struction constitutes the greatest single factor affecting productivity in the building industry.

Project Losses

In analysing the extent of the cost of delays the survey established that, on average, for every million dollars spent, the total cost due to extension of time amounted to a quarter of a million dollars. These extension costs have to be met by the building owner or developer and would include such variables as interest and escalation costs covering increases in the prices of goods, services and labour used on the project. Industrial stoppages made up 64 per cent of the total extension costs of the delays. For one major project the overall cost of shutdowns was estimated at half a million dollars per week — a staggering sum.

Community Losses

It is not generally understood that losses incurred from industrial obstruction are passed on to the community. Inevitably, everyone pays in some way or another. The building owner, who is the initiator of projects, pays immediately as additional costs are incurred through project delays. These costs must be absorbed somehow and usually are translated into higher rentals or other charges, with the result that ordinary people are affected by higher prices for goods and services. Where excessive costs are incurred on public buildings they are passed on to the community in the form of increased rates, taxes and public utility charges.

Owner-Developer Losses

Owners and developers such as banks and insurance companies (many of them mutual, non-profit organisations) have made significant losses on multi-million dollar projects. They have learned an investment lesson the hard way and consequently have withdrawn their sponsorship from projects of a certain size and in particular from areas which are prime targets for industrial unrest.

Losses of new construction reduce employment opportunities. This is a permanent loss, one which impedes recovery in the building industry and hence recovery in the economy. In the three years to November 1977, the construction industry lost 43,000 jobs. Only in the entire field of manufacturing have more jobs been lost since 1974. In November 1977, nearly 1 in 10 of the unemployed belonged to the construction industry. If this proportion is not to increase, new jobs must be created — an aim requiring a new level of stability and security in building.

Industry Losses

Unnecessary delays to building projects mean opportunities lost to everyone involved in project work. Many project shut-downs, partial or complete, caused by one particular union, involve many more members of other unions who are opposed to the stoppage. The builder, subcontractor, supplier and the professional service men lose time that could be used productively in working on new projects. The workforce (including those outside the construction industry) is directly and indirectly affected. There is a loss of money, morale and work satisfaction to on and off-site tradesmen, whose occupational impotence is caused by indefinite prolongation of industrial disputes. Cancellation or deferment of major projects precipitates unemployment among the skilled and unskilled alike.

Inevitably the stop-start situations that result from industrial obstruction in building affect the performance and efficiency of everyone involved in project work. It is impossible to estimate the losses incurred due to people not working near their potential capacities, whether they are professional, technical or manual workers.
Unnecessary delays involved in prolonged disputes mean poor productivity. The sad story of poor productivity in construction in relation to other industries is shown in part by the following figures:

<table>
<thead>
<tr>
<th>Rate of Growth in Productivity from 1964-65 to 1975-76. Percentage increase per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry, fishing and hunting</td>
</tr>
<tr>
<td>Mining</td>
</tr>
<tr>
<td>Manufacturing</td>
</tr>
<tr>
<td>Electricity, gas and water</td>
</tr>
<tr>
<td>Construction</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
</tr>
<tr>
<td>Transport and storage:</td>
</tr>
<tr>
<td>Communication</td>
</tr>
<tr>
<td><strong>Average all Industries</strong></td>
</tr>
</tbody>
</table>

There is room for improvement in labour and management productivity in the construction industry. Australia is lagging behind its overseas competitors and its own former achievements. Forty years ago the Empire State, the tallest building in the world at the time, was completed in 18 months. Closer to home, fifteen years ago the Southern Cross Hotel in Melbourne was built in 18 months. Many buildings such as the Manchester Unity and AMP St James were finished in relatively short contract times. Today the average contract time of comparable projects is three years. The original completion date of the Collins Place Project has been set back some four years largely as a result of constant delays and disruption.

**The Future**

A reduction in time lost due to industrial disputes would be a step in the right direction. With increased stability and security, effective project management becomes possible through well integrated programmes which could inspire all round confidence and keen costing in an industry which is currently deficient in these respects. This would help to offset the crippling costs of high wage levels and interest rates.

The public should voice its anger at having to bear any longer the frustrations, unemployment and costs associated with industrial disputes. The taxpayer subsidises the costly delays in the completion of community amenities such as schools, hospitals and power stations and, at the same time, loses the opportunity for early use of these public facilities.

A return to more stable, predictable and shorter construction periods, brought about by a more conciliatory approach to industrial relations, could reduce the costs of major construction and lighten widely spread burdens. The current climate is such that a sustained move towards a more conciliatory approach by both Unions and Builders is possible. It would brighten the prospects for the building industry, create the right conditions for new employment opportunities, and lead Australia in the right direction towards economic recovery.

