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What’s so special about the Diners Club Corporate Card Program? Over 2 years...

"We’ve been associated with Diners Club since 1978. Diners Club designed a Corporate Card Program to suit us, it really works well. The Diners Club Corporate Card Program helps to keep our accounting system running efficiently. And Diners Club are very good to deal with. We’ll be staying with Diners Club.”

J.P. Atterton, General Manager Operations and Sales, Seiko Time Pty. Limited.

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Diners Club can tailor a Program to meet your company’s specific requirements. You choose the billing and

To Diners Club International Ltd
Corporate Card Division
394 LaTrobe Street, Melbourne, Vic. 3000
I am interested in the Diners Club Corporate Card Program.
Please send me a copy of your detailed portfolio.
Name ____________________________
Title ____________________________
Company __________________________
Telephone No. __________________________
Address __________________________
Postcode __________________________

Put it on Diners. 
Number of servicemen and women who have left the armed services over the past 3 years: almost 25,000 or 36 per cent of the entire defence force.


Fastest growing major areas of Commonwealth Government expenditure since 1982/83: Health, up by 140.3 per cent; Public Debt Interest, up by 132.3 per cent. Slowest growing area: Economic Services, up by 10.1 per cent.


Cost to taxpayers of a night in a Victorian jail: approx. $100 and up to $400 in maximum security. Cost of a night's accommodation at the Melbourne Hilton: $110.

Number of people identifying themselves as either Aboriginal or Torres Strait Islander in 1981: 159,897. In 1986: 227,645; an increase of 42 per cent.

Number of coups d'état attempted since World War II: 311. Of these, number successful: 170.


Proportion of Americans who would prefer not to have blacks as neighbours. In 1948: 63 per cent. In 1987: 13 per cent.

Number of months free of industrial disputes at the new Parliament House since September 1985: one (December 1986).

Proportion of Australians aware that Australia has a Constitution: 53 per cent.

Waiting for Leadership

The question now dominating everyone's minds is whether the Australian and worldwide stock market falls are the precursor of a serious economic recession. There have been suggestions from some quarters, including from people who should know better, that the financial markets are one thing and the real markets, the real economy, the real world, quite another. The implication is that the fall on the exchanges need little impact on the economy and its future prospects. This, of course, a classic case of wishful thinking and is consequently dangerous nonsense.

Yet, the Government asserts that the world-wide falls in share values require no early mini-budget and it continues to support a wage increase. The rationale is that, while there will be 'some appreciable slowing' in world economic activity, this will simply bring things back to where they were previously thought to be - because that slowing is allegedly occurring from a higher base than had been forecast before the falls.

Australian financial markets have clearly not accepted this interpretation - and nor should they have. Not only has the share market fallen by much more than any other major market but the $A has fallen even more than the pressured $US. This depreciation reflects a (correct) perception that, as a commodity producer with a large overseas debt, Australia's prospects are diminished by more than other countries'.

There are two points to understanding the implications of the fall in share values. First, the US has run out of options for trying to prevent a major slowing in its spending: in essence this is now being effected through a major fall in share values, a fall which could be carried further. Second, for a variety of reasons Australia is particularly vulnerable to slowing overseas activity. This means that, while we will experience 'natural' depressive effects from the overseas slowing, we should not sit on our hands. If we fail to take corrective action ourselves, the financial markets will do it by forcing interest rates up and reducing share values further. That would likely have greater depressive effects and would risk the development of a downward spiral in the economy.

Mr Keating has been urging the United States to take "contractionary" action and he ought to have known that a failure by government to correct "overspending" eventually leads financial investors to react in ways that force adjustments. He should therefore have been expecting a significant slow down in overseas economic activity at some stage and ought to have taken out insurance against that by earlier and more extensive action to reduce Australia's draw on overseas savings.

Now that it is clear that there will be a major slowing in the world economic activity, if not a recession, it is difficult to understand the Government's reaction.

The IPA has been pressing for greater restraint for some time and the Budget Papers themselves suggest that "concerns about the short-run macroeconomic consequences of major restraints on public sector activity have been overstated". Also, just prior to the Wall Street crash, the Director of EPAC pointed out that, merely to stabilize the overseas debt ratio would require an increase in domestic savings of "several per cent of GDP" and that "the Government is primarily looking to increase public sector saving for this purpose" This was an important acknowledgment of the need for further major reductions in government expenditure and borrowing.

Early fiscal tightening to reduce public spending is needed to provide a sustainable base for recovery based on the private sector and, in particular, on investment in export and import replacement industries. Cutting public expenditure may have short-term "contractionary" effects but it also has "stimulatory" medium-term effects, via lower interest rates and improved confidence. The growth in Australian wage costs needs to be reduced to no more than that of our major competitors. Given our poor productivity performance, that requires a small cut in wages.

It is difficult not to conclude that the Government has made a political judgment that expenditure/wages cuts now would bring hostile reactions from particular pressure groups, thereby damaging Labor's electoral prospects in the forthcoming New South Wales election and having other undesirable political ramifications. The deplorable implication is that, from a political viewpoint, Australians have to wait for a real crisis in the economy before further substantive action can be taken.

The Government is thus exhibiting a deplorable lack of leadership by failing to present a realistic assessment of the economic outlook and of what needs to be done. The vast majority of Australians recognize that we face serious difficulties and would respond to belt-tightening measures whose purpose is properly explained. The Government must act - and act quickly.
The Alarming Growth of Crime

J. K. Bowen

Australia is faced with a rising tide of criminality which, if unchecked, threatens to undermine dramatically the quality of life of most urban dwellers before the end of the present decade.

