

TAKING CLASSICAL LIBERALISM TO THE PEOPLE

A classical liberal party can have influence without election victory, explains

John Humphreys

The war of ideas is fought on many battlefields, but ultimately ideas will only become reality once they have succeeded in the dangerous and remorseless field of politics. For advocates of classical liberal ideas the question remains as to how best we can turn our ideas into political reality.

Ultimately, the political reality will be determined by the government of the day which in Australia means one of our two major parties—the conservative Liberal Party (supported by their coalition partners, the Nationals) or the social-democratic Labor Party.

Classical liberals have historically aligned themselves more often with the Liberals and have consequently attempted to further their ideas in politics by joining the Liberal party and working towards their electoral success.¹ This approach is flawed for several reasons.

The problems with the Liberals

The first thing to note is that the Liberals are not obviously preferable to Labor. Despite principles

that include free-markets, lean government and individual liberty, their actual performance makes a mockery of these claims.²

Looking at the tax, revenue and spending records of the last five Prime Ministers, the best administration at controlling the size of government was the Hawke Labor government.³ The Howard government has increased tax and revenue more than any other administration and they have increased spending more than all except Whitlam. Under Howard, tax has increased by nearly \$2,000 per person.

The current government is a high-tax and high-spending government by any measure. As Des Moore noted, ‘discretionary spending by the Coalition has actually increased by nearly one percentage point of GDP since 1995–96’. Despite this the government has been able to run surpluses because they have increased tax by about three percentage points to the highest levels in Australia’s

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Real per person increases in tax, revenue and spending under the last five Prime Ministers (2006 dollars)⁴

	Tax increase	Revenue increase	Spending increase
Whitlam (1972)	\$1,381	\$1,316	\$2,066
Fraser (1975)	\$697	\$800	\$771
Hawke (1983)	\$338	\$186	\$606
Keating (1991)	\$1,098	\$1,022	\$785
Howard (1996)	\$1,987	\$2,506	\$1,016

history, and seven percentage points higher than under the Whitlam government.⁵

The rise of big government conservatism in Australia has been documented by Andrew Norton who records an increase in real per capita welfare spending of 30% (despite lower unemployment)

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and an increase in real per capita health spending of about 40% over the past 10 years.⁶ Norton also compares the last four years of the Liberal government with the last four years of the Labor government and finds that the Liberals have outspent Labor in education, health, welfare and in total spending.

This record on tax is matched by the Liberals' interventionist record on regulation and social policy and the few areas of reform (labour market, media) have been underwhelming in their moderation.

Some classical liberals insist that it makes sense to form a coalition of convenience with conservatives. This may have made sense 100 years ago when conservatives were trying to conserve a relatively free-market liberal democracy—but that is no longer the case. Today we live in a social democracy which Labor supports on principle and the Liberals conserve out of inertia.

Whether or not a liberal-conservative marriage once made sense, it is now definitely time for a divorce.

The problems with major party politics

The problem isn't simply one of the Liberals rejecting their stated principles. It is the unavoidable nature of the political system for the major parties to be more interested in the battle for power than the battle over ideas.

New ideas are dangerous and it is a rare politician that will take a principled stand without first checking the opinion polling. Hiding ideas behind populist rhetoric is the logical thing for a major party to do, but it is not the best way of promoting ideas.

This is perhaps the biggest problem with relying on a major party to be a vehicle for classical liberal ideas—their necessary compromises undermine the battle for ideas. By backing away from a real debate about the effect of minimum wages or welfare spending, and by offering support for Medicare and government-controlled universities, the Liberal party is undermining the classical liberal argument. They give the impression that these issues are settled in favour of the social democracy model and the classical liberal ideas for free markets and individual responsibility are not heard over the major party mutual support for big government.

You can't win the battle of ideas if you refuse to fight, and the classical liberals within the Liberal party refuse to fight. Classical liberal ideas and the Liberal party are caught in a catch-22 where the Liberals won't publicly support the ideas until they're popular (because they are a political liability), but they will never become popular unless there is a clear voice out there fighting for those ideas.

Ultimately, if we can't make classical liberal ideas politically relevant then they will never win. Australian politics needs a voice for freedom that will stand up and champion classical liberalism even if those ideas do not have popular support.

A clear voice for freedom

One method of getting ideas into the political debate is simply through advocacy—writing books or opinion articles, protesting or raising awareness through the media. There is value in these approaches and The Centre for Independent Studies (among others) has made a valuable contribution in advocating classical liberal ideas over the last few decades.

Classical liberals have done well in political debate out of proportion with the number of classical liberals, and that is because of the strength of our ideas. But the strength of this advocacy can only be improved by having a classical liberal voice among the competing political parties.

Minor party politics

There are four major advantages of setting up a minor party to champion classical liberal ideas.

Advantage 1: Better advocacy and reaching more people

A minor political party is a complement, not a substitute, to other advocacy groups. Minor parties provide an additional voice to the political debate and can often raise media interest to quickly and easily get a message to the general public.