Instead of perpetuating confrontation and bitterness, it is time for the two principal partners in construction — the workforce and the building owner — to negotiate and agree on some basis offering long term stability in the industry. Such an agreement would greatly reduce the penalties to both sides and to the community. This practice prevailed in Victoria a few years ago and with goodwill all round it could happen again.
HEALTH: A GROWING BURDEN

'A world of optimal and widespread health is obviously a world of minimal and only occasional medical intervention.'

Ivan Illich,
*Medical Nemesis*, 1975.

Most of us would challenge Dr Illich's implied commitment to self-help in health care as the solution to reducing medical intervention in industrialised countries. Many of us might prefer to insert 'government' in place of 'medical' in the quote. Some of us would simply include 'government' to emphasise the fact that today our health options are dictated to us by bureaucrats and the medical profession.

An increasing amount of public and private spending on health in Australia over the last ten years has gone hand in hand with growth in government regulation and direction of health care. The independence of the average man in choosing ways to look after (or for that matter not look after) his health has consequently been reduced.

Statistically speaking, health has become a big industry in Australia. Public and private spending on health amounts to more than $6,000 million annually. This represents nearly 8 per cent of the total value of our national production, and is equivalent to $444 spent on every Australian in a year. Health is one of the few industries in which employment has expanded in recent years. While the total number of people employed in Australian industries fell by 3 per cent or 135,000 between July 1974 and July 1977, the numbers employed in health rose by 44,200, an increase of 15 per cent.

As nations become more affluent there is a tendency for people to spend more on health care and proportionately less on other necessities in life. Over the period from 1965-66 to 1975-76 personal spending on health in Australia increased by 250 per cent. In the same period spending on food and on clothing by Australians increased by 150 per cent and 165 per cent respectively. As personal spending on health care has risen people have expected governments to provide greater health
benefits by spending more on social services. In each of the last few years public and private spending on health has gobbled up more and more of the nation’s wealth. The table below shows the extent to which the nation’s resources have been absorbed by the provision of health services since the early part of the 1970s.

**NATIONAL HEALTH EXPENDITURE**

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</thead>
<tbody>
<tr>
<td>Million dollars</td>
<td>2,231</td>
<td>2,505</td>
<td>3,027</td>
<td>4,129</td>
<td>5,235</td>
<td>6,254</td>
</tr>
<tr>
<td>Percentage increase from previous year</td>
<td>16</td>
<td>12</td>
<td>21</td>
<td>36</td>
<td>27</td>
<td>19</td>
</tr>
<tr>
<td>Percentage increase of consumer prices (C.P.I. all groups) from previous year</td>
<td>7</td>
<td>6</td>
<td>13</td>
<td>17</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Health spending as a proportion of G.D.P. (%)</td>
<td>6.08</td>
<td>5.98</td>
<td>5.97</td>
<td>6.88</td>
<td>7.45</td>
<td>7.67</td>
</tr>
<tr>
<td>Dollars spent per Australian</td>
<td>172</td>
<td>187</td>
<td>223</td>
<td>300</td>
<td>376</td>
<td>444</td>
</tr>
</tbody>
</table>

From 1971-72 to 1976-77 total spending on health per Australian more than doubled. In this period the average annual growth rate of spending on health was 23 per cent. From 1971-72 to 1976-77 prices, on average, rose by about 12 per cent per annum. Thus inflation accounted for only half of the increase in spending on health in this period.

**The Public Sector**

Spending on health has grown most rapidly in the public sector. Government spending at the federal level grew steadily during the 1960s. It exploded with the introduction of universal health coverage under the Whitlam Government and has since continued to take a large slice out of total government outlays.

The extraordinary growth in public spending on health occurred in the middle of the 1970s because the Labor Government at the time put into practice their belief that the standard of community health was dependent upon massive spending in the public sector to provide health services and cover for everyone. The ideological justification for this was expressed most succinctly by the Treasurer, Frank Crean, who said at the time,
"The present health insurance scheme is inequitable and inefficient. This Government intends to introduce a fair and universal health insurance program."

The following trends give some idea of the increased priority given to health by Australian governments:

- Budget outlays on health have risen from $338 million or 6.0 per cent of total outlays in 1966-67 to $2,543 million or 10.5 per cent of total outlays in 1976-77. This mammoth increase of 652 per cent is equivalent to twice the increase in government outlays for all purposes over the same period. (Incidentally, from 1966-67 to 1975-76 the increase in the nation's production of all goods and services was equivalent to a third that of government spending on health.)

- From 1972-73 to 1976-77 cash benefits from the Federal Government to persons for health purposes increased by 94 per cent. In 1972-73 cash benefits to every man, woman and child were $43 and in 1976-77 they were $80. After adjusting for increases in prices, cash benefits for health purposes per Australian have increased by 10 per cent in the last four years.

Public Expenditure on Health: International Comparisons

In a report which analysed public spending patterns on health in developed nations, the Organisation for Economic Co-operation and Development (OECD) expressed its concern over rapidly rising public health expenditure. Some of the findings of the report are worth highlighting, particularly as the present Government is committed to expenditure restraint, through reduction of direct budget outlays, as a basic part of its economic policy.

