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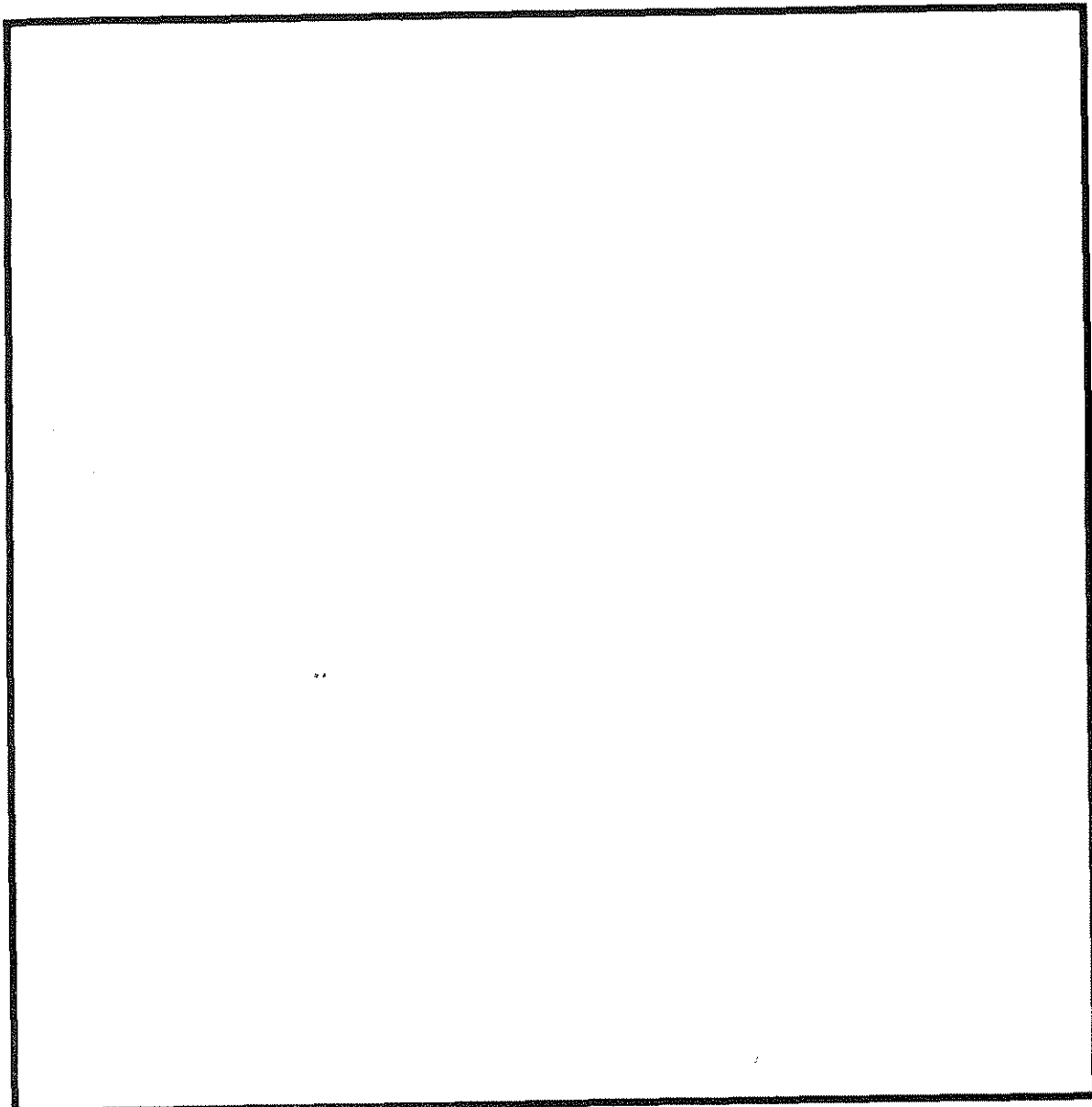
BROTHERHOOD OF ST. LAURENCE  
67 BRUNSWICK STREET, FITZROY  
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Occasional Paper

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# **BROTHERHOOD IN THE '80's**

**Hugh Stretton**



**Brotherhood of St Laurence**

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BROTHERHOOD OF ST LAURENCE

JUBILEE LUNCHEON

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ADDRESS BY HUGH STRETTON

I am not supposed to mention politicians into this electronic microphone, because we have a pre-election ban on that sort of thing. But I insist on expressing my grateful sentiments to the two front-benchers who are honouring us today. Whoever wins tomorrow and governs, I hope that John Button will continue to be as acute a critic of government as he has been through the last five years. And as a public opponent of her party, I would like to pay a grateful personal tribute to what Senator Guilfoyle has done her best to do for the welfare population during the period of this Government. I hope that some of that compassion on welfare matters will continue and improve further in the future, whoever governs.