This was brought home to me in 2003 when I was disgusted to learn that smoking was going to be banned in all Canberra pubs. By the next day I had used my position with a minor party to voice a counter-argument (pub owners should be able to control their private property and people can choose where they go) on TV, radio and print media. My position wasn't necessarily popular, but it was heard.

This same tactic has been successfully used by various other political groups around the world and in Australia. Environmental groups have received more consistent, timely and widely heard coverage due to the Greens party, and anti-immigrant groups shot to prominence following One Nation. Following the recent success of Family First the religious right in Australia is becoming an increasingly important political sub-group.

Unlike other advocacy groups, a minor political party can respond in a timely way to current issues, quickly and easily providing the classical liberal

response. Unlike other advocacy groups, a minor political party can reach those Australians who only care about politics in the weeks preceding an election or who get all their political information from the nightly news.

Advantage 2: Changing the parameters of political debate

Another advantage of a minor political party is that it increases the range of policy options for the major parties. In major party politics compromise and moderation are always virtues. If a minor party promotes radical reform then a major party is freer to pursue moderate reform in the same direction.

For example, if a minor party was to argue for abolishing the minimum wage then a major party could condemn such a radical move and instead

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take the 'moderate' position of just freezing the minimum wage. Unfortunately, in the current Australian political environment even the Liberal party's weak labour markets 'reforms' are considered radical.

Advantage 3: Being copied by the majors

For major party politicians victory or defeat comes on election night. For people who believe in ideas victory or defeat comes when legislation is passed. The primary goal of a minor party is not to run the country, but to have their policies stolen by the major parties and implemented.

We have seen this happen in Australia in recent years, with the environmental policies of the Greens being widely copied by the major parties and One Nation policies also being copied in some areas. Even before they were elected into federal government Family First was able to have one of their policies stolen by the Liberal government.⁷

Advantage 4: Votes and preferences

One of the disadvantages of minor parties in other

countries is that such a vote is wasted. However, under Australia's preferential voting system this isn't the case. No matter whom you put first, your vote will most likely end up with either the Liberals or Labor due to preferencing. Voting for a minor party effectively means you get to vote twice—once for the party you prefer and once for the major party you prefer.

While the primary benefits of a minor party are advocacy, changing the range of the political debate and having your ideas stolen, there is also an advantage in controlling a small percentage of the vote. If a minor party candidate is elected the benefit is a larger microphone with which to promote ideas. Even if they are not elected, minor party preferences often decide close elections, especially including the final Senate position in each state.

This power can be used to influence major party policies (as Family First did in 2004 and the Greens often do) or more simply it can be used to remove unfriendly politicians. For example, in the 2004 election it was the preferences of a classical liberal candidate (standing for the 'liberals for forests') that prevented the election of a Green to the Queensland Senate.

Liberal Democratic Party

It is for these reasons that I set up Australia's only classical liberal political party—the Liberal Democratic Party (LDP) in 2001.⁸ These are also the reasons are why I led the party to two ACT Legislative Assembly elections (2001 and 2004) and why I have continued to support the LDP after I stepped down as President in 2005.⁹

True, we are small and have previously only received between 1% and 2% of the vote. But we are growing as a party with thousands of members across the country, and we will be standing candidates in all States in the upcoming federal election.

As we have done before, we will enter the election campaign as a voice for significant tax cuts (a low flat tax as outlined in 'reform 30/30'¹⁰), personal freedom and responsibility, privatisation and deregulation, greater freedom for private property owners, choice in education, voluntary voting, shooters' rights, personal choice on lifestyle and less government intervention. With lots of work and a little luck our voice will be heard.

Such a voice is needed in Australian politics.

Endnotes

- ¹ There are some notable exceptions, including Peter Walsh, Gary Johns and perhaps Craig Emerson.
- ² Principles include 'inalienable rights and freedoms of all people', 'lean government that minimises interference in our daily lives', opposes 'punishing disincentives of burdensome taxes', and supports 'individual freedom and free enterprise': Liberal Party, 'Our Beliefs', <http://www.liberal.org.au/>.
- ³ The Hawke Labor government can also take credit for free-market micro-economic reform and managing a reasonably balanced budget over the cycle.
- ⁴ Data taken from www.budget.gov.au (tax, revenue and spending) and www.abs.gov.au (population figures) and www.rba.gov.au (inflation figures).
- ⁵ Des Moore, 'When will the Leviathan Fade Away?', *Policy* 22:3 (Spring 2006).
- ⁶ Andrew Norton, 'The rise of Big Government Conservatism', *Policy* 22:4 (Summer 2006/07).
- ⁷ Compulsory 'family impact statements' for all legislation.
- ⁸ Details about the LDP can be found at www.ldp.org.au or by e-mailing john.humphreys99@gmail.com.
- ⁹ The current LDP President is ACT businessman David McAlary. I continue to be involved in the party as the Vice-President.
- ¹⁰ John Humphreys, *Reform 30/30: Rebuilding Australia's tax and welfare systems*, Policy Monograph No 70 (Sydney: The Centre for Independent Studies, 2006), available at www.cis.org.au/publications/policymonographs/pm70.pdf.