For the period 1962 to 1974 public expenditure on health as a proportion of national production (measured by G.D.P.) increased on average by 1½ percentage points in the OECD area as a whole. In 8 countries (out of a total of 20) the increase in public health care as a proportion of G.D.P. was 2½ percentage points.

points or more. Public spending on health grew most rapidly in the Scandinavian countries, Canada, West Germany and Australia.

The latest available figures used by the OECD for comparisons showed that, on average, public health expenditure absorbed 4.4 per cent and total health expenditure 5.7 per cent of G.D.P. for the OECD area as a whole. The corresponding figures for Australia were 5.0 per cent and 6.5 per cent respectively. (These figures are for 1974 and therefore do not take into account the rapid growth in public spending on health that has occurred in Australia since 1974.)

Public spending on health in Australia is high compared with other industrialised countries. Those countries in which public health expenditure is highest (relative to the value of the nation's production) include Sweden, Denmark and Finland. In these countries the State assumes complete responsibility in all areas of health care.

From the mid-sixties to the mid-seventies the rapid growth in public spending on health in Australia and in other OECD countries occurred because governments took over the responsibility of personal health care, the aims being:

(1) 'A reduction of inequality of access to and use of medical treatment, aimed at achieving improvements for the poor and disadvantaged especially where they are subject to "catastrophic" illness, and also at improving the geographical supply of medical services.'

(2) 'An increase of the health status and well-being of the population generally.'

In Australia the increase in spending on health in the public sector has gone hand in hand with higher levels of taxation and larger and larger budget deficits. From 1965-66 to 1975-76 the total income tax burden on Australians increased from $150 to $669 per head, an extraordinary rise of 346 per cent. Over the same period the debt of the national government, i.e. the excess of government spending over receipts, increased from about 1 per cent of the nation's production to over 5 per cent. In establishing social reforms in health, Aus-

Australian governments have taken with one hand to give with the other.

Testing the Record

Given the fact that the growth record of the health industry has been so substantial over the last decade, Australians would do well to query whether in fact they are any healthier as a result of this so-called social progress, particularly as the doctor/population ratio has improved so significantly from 1 to 803 in June 1966 to 1 to 659 in June 1975.

If health is defined as the absence of sickness there is little convincing evidence to suggest that the incidence of ill-health has declined in Australia from the last decade to the present one. According to figures prepared by the OECD for the period from the early 1960s to the early 1970s, the incidence of some forms of chronic disease, such as those affecting the nervous system, has increased. Over the same period there have been little if any, improvements in life expectancy for men and women in various age groups. The incidence of infectious diseases may have declined, but factors such as better living conditions and higher nutritional levels could well have contributed to such improvements in the general health of the population.

Australians should also question the efficiency and equity of health care. Since the introduction of universal health care, has health service become more efficient from the consumer's point of view? Have the original socialist objectives espoused by Frank Crean of providing and delivering health care to everyone resulted in a better, fairer system? Even if the answers to these questions lie in the affirmative, which is doubtful, do the supposed benefits justify the costs?

Today a patient has no more control over the price of his health care than he did before the system was changed under Medibank. He cannot prescribe his own medicine or authorise his diagnosis or treatment. This price-taking behaviour on the part of the medical consumer has contributed to the lack of market control exercised on rapidly rising health costs and on escalating government spending on health.
With the exception of personal care services, the price of health care has risen faster than any other component of consumer prices over the 10 years to the end of 1977. In this period the price of health services, which includes costs of services by doctors, dentists, hospitals and health insurance, rose 262 per cent. Average weekly earnings increased by 191 per cent. After adjusting for the effects of increases in health care, the real purchasing power of the average wage earner in relation to health care has been reduced by 20 per cent in ten years.

**Review of National Health Spending**

It appears that public spending on health has produced meagre returns in the form of better health and efficient low-cost service over the last decade. The present Government should seriously consider a complete review of all items of its health care expenditures. There is probably one item only of government expenditure that deserves a significant boost, namely preventive medicine. The allocation for this item in the 1977-78 budget is an estimated miserly $9½ million out of a grand total of almost $3,000 million.

According to present estimates of population trends the proportion of people in older age groups will increase in the next ten years. Young people will make up a smaller part of the population because of currently low birth rates. Greater demands will be placed on the government from an ageing population to provide higher social benefits for health care. If the proportion of our national production being absorbed by public health is not to increase, the rate of growth of public spending on health must be reduced. This means that the present government must make a firm commitment to setting an economic limit to spending on health, so that the currently high ratio of health to national production is not exceeded in the future. It could do this by establishing tight financial restraints and checks, by carrying out a complete administrative review of current spending programs or by introducing more market-oriented schemes to service and finance health care. If little is done everybody will pay the penalty of more government direction and regulation and inevitably higher taxes.
EVERYBODY'S BUSINESS

I.P.A.'s new illustrated booklet on productivity, "Everybody's Business" is now available.