To talk about the problems that will be faced by a welfare agency, and by people who look to this agency to think ahead about welfare problems through the 1980s, I can't possibly avoid talking about the great policy issues that face this country. So all I can promise is to be non-party; at the very least to be impartially rude to both Parties. Also I won't be telling you anything that you don't all well know - there are not many new things to say on this subject.

I think this country has contradictory traditions in its actual social life and political and industrial relations. Although it is shot full of conflict, as I suppose any country is, it is low in the level of tension; it has not had much public or private violence. It has achieved some degree of consensus, perhaps to a greater extent than most North American and European countries have. It has, on the other hand, got an indifferent record, I think, in the performance of the classes that are largely represented at this lunch;

in its business management, in its public service leadership and certainly in its intellectual ranks. I have lately been looking over a manuscript history about the 1910s, 20s and 30s and I find that underrated great man, Professor R.F. Irvine, complaining off and on from 1910 to 1933 that the level of social theory and the level of economic understanding in this country is low. The numbers of people deeply engaged in those problems is low, and the depth and quality of the more broad social debate about the means and ends of our society are not impressive either.

It is against that background that I want to talk, chiefly to remind you of a number of well-known reasons for expecting troubles to intensify in our society at large in the next ten years - troubles which I think present a challenge to the managing, governing and intellectual classes, and which I hope they will meet rather better than they have been doing in the last decade.

To list some of those troubles, we can start with what it is now possible to call "old-fashioned" stagflation - that old combination of unimpressive economic growth with quite high rates of both unemployment and inflation: a possibility that our orthodox economic theories used to deny until ten years ago. On top of that we face some new inflationary dynamics, especially from external Arab causes, and some mineral developments of our own. We also face a new style of unemployment - in what degree, I am not arguing, but we obviously face some of it - from the round of technical changes sometimes summed up as 'the chip' along with other labor-saving technical changes in a number of industries.

Next, we face a resource export boom and I think the world is only beginning to understand the troubles that come along with that. They certainly include the following: some physical shift of employment out of the cities,

where the houses and all the infrastructure are, into remote bits of desert round the north and the west. That involves a massive capital shift - that is to say, a shift of capital resources into resource development and the infrastructure that supports it. These capital resources, I am most acutely aware, are mostly going to come out of housing, so we must expect less copious housing production in the cities and perhaps higher prices for the housing we have got there.

Next, there is another round of exchange pressures that you get, if you become a copious mineral producer and exporter: troubles the British are already suffering; troubles that are already forecast with great anxiety by our own Treasury.

All of these troubles converge to produce one effect which in a way sums up most of the ill effects: they all shift the ratio between people working and earning, and people not. They go along with demographic changes, population changes, skill and education changes, which work to the same effect.

Most of us, on average, are learning longer before we start work these days, and living longer after we stop work. The way I look at that, it means that the income I derive in my earning years has to be spread more liberally than my grandfather had to spread his - towards my own childhood and my own old age, or to speak more practically, towards my children's childhood and my own old age. Put that way, I don't regret saving more during my earning years and spreading my income over a longer life. But I live in a country in which nine-tenths of the publicists on both sides seem to be trying to convince us that this is not a transfer from my earnings to my non-earning years, but that it is a steadily increasing charitable or piratical transfer from me to them. It is presented to us as a mounting welfare bill, a mounting dependency rate, and altogether a very divisive, class-conflict issue. This is something that you are always going to be able to perceive in those two ways as a generational problem, calling for transfers from my earning years to my non-

earning years, and simultaneously as a tax transfer problem from those of us who are working and prospering at the moment to those of us who, at the moment, ain't. All these things converge to make political life more difficult and more devious than it has been through the comfortable years of the post-war boom.

I have one contentious view - but it is an impartial one - which is that these new troubles mean that in some central matters of national economic policy, the old middle of the road policies do not work any more and are not going to be restored to work any more. A little bit of gentle, Keynesian demand management, plus a modest old age pension, are not going to keep the economy fully employed and uninflated as they appeared to do once upon a time, in such a comfortable way, under Mr. Menzies.

To respond to this new round of troubles, there is almost a technical compulsion to shift a bit to the Right or a bit to the Left, so there are sharper and nastier-looking options facing us, and I mean to talk about them in turn. I promise impartiality; if I seem to abuse the Liberals for the next six minutes, be assured that Labor will get its fair share exactly in the following six minutes!

First, the Right option. It has wide official, expert and upper class support. To a certain extent it does try to carry on the successful old strategy of the 1950s and 1960s. It tries to continue a sort of central, macro-economic, somewhat indirect management of the economy. But it has to try to do so by nastier means than before, for example, by maintaining quite a high level of unemployment as its principle weapon against inflation.

