views from the year 2006 of a 'trilogy' of alternative evolutionary scenarios for Australian society. 'History 1' reflects on the social devastation wrought by the dominance of 'New Right' philosophies and policies, with the few becoming even more wealthy and less taxed, and the many just the opposite. 'History 2' describes the outcome of continuing 'to muddle down the middle as usual' (p. 257), with policy continuing to be dominated by political expediency, but with more temperate 'centrist' philosophies dominating. There are some winners, but for most, not much changes. 'History 3', the most sanguine scenario, sees Australia go through a 'quiet revolution' by democratic means. Planning and the reorganisation of capital ownership and taxation, *inter alia*, have increased economic and social equality without affecting capitalist performance. A hoped for, and hopeful, 'history' indeed.

Several essays spread throughout the book are devoted to the theme of making the functions of government more effective. For Stretton, government is a legitimate and necessary **partner** of private enterprise in a modern capitalist system. What is at issue is the precise nature and extent of government and business interdependence. Thus, he examines in some detail the potential for improving the effectiveness of relations between the two sectors by shifting the emphasis from 'power relations' to 'trading relations'. Stretton argues for the design of interventions which are integrated into the accepted decentralised processes of the private sector. While these 'trading' interventions cannot fully replace direct regulations which favour broader social interests, they do provide an alternative, more co-operative mode of government direction. For Stretton, the negative rhetoric calling for 'smaller government' should be replaced by a more realistic attitude towards the design and distribution of interventions and the assessment of their results. That is, his call is a positive one for 'better government'.

Similarly, Stretton challenges the rhetoric of 'privatisation'. He makes the simple but effective point that merely changing *ownership* cannot be expected to have any effect on the way a good or service is provided. And, even if the change does bring an improvement of 'efficiency' (however measured), the point should not be overlooked that perhaps the same result could have been attained by a redesign of managerial structures and operations under public ownership. The latter alternative would be more likely to protect any 'social efficiency' involved. As Stretton goes on to record, the results of the rush to privatise in the United Kingdom indicate that the most immediate measurable

benefit has been to provide handsome capital gains for those privileged to buy the undervalued shares at the time of their issue. At the same time, the incumbent and/or revamped managerial cliques have become effectively accountable to no one but themselves by virtue of the spread of ownership. A potential to direct some key parts of the industrial structure consciously in the common interest has been sacrificed to the pursuit of a hidden ideological agenda.

On the subject of the recent 'deregulation' of the Australian financial system, Stretton is severely critical. There is, he notes, little if any evidence that the step has achieved what its advocates claimed for it. It is rather another case of the means pre-empting the ends. If the objective of a financial system is to facilitate the maximum (socially responsible) rate of growth and development of material provisioning, with a tendency towards a more rather than a less equitable distributional outcome, there is no reason to expect that this will result from a 'free market' oligopoly open to the speculative whims of international financial flows. Stretton's plea is for the government to admit that deregulation was an error and to set about re-regulating for a less internationally open system which is consciously **designed** exclusively to serve the current and future economic and social objectives of Australia. He provides us with some design suggestions to this end, but quibbling about details here should not be allowed to override the need for serious debate about this issue. The **assumption**, for that is all it is, that 'the market', **in its existing rather than in any idealised form**, is a superior means here has never been formally defended in any convincing way. Such a defence is not effected by simply rejecting or ridiculing the contrary position.

Top amongst the social priorities for Stretton in the area of finance is the provision of housing. His view is that this use of finance, and the resources so commanded, should transcend the immediate strictures of 'economic efficiency' and be lifted out of the reach of 'the market' manipulators. A considerable part of the book is devoted to the various aspects of the housing issue that follow from this view of social priorities. The dominant theme is that particular attention and careful design in the private and public provision of housing brings considerable economic as well as social **net** benefits. In several essays, Stretton provides some telling history of experience in the public administration of housing delivery. The positive and negative lessons to be learnt are striking and a wider appreciation of them may prevent the negatives being repeated and act as a guide to future endeavours in the provision of this most basic of human needs.

Some of the revelations of experience in the public administration of housing are pertinent to another major theme of Stretton's book: improving the structure and operation of government services in all their forms. His long paper 'Directing the Australian public sector' represents a concerted effort to redress the lack of serious attention, in public administration literature and comment, to the potential realisation of improved efficiency through reform. There has been an implicit bias against discovering and developing actual or nascent success in public authorities and enterprises. Rather the bias has been towards the now common presumption that such organisations are necessarily less efficacious than a 'private enterprise' equivalent would be. The alternative positive approach pursued by Stretton is to bring to public management the spirit and processes of individual and independent 'enterprise' by shifting the

emphasis from constraint demanding conformity to incentive requiring efficiency, prudence and accountability. This will require more careful and flexible managerial structures and personnel conditions that are established *in situ* to meet the particular, and highly variable, needs of each organisation. 'Market' incentives and tests are to be used as far as is possible, but these are not to be thought of as the only, and certainly not as necessarily the best, possible modes of external guidance. A range of indicators will be needed to assess different dimensions of performance such as financial efficiency, customer service and management performance.

In a fascinating section entitled 'Neutrality and commitment in research and education', Stretton endeavours to set some agenda items for debate about the evolution of these vital social processes. He rails against the rise to dominance of positivist methodology in the social sciences, especially in economics, noting that it results in 'systematic self-deception in concealing and refusing to acknowledge . . . necessary, built-in value choices' (p. 172). Rather, social science analyses should be presented for what they are: sets of arguments that reflect the values of the protagonists and from amongst which we must all make our own choices, hopefully in an intellectually discriminating way. Such discrimination comes with education and Stretton's call is for a return to value-oriented teaching and debate in our classrooms. Value-based education is to be regarded as socially and intellectually productive rather than subversive. It will help to countervail the 'cult of selfishness' that he analyses in one of the essays: a 'cult' that is so apparent in the propaganda of the 'New Right' political and academic pundits who presently command so much time and space in the media at the expense of alternative value systems. 'Tasks for social democratic intellectuals' and 'Explanation in economics' are two further essays that take up this theme of restoring values to their rightful place in research and education.

Stretton's essays provide challenges for us all. While he is never prepared to 'sit on the fence', with his analyses always reaching some definite and constructive conclusions, the openness and clarity of his arguments provide plenty of stimulus and opportunity for debate. We can but hope that this interesting collection will be read by all those interested in social and economic issues and that Stretton's views will be recognised as a valuable contribution to opening up alternative perspectives on many important dilemmas facing Australian society. If those who have the ear of government could be convinced of the **ultimate** practicality of Stretton's key theses, we may indeed be able to benefit from a 'quiet revolution'.

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