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MARKET ECONOMY	PARTNERS IN INDUSTRY
EDUCATION AND	COMMUNICATION
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EVERYBODY'S BUSINESS IS . . . PRODUCTIVITY.
DIRECTOR RETIRES

Mr. H. N. WARREN

Thirty years ago Mr. H. N. Warren, B.Com., A.C.I.S., the present Director, joined the Institute of Public Affairs, then in its infancy, as Secretary, giving up his position with Imperial Chemical Industries because the objects of the Institute appealed to him as being of basic importance. He had been with that company from 1934 to 1947 interrupted only during the period when he served as an officer in the A.I.F. during the War. Mr. Warren has seen the Institute grow from small beginnings to a position of great influence and his part in this growth has been considerable. He brought to the Institute not only a fine commanding personality, one imbued with the principle of public service unselfishly given, but so transparently honourable and dedicated, that his part in the raising of the funds — without which the Institute could not have functioned — was incomparably great. He was a Councillor of the Melbourne Chamber of Commerce for a number of years, and has been a member of the Council of the Royal Automobile Club of Victoria since 1964. He has also been a member of the Educational Panel of the Productivity Promotion Council of Australia, a Councillor of the National Heart Foundation and is a Life Member of that fine institution, the Lord Somers Camp, which has laid the foundation of the characters of many young Australians. The wide field of Mr. Warren’s activities combined with his intimate knowledge of people and translated into practicality through great human warmth has given him a wisdom that many would envy. Coleridge said, “Common sense in an uncommon degree is what the world calls wisdom” and it is this quality that has enabled him to assist in building the Institute to its high status in the community. Despite retirement the Institute will still doubtless be seeking his advice from time to time, as his knowledge of the whole history of the organisation, added to his experience as Secretary and finally Director is invaluable.
STAFF AND COUNCIL CHANGES

Mr. ROGER NEAVE

Mr. Roger Neave, M.A. (Oxon.), A.F.I.B.A., has been Deputy Director of the Institute since December, 1976, and becomes Director as from 1st February, 1978. Mr. Neave is an economist who has had wide experience in business, data processing and management training. For several years he has been a writer in the areas of industrial relations, management and economics. He is very well equipped for the position of chief executive of the Institute and we all wish him well in his important new responsibilities.

Mr. J. H. McCLURE

Mr. John McClure, B.Ec., A.A.S.A., has been appointed Administrator to take over the work previously the responsibility of Mr. Warren. Mr. McClure is a former executive with Shell Group where he was Administration Manager in the Oil Marketing Division. The Institute wishes him every success in his new career.

Mr. W. A. BEATTIE

It is with great regret that we report the retirement of Mr. W. A. Beattie, M.A. (Cantab.), B.A., Ll.B., M.A.I.A.S., as Chairman of the Executive and Editorial Committee. Mr. Beattie joined the I.P.A. Council and the Executive Committee in 1964. In 1975 he succeeded Mr. E. Angus Jones as Chairman of the Executive and Editorial Committee.

Mr. Beattie is well known as a pastoral and agricultural consultant and the author of books and papers on the primary industries. He was uniquely qualified by education, wide knowledge and practical experience to be a member of the Committee. The I.P.A. is greatly in his debt and we desire to place on record our deep appreciation and gratitude for the services he rendered over a long period. We regret that it has become necessary for him to resign as Chairman of the Committee but the I.P.A. will retain the benefit of Mr. Beattie’s advice as he will continue to be a member of the I.P.A. Council.
Mr. NORMAN N. ROBERTSON, C.B.E.

The new Chairman of the Executive and Editorial Committee is Mr. Norman Robertson who has been a member of the I.P.A. Council for the past 16 years. Mr. Robertson has had very wide experience of Australian industry and commerce. He is a Director of National Mutual Life Association of Australasia Ltd. and he is a former President of the Victorian Chamber of Manufactures and the Associated Chamber of Manufactures of Australia.

Mr. H. M. LIGHTFOOT, O.B.E.

Mr. H. M. Lightfoot, who has been a valuable and enthusiastic member of the I.P.A. Council since 1966, has resigned from the Council. We shall miss his kindly and thoughtful advice and the warmth of his friendship.

Hon. VERNON F. WILCOX, C.B.E., Q.C.

Mr. Vernon Wilcox has had a distinguished career in government and the law. He served the State of Victoria well as Minister of Transport, Minister for Immigration, Minister of Labour and Industry and Attorney General. He is a Councillor of the Royal Agricultural Society.