Believers in this option will of course encourage the mineral boom, as about the only bit of visible, buoyant growth open at the moment. The strategy will therefore reap all the political penalties of doing that.

It will necessarily strip housing and a great deal of small business bare of capital or any resources of credit, because once the people who want to dig the holes up north and the people who want to build the rails and pipes and wires to support them are allowed to bid openly in the capital market for their resources, there is going to be next-to-nothing left there at rates of interest low enough to be viable for the old cheap-money users - for the fellow who wanted to finance a garage or a workshop or a corner shop, or the fellow who wanted, on a marginal income, to buy a house. That is going to be an embarrassing effect because it is going to injure and annoy some of the most traditional supporters of the conservative political parties who are encouraging this sort of 'Right' strategy.

So there are difficulties ahead for them. They try and repent a bit; one of the nods they make to the middle of the road is to say that "at least we don't give it all away, we will insist on considerable levels of Australian equity ownership." But that adds the final blow in the capital market. It means that we have got to try and find the means of purchasing fifty one per cent equities in all these developmental investments. That means bidding even harder and higher for any available local savings, so the prospects for housing and the prospects for the city infrastructure and the prospects for small business get even tougher still.

At the same time those parties are caught in another bind: all these things do steadily inflate the demand for transfer income to the old, to the unemployed, to people being educated, and so on. Necessarily, especially if you are an austere financier and an austere economic politician, that increases your tax bill. So you are caught again, uncomfortably, between necessities which any Liberal politician recognises, and the traditional low-tax philosophies of that side of the House.

Quite apart from those internal contradictions and difficulties within that Right economic option, you can also of course expect the usual external flack as the Union movement moves into more and more confrontation about policies like that. Besides the unions there are also, at least potentially, the pensioners. Old age pensioners, though not yet well organised, represent a massive potential vote against policies which are mean with old age pensions and health and welfare. And once again, it is a traditional source of support for the conservative parties which may be alienated by conservative attacks on taxation and welfare expenditures.

Altogether I do not mean to say that the 'shift to the Right' is an impossible or intellectually despicable option. But I do believe that it has steadily rising levels of political difficulty and steadily rising levels of conflict implicit in it.

But so has the Left option, if I may turn to that for the next six minutes.

The Left option seeks, like the Right option, to get rid of the current rates of inflation and the current pool of unemployed. It needs to do it by means which keep a reasonably happy country from voting the Right option into office again. But to achieve the basic success with inflation and employment the Left has got to do some drastic things. I don't personally think they need be frightening things, but there is no doubt that plenty of electors are capable of being frightened at the thought of them, so much so that they have not been seriously proposed by most Labor parties for a long time past. To achieve full employment with stable currency and a reasonable distribution of income, Labor governments would certainly need to resume public control of mineral resources and public control and restraint on the rate of sale and export



of those resources. They would certainly need somewhat larger and more imaginative public business enterprise and public employment than we have now. The Left is beginning to understand that you cannot extinguish that pool of unemployed just by aggregate, macro-economic demand management; instead you have to find out who actually is unemployed and where they are actually unemployed, and you have to design work creation schemes for them very specifically.

Next, a Labor government will need to contradict the whole tenor and spirit of the Campbell Inquiry. We are going to need not less but much more government management of our capital market, and rationing and direction of capital into things like housing and local government needs, which cannot possibly out-bid the miners and smelters on the open market. We are going to need something like a partial rationing of capital if you want some proportion of it to go still, at viable rates of interest, to the traditional housing and small business and local users of it.

None of that 'packet' of policies is ever going to hang together and produce tolerable effects in restrained inflation rates, unless they are accompanied - inventively, for the first time ever - by effective permanent income policies and price policies. Any serious Labor thinker knows this, however difficult such policies may be to introduce now.

So that 'packet' of policies is just as fraught with political trouble and divisions for its authors as the Liberal packet is. Some of the troubles are much the same for them both. For example, just as bitterly as you can expect trade unions to confront some of the policies of the Right option, just so bitterly will many trade unions confront and oppose any serious effective permanent incomes policy. They have some reason: income policies in the past have tended to be one-sided wage freezes directed against workers only. But if a Labor Party, appreciating this, and aiming at the fairer sort

of policy that the unions might accept, introduces an incomes policy across the board, which starts with rates of distributed dividends and high personal incomes and what surgeons earn and all that sort of thing, then massive and savage retaliation by the rich will confront the party through all available media, and probably through business channels and "capital strikes" as well. A truly fair incomes policy is all too likely to lose votes on all sides of the fence.