Mr. Wilcox has joined the I.P.A. Council and also the Executive and Editorial Committee. The I.P.A. is very fortunate to be able to draw on the wealth of his experience and his deep understanding of public affairs.
UNEMPLOYMENT REALITIES

Unemployment statistics have traditionally been a significant economic indicator, and rightly so. Not only do they give some indication of the strength or weakness of the economy but they also reflect a degree of human suffering which no government can afford to ignore, if only on grounds of political expediency. Traditionally, a substantial rise in unemployment has been enough to bring down governments.

Yet we have recently been through a general election where rising unemployment completely failed to earn the sympathy of the voters. Why?

One area worth investigating lies in the significant change in attitude throughout the whole community towards unemployment. Social welfare benefits are now such that the nightmare possibility of utter poverty and destitution is no longer the alternative to holding down a job. We should not be surprised if the community feels less concern for the suffering of the unemployed when a government has assumed the responsibility of providing at least the minimum material requirements for existence.

Changing attitudes have also affected the unemployed themselves. With a lessening of the social stigma attached to being jobless, coupled with the relatively high level of social welfare benefits, there must inevitably be less incentive to find work. Most economists have come to regard the figure of up to 4% unemployed as acceptable in economic conditions of full employment, but perhaps the changing attitudes among the unemployed themselves should lead us to revise this arbitrary figure upwards. If the result of last December's election is any guide, then the community would seem to be prepared to accept 6% unemployment.

Be that as it may, the solution to the problem of material hardship among the unemployed has spawned other problems with which we need to concern ourselves. A major problem is the psychological effect on young people of going straight from school on to the dole. There is a case, and a very strong case, for instituting short term schemes for employing young people which are not necessarily to the immediate advantage of the economy. From a purely economic point of view this can be supported as an investment in the future. We should do all in our power to discourage the emergence of a large minority of embittered or anti-social youngsters entering the adult community and, as a result, being disinclined to contribute to the productivity of the nation in the course of time.

Of course, for the long-term, we should be identifying the causes of youth unemployment and eliminating them in order to ensure that it does not become a permanent feature of our society. In this respect the following figures are most revealing:

<table>
<thead>
<tr>
<th>UNEMPLOYED IN 15-19 AGE GROUP</th>
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<tbody>
<tr>
<td>%</td>
</tr>
<tr>
<td>May 1974                   4.2</td>
</tr>
<tr>
<td>May 1975                   10.0</td>
</tr>
<tr>
<td>May 1976                   12.1</td>
</tr>
<tr>
<td>May 1977                   15.3</td>
</tr>
</tbody>
</table>

The Labor Party has tried hard to persuade people that the present rise in unemployment is the fault of the Government. But prior to 1974, the number of young people unemployed by May each year was about 3 or 4 per cent. It is clear from the above table that our current problems date from the 1974 wage explosion initiated in the Whitlam era and have been exacerbated by plateau indexation decisions which have further reduced wage relativities. There can be no long-term solution to youth unemployment until reasonable wage relativities are restructured.

Another problem which is bewildering politicians and the public alike is the difficulty of determining the figures for those who are genuinely unemployed — those who really do want work but through no fault of their own cannot find work. These are the people who deserve our attention and the urgency of their plight is obscured by the swelling of the unemployment figures by others who are not genuinely in this category.

The community knows this and it is not surprising if a general feeling of antipathy towards the unemployed is engendered as a result. We do the genuinely unemployed a disservice by allowing this feeling to go on. Using the figures from the Bureau of Statistics rather than the Commonwealth Employment Service — a move to be commended — may reduce the “official” unemployment level but it does nothing to solve the problem.

Much as we deplore the attitude of the “dole-bludgers” they are not necessarily law-breakers. Among them, however, are those who criminally abuse the system, and the unemployment figures could be significantly deflated by making a concerted effort to expose them. Rarely are such people brought to trial. So complacent have we become that stories are ripe of individuals who openly declare their fraudulent activities in general conversation. It is no wonder that surveys show that companies offer less than half of their employment vacancies to the C.E.S. There can hardly be an employment officer in the country who has not, more than once, interviewed a C.E.S. candidate for a job and been advised that he is there only for the formality of claiming the dole — “it supplements very nicely what I’m doing on the side, thank you very much”.

Such people, besides those who are abusing the system by other means like using false names to claim more than one payment, are criminally embezzling public funds, and the Government is strongly urged to tackle the problem by instituting much stiffer penalties. Current penalties are ludicrous and they hardly warrant taking action. At the very least, offenders should be required to pay back the amount embezzled in addition to a fine. Where other offences call for prison terms, it would be more appropriate for these offenders to be required to serve usefully the community they have cheated.

The genuinely unemployed are victims of changing attitudes and they deserve a better deal from society.
Mr W. A. C. (Ian) Adie, M.A. (Oxon), was born in London in 1926. After Army service in India and the Middle East he graduated in Classical Greats from Oxford University. He served in East Asia with the British Foreign Service until recalled to academic work at Oxford and later at other universities, including the Australian National University and the Royal Military College, Duntroon. Mr Adie has written extensively on international affairs, on which he is currently an independent consultant.

* * * * *

Australia's history may have been shaped by the "tyranny of distance" but times have changed. There was a time, too, when London papers could headline "Fog in Channel, Continent Cut Off". Such attitudes to abroad have persisted but there is some awareness that the outside world is not going to let us remain the "Land of the Long Weekend" much longer.
In the last few months publicity given to arrivals of refugees, drug smugglers, and illegal immigrants has drawn attention to the fact that many such cases occur without being detected; public reaction has in many cases been at the level of slogans like “stop the refos”, or “let’s get a bigger Navy/Coast-guard/RAAF to defend fortress Australia”. At a higher level of sophistication one hears vague ideas about “accommodation” to overhanging Asia along the lines that “we have to show them we are Asians, too, not white colonialists”, and so forth.

 Anything that helps to dissipate the “no threat” mirage and general apathy towards our neighbours cannot be all bad, though both these reactions are simplistic. Defence in the old conventional sense is still a precondition of national survival, but as the recent Hope Report on Intelligence and Security made clear, plain armed attack is not the “in” way to take over a country; there are subtler means which are much in use.

 I want to draw attention to some of the less publicised developments in the outside world which are bringing it too close for comfort and challenge Australia to set an example of how to deal with them.

 In the words of an ex-Ambassador, Australia is “an industrialised nation of great self-assurance but great naivete in its interaction with more than half the world’s population which inhabits the Asia Pacific region”. He was struck by members of the media who seemed to “lack any frame of reference when it comes to reporting even the domestic Australian aspects of Australia’s Asia problem”. Actually, we do not just have a PNG problem, an Indonesian problem, a Japan or China or Asia problem, though these are all evident to those with specialised knowledge. We have a world problem because all of the world is now relevant to our economic and social difficulties.

 There is no denying that in the past we have tended to relate to the world mainly through England, then America; regrettably, some of those who lost faith in those particular powerful friends simply went looking for a substitute such as a mythologised socialist camp, Third World, or China. Belief in the U.S.S.R. as a utopia survived here longer than in less remote places. The Old Left has not faded away, but it has acquired a
rival and a sometimes unwitting ally in what is loosely termed the New Left.

The present world crisis, or rather the irreversible change in the world of which the appearance of the New Left is a part, is neither new nor particularly "left-wing" in content in the normal meaning of the term. It finds concentrated expression in the proliferation across national borders and oceans of totalitarian and often murderous semi-clandestine organisations of people under thirty, often disposing of large funds, arms and stocks, derived from a base country or from criminal activity.

These extremist organisations may take the shape of religious sects or self-styled Marxist-Leninist parties or liberation movements; in any case, the sects usually have a political core or wing and the parties have characteristics of a pseudo-religion. Their activities resemble those of the Assassins and other such fanatical deviants from Islam who acted as an international network of ruthless gangsters in the interests of certain mediaeval rulers. The Triads and other politico-religious sects of East Asia also offer many parallels. At the core of the phenomenon there are plain criminal maniacs like the young woman who tried to kill President Ford because he was "polluting the environment", and the Manson Gang who wanted to cleanse the earth of "the establishment". Passing through the Symbionese Liberation Army, the Japanese and German Red Army factions, the assorted "Palestinian" hijackers and kidnappers and their allies, you get to promoters of political riots and industrial sabotage, internationally organised "protest" movements and their dupes. These "useful idiots", as Lenin called them, really intend to "express their legitimate concern" on some real or imagined injustice. Then we come to the outer ring of sane and non-violent citizens who unwittingly help to create the conditions in which these threats to their own idealism can flourish.

The bomb attack on the Commonwealth Leaders' Meeting at the Sydney Hilton in February, 1978, demonstrates that Australia is vulnerable to this New International, although so far its activities have been concentrated in America, Europe, the Middle East and Japan. "Kicking the communist can" misses the point just as much as the old concepts of defence in the
purely military sense. Those who cannot get away from the labels of “left” and “right” could find some comfort in the fact that in France the author of a recent book on the 257-odd “religious” sects operating there analysed them as mostly “fascist”. He was promptly denounced by poison-pen letters, phone calls to politicians and so on, as an agent of international communism (to conservatives) and of the CIA and multinationals (to socialists). The fact is that the activists of the New International and their outer circle of sympathisers are, like the Old Left and other victims of the world crisis from which it issued, also subject to manipulation by foreign powers and organisations for purposes they may not suspect.

The Old Left may be seen as part of a general counter-revolution that was building up against the nineteenth-century effects of the technological-industrial revolution and bureaucratic authoritarianism of centralised Empires and nation-states. The myth was, roughly, that life could be humanised again for industrial workers by strikes, parliamentary struggle and/or revolution to bring about “public” ownership of the means of production, distribution and exchange. But, as the Chinese communists never tire of pointing out, when tested in the Soviet bloc, socialism turned out to mean ownership by an “aggregate capitalist” — the Party bureaucrats, technocrats and security forces.