I do not need to go into how difficult that sort of Labor 'packet' would be, or the efforts that probably would be successfully mounted across the nation, to scare voters out of it. All I mean to say is that, whichever of those roads towards a viable, well-managed, fully employed economy the nation tries to take, the possibilities of conflict are high. The possibilities of muddle and self-defeat are also high, because if you try and do those drastic things as a coherent 'packet', what happens all too often in politics is that you get by with one and a half of the policies, but then you have to give away the other one and a half by way of compromise, so you are left with incoherent policies which cannot possibly achieve what you set out to achieve. You are likely to get a self-contradictory mess that does not add up to a coherent Right approach to the problem or a coherent Left Approach.

I think that I am not exaggerating, that there is real force and some real cause for gloom in the difficulty and devisiveness of the problems the nation is likely to face. It is silly to say "Well, there is a world capitalist revival that is going to make all good again" if you look at what is actually happening around the capitalist world, and especially its energy supplies and prices.

To face troubles of this order we are going to need thoughtful, tolerant, hard-thinking, co-operative moods, and compassionate moods. Even if the problems themselves are a bit devisive in their technical nature, we need a

much greater willingness to try to work towards consensual solutions to them.

My own instinct says that the best prospects, oddly enough, are not promised by trying to put together the left-wing of the Liberal Party and the right-wing of the Labor Party. Because of the locations of the people who seem most willing and able to think imaginatively, and to think ahead, I suspect that the best solutions are more likely to come from the left-wings of both. I do not say that because I am a left-winger, but for rather more technical reasons. It is currently the "serious left" of the Labor party, by which I do not mean the ancient left or the Arab left, who are prepared to think ahead to serious incomes policies. And it is certainly the left wing of the Liberal Party who would already like to be rather more consensual and compassionate towards the unemployed and the poor, and towards working people generally, than Government is at the moment.

If we look around for examples of how you can work at these problems in a more co-operative way, the most spectacular example in the country is the one we are here to celebrate today. I don't want to talk about the Brotherhood as a specific welfare agency, I want to talk about it as an example of behaviour to a great many of us.

In the decades past, more than any other public or private institution in the country I think, the Brotherhood has succeeded in telling us what is wrong with our society, and how cruel it can be to its less successful members, all in a non-party tone of voice - in an insistant, effective, reasonable, compassionate, but non-party tone of voice. Not just preaching, but also doing most of any effective hard-nosed research into these problems and doing a special kind of research. Academics, even Professor Henderson, will forgive me for saying that all they do is to go out into the world and find out what is there, observantly perhaps but passively. The Brotherhood not only does

that, it also invents and tries things out to see how they will work. Its experiments also have admirable monitoring and self-critical study and reporting to the world. The Brotherhood people manage to do this - sometimes angrily, because people who watch this sort of suffering every day of their lives of course get angry about it - but never losing their cool and never losing the non-doctrinaire, non-party, constructive, inventive frame of mind in which they have always tried their best to do their work.

I do not know how they maintain that, because organisations of superficially similar kind I have been inside have been a can of worms. And the Brotherhood is a can of worms at times: it has internal conflicts of no small order, but it has never allowed them to become a conflict between the Liberal Party and the Labor Party of a kind that would divest the Brotherhood of one half of the support in the community. It has been very able and very admirable in that way.

Of the two criticisms worth making of it, one can be made in one line: it ought to do something about its name since the women's revolution. For the other, I can quote a world leader in the welfare business. I have heard David Donnison, the Chairman of the Supplementary Benefits Commission in the United Kingdom, and once head of the leading school of Social Administration in the United Kingdom, praising this place to the skies. If you asked him what is the most impressive single independent welfare institution on the face of the earth, he would probably, from London, name this Brotherhood in Fitzroy. But he does have a criticism, whether of the Brotherhood or of Australian Society I am not sure. It is that the Brotherhood is alone in Australia, a solitary diamond against a black background. It is not imitated, it is not copied, it is not followed. Why doesn't its example proliferate more things like it across the nation?

I do not think it is because the Brotherhood itself behaves in any exclusive way. I do not see how you could go further than it does in offering its expertise, in publishing its results, and in encouraging the world to follow. I think it is a straight-forward failure of us and our society, and above all of the middle class in this society, in all those aspects of it that I mentioned before. In so far as we can hope to put it right, in so far as we can hope to revolutionise our economic thinking and expertise, and solve some of the technical problems of the economy, in so far as we have got to solve it in ways that can stick and be permanent and be carried on by both parties alternating in government, if that is what they are going to do, I do not think we could look to a better model of how to go about coping with urgent social problems in a co-operative way despite wide disagreements - working well, keeping cool, and doing it all with real skill and real compassion. So it is with great pleasure that I ask you to stand up and drink a toast "To the Brother- and Sisterhood of St. Laurence."