The comradeship of the Cause was a kind of religious experience in itself of more immediate value than either electrification, Soviet political power or the other alleged panaceas to come. This is why persons of a certain mental make-up or personal experience went on believing in Stalin, Hitler and such charismatic leaders long after the real nature of their regimes had become obvious. The power of attraction of these regimes was precisely because of their double nature which allowed adherents to pay lip service to the prestigious emblems of science and democracy whilst welcoming “liberation” from the strain of thinking and fending for oneself in exchange for unreasoning submission. Both Stalinism and the ideology of the National Socialist German Workers Party (Nazis) resembled religious sects in that they defined a we-group by excluding a scapegoat group: Stalin killed millions of “rich peasants”, Hitler...
killed millions of Jews. The killings were justified by clouds of pseudo-intellectual verbiage about class and race which made millions of other people feel good, and at the time took them in.

The mythology of the New Left — and New International as a whole — is a similar witches' brew of symbolism drawn from leaders of guerilla wars of national liberation in the Third World, from chairborne revolutionary theorists like Professor Marcuse of the inter-war Frankfurt School who moved to Columbia University in New York, and from countless Cali-

foria-type fake yogis, Reverends and others preaching alternative societies whilst practicing everything from seduction of minors to armed terrorism.

The common factor is the idea of a “liberating” struggle from a mysteriously oppressive world (“imperialism”) and its alleged devilish effects like environmental pollution and genetic damage. There are still plenty of real guerilla armies active in Africa, Asia and Latin America which are lineal descendants of the original Third World guerillas of the late Mao Tse-tung, Ho Chi Minh, Ernesto Guevara and their kind. But today’s multinational terrorists and extremists are not austere revolu-

tionary intellectuals swimming with their peasant guerillas in a sea of peasant supporters. They are mostly graduate drop-
outs swimming in a sea of other educated city dwellers. They form a complex international infra-structure of logistical and propaganda support including rich dictators (most notably Libya’s Gaddafi), private, governmental and international insti-
tutions whose funds are diverted from their intended benevolent purpose, and the terrorists’ own often rich and influential relatives and their colleagues in the political and para-political elite (law, academia and media).

In spite of their use of proletarian rhetoric and posters of Mao and Guevara, most of the New International groups are elitist in their fanatical opposition to precisely the things most working and Third World people want — industrialisation and material prosperity. They are supported in this by some elite persons lacking technological expertise but skilled in manipu-
lating words and symbols. This intelligentsia has the ability as well as the psychological compulsion to convince public opinion
that terrorism and sabotage are basically "progressive" or at least understandable reactions to some latent injustice and not, as they often are, a Nazi-type regressive rebellion against the constraints of modern civilisation. Hence most democratic governments have been slow to take preventive action.

Australia has industrial guerilla groups who were active at the Chrysler works in Adelaide and the La Trobe Valley last year and even an "Independence Movement" inspired by Peking. There is also evidence that politically motivated groups are seeking to capture and direct into the service of their kind of revolution a range of movements and issue-oriented civic organisations whose original idea was at least half justifiable in itself. To discuss these would take another article, but most readers would be able to fill in for themselves the significance of campaigns pegged to alleged guerilla wars for the independence of Timor and West Irian on the analogy of agitation over Vietnam. But the real successor to Vietnam is the anti-nuclear issue. Last year Sir Fred Hoyle published a book called "Energy or Extinction?" in which he shows that anti-nuclear environmentalists are unknowingly serving the purposes of the Soviet Union by preventing the rest of the world developing alternative sources of energy to oil. Military expansion can enable Russia to monopolise the major oil sources and trade routes. Such arguments fail to convince the environmentalists and other "innocents' clubs" (another of Lenin's terms).

Why are there so many innocents who feel the need to join some cause and who cannot see when it is perverted by crooks or foreign agents? Konrad Lorenz has observed that in adolescence "some human beings seem to be driven by an overpowering urge to espouse a cause and failing to find one may become fixated on astonishingly inferior substitutes. The instinctive need to be a member of a closely linked group fighting for common ideals may be so strong that it becomes inessential what these ideals are and whether they possess any intrinsic value." Some sects and extremist groups conjure up a mystic solidarity by guided drug trips or group sex, but above all by sharing a mumbo-placebo that cures cogitation and doubt. They unconditionally accept a Book of Words, or rather "woids", because the jargon encapsulates for easy swallowing a set of
“factoids” and fallacies justifying the group’s fight. It has to be admitted that to a large extent these intoxicants of the semi-intelligentsia reached them from the educational institutions of highly urbanised industrial countries in which teachers tend to take over from the family its traditional tasks of socialisation.

When home crumbles, it is natural for adolescents to dream of building a perfect world after blowing up Dad’s. Academia being the stamping ground for some who prolong the seekings of adolescence by not passing out into the world, you get an American Professor who envisions a world-wide party of “ecological radicals” fighting for “planetary, non-territorial centralised guidance” and hopes that by the year 2000 they will be in control of “several prominent States”, though in his own country he admits labour leaders have joined with industrial managers against the environmentalists (whom they rightly see as elitist). Since the “ecological equilibrium” advocated could hardly exist in one country, he says, the missionary phase following the acquisition of power “will be turbulent in terms of revolution and counter-revolution”. Such professorial theorising has provided the mind-blowing “woids” mouthed by storm-trooper-like thugs in such countries as France, Germany, Italy and, of course Cambodia whose Marxist leaders were educated in France.

There are those like Professor Messel of Sydney and Mr Crocker, Lieutenant-Governor of South Australia, who think educational institutions here too are not teaching people to think. In France, Germany and the U.K. there are those like Professor Julius Gould who think they are falling under the control of anti-democratic “woid-mongers” posing as “left” who are using them to drug society with shrink-think simplistic dogma making violence the only answer to disagreement. The Hope Report refers to such elements as active in “academic and political areas” in Australia.

Witch-hunting for Reds under the blackboard and censoring Broadband are no answers to the “woid-pushing” problem, for if the only alternative to ratbaggery is anti-intellectualism, you will simply get more and more motivated and intelligent ratbags. The only effective way to drive a fake ideology off the market is by promoting a better ideology.
Australia is still lucky enough to be able to tackle the problems of miseducation, unemployment, alienation of youth and other related economic problems better than most highly industrialised societies. As Mr W. D. Brookes pointed out in the I.P.A. Presidential Address last year:

“Australia is ideally situated to lead the world in solving the inadequacies of its economic organisation. It is a country which is comparatively rich, large in area and sparsely populated. We are relatively free of racial problems and inbuilt hereditary class differences which contribute so much to the totally absorbing internal conflict of other countries . . . The challenge is ours. We must accept it. This is still the lucky country.”

Australia is also uniquely well placed geographically — as well as by the nature of its economy — to act as a link between the Indian Ocean, South East Asia and Pacific regions, in which the much canvassed New International Economic Order has, unnoticed, already emerged. We are thus in a position to promote co-operation between the emergent group of middle class countries within these regions. By middle class is meant not only the growing medium-sized powers and groupings like Iran, the Arab States, India, ASEAN, Brazil, Mexico etc. but also the small modernised economies like South Korea in which the majority of the workforce are no longer coolies or peasants, but culturally and economically middle class; such societies are the ones best able to develop institutions that allow for change without violence and destruction. It is in multiplying such States throughout the world that the best way will be found for making the world a safer place for all.
This is the second edition of 'Issues in Economics' which was first published in December, 1976.

All of the major recent events in the Australian economy are discussed in the book under the chapter headings below:—

* Inflation
* External Policy
* Employment
* Social Welfare
* Industrial Relations
* Taxation
* Banking and Monetary Policy
* Budgetary Policy

It is a lively, informative and non-partisan critical commentary from a cross section of interest groups, including I.P.A. The text consists of a diverse range of press cuttings, cartoons, statistical tables and case studies.

Although primarily intended as a teaching aid in secondary and technical courses throughout Australia, 'Issues in Economics' is recommended to businessmen and unionists keen to advance their level of economic understanding. In promoting this book the I.P.A. is pursuing its primary objective as stated on the inside front cover of the 'I.P.A. Review'.

Copies may be obtained from:

The Secretary,
Victorian Commercial Teachers Association,
304 Nicholson Street,
FITZROY 3065.

Cost to I.P.A. subscribers: $4.50 plus postage (60 cents in Vic., $1.00 interstate).
PRODUCTIVITY, THE THREAT TO EMPLOYMENT

Improved productivity must play an essential part in Australia's economic recovery, but there can be no widespread co-operation from the union movement until union leaders are convinced that it presents no threat to existing employment.

It is wholly understandable that process, administrative and clerical workers see their jobs threatened by the introduction of capital-intensive labour-saving innovations. No amount of preaching about what is good for the country will convince them to sacrifice their own security for the public good.

It is not surprising if individuals remain unmoved by grand schemes and overall policies. The arguments generally used to promote improved productivity are too remote from the individual's workplace and the prospect of losing a job.

Mr. Hawke has repeatedly called for the advocates of improved productivity to address themselves to this problem. He acknowledges that solutions will require give and take on both sides of the industrial fence, but his is a voice in the wilderness which needs to be heard and answered.

In this, as in so many other areas, the desperate cry, "The Government must do something," is misplaced.

The lead must come from management. Removing the threat to job security lies very largely in the hands of each individual's employer.