In July 1987 the Chief Commissioner of the Victoria Police, Mr. S. I. Miller, disclosed that during 1986-87 over a quarter of a million Victorians had become victims of major crime, and that the number of victims was rapidly increasing each year. Mr. Miller - one of Australia's most respected policemen - bluntly advised Victorians that "police are fighting a losing battle against crime," and warned them to expect further sharp increases in serious crime rates. Other States are disclosing equally alarming crime statistics. New South Wales has just recorded startling increases in robbery, serious assault, car theft and break-ins. Queensland has recorded dramatic increases in homicide, drug offences, rape, serious assault, and theft. The same pattern of dramatic increases in serious crimes against persons and property is being revealed across Australia. To these figures can be added the large number of unreported serious crimes, including rapes, serious assaults, burglaries and thefts, which victims fail to report to police.

Senior Victorian police have stated repeatedly that unless determined and realistic efforts are undertaken to control the rate of increase of serious crimes against persons and property, then one in every four Victorians is likely to become a victim of serious crime by the end of the present decade. This grim prediction can fairly be applied across Australia, and certainly in urban areas. For those who may find some comfort in the odds of one in four, let me suggest that, if they are members of a family comprising four or more persons, they might care to reflect upon the fact that at least one member of their family is likely to become a major crime statistic before the end of this decade.

The crime situation is already alarming. Increasing numbers of Australians live in fear of armed robbery. This is especially true of persons who face the public at the counters of small businesses such as chemists, milk-bars, and service stations. In many urban areas it is becoming unsafe for people to walk the streets at night. The security of many Australian homes has been violated by a spreading plague of burglaries. Women in supermarket car parks and on the streets are routinely becoming the victims of robbery by handbag snatchers. Elderly people are particularly at risk from violence on the streets. Train travellers are at risk from violence after dark, and the pervasiveness of vandalism, in railway carriages and on public streets, contributes powerfully to the unfortunate traveller's perception that organized society is losing control on the public streets and railways.

Crime statistics reinforce this alarming picture. Figures published by the Australian Institute of Criminology in 1987 indicate that over the decade from 1974-75 to 1984-85 major crime rates in Australia (except for murder) have virtually doubled. The major crimes included in this survey comprised murder, serious assault, rape, robbery, break and enter, motor vehicle theft and fraud.

One particularly disturbing aspect of the National Institute's publication is the disclosure that the Australian burglary rate passed the US burglary rate in 1982, and that since that date, the Australian rate has remained high while the US rate has continued to fall as effective crime prevention practices have been implemented.

The lives of many of the victims of these crimes are completely devastated by the experience, and this is especially so with crimes of violence like robbery and rape. For a rapidly increasing number of Australians the fear of criminal intrusion, or further criminal intrusion, is an ever-present feature of their lives - affecting such decisions as where they live and how they live, the type of

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2. The Age, 16 July 1987. The major crime rate increased by 11.7 per cent in 1985-86, and recorded its largest annual increase of 13.87 per cent in 1986-87.

J. K. Bowen is a Victorian barrister.
THE ALARMING GROWTH OF CRIME

National Crime Figures - Major Crimes

<table>
<thead>
<tr>
<th>Numbers Reported to Police</th>
<th>Murder</th>
<th>Serious Assault</th>
<th>Rape</th>
<th>Robbery</th>
<th>Break &amp; Enter</th>
<th>Motor Vehicle Theft</th>
<th>Fraud</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974-75</td>
<td>224</td>
<td>2,995</td>
<td>723</td>
<td>2,921</td>
<td>122,682</td>
<td>49,673</td>
<td>30,622</td>
</tr>
<tr>
<td>1984-85</td>
<td>262</td>
<td>9,144</td>
<td>1,886</td>
<td>6,670</td>
<td>271,710</td>
<td>103,164</td>
<td>68,024</td>
</tr>
</tbody>
</table>

Rate per 100,000 Population

| 1974-75 | 1.67 | 21.75 | 5.25 | 21.21 | 890.93 | 360.73 | 225.18 |
| 1984-85 | 1.68 | 58.77 | 12.12| 42.88 | 1,746.67| 663.18 | 437.29 |

work they do, how they raise their children, and the quality of their lives as they age. *Crime has become insidiously the greatest violation of civil liberties in Australia.* Most of us are now less free, more apprehensive, and less safe, because of the ever-present threat of the criminal.

The sharply rising levels of crime in Australia cannot be attributed simply to natural population increase. What are the reasons for this breakdown of our society's mechanisms for controlling crime?

The Mechanisms of Crime Control

During the 'fifties Australia was an affluent, socially cohesive society, with low rates of crime, divorce, family breakdown, juvenile delinquency, drug abuse and unemployment. The traditional family unit was supported by governments. Most of the community adhered to a code of values which placed emphasis on the individual's obligations to parents and the community. Authority, including parental authority, was respected. The education system reinforced those values. The prevailing work ethic of the time and the ready availability of employment were important social control measures. Today, the situation in Australia has altered dramatically. All of those factors, which contributed materially to social stability in the 'fifties, have lost much of their significance. I believe that these changes in our society help to explain the rising levels of crime in our cities.

Most communities develop mechanisms to control criminal behaviour. The most obvious of these control mechanisms are mechanisms of deterrence, such as the criminal law and the police force, but there are other mechanisms which are equally important in controlling anti-social behaviour. Some of the more important social control mechanisms are (1) a widely accepted, positive code of values, that places emphasis on concern for the welfare of others and on an individual's responsibilities to parents and community; (2) education systems; (3) the support provided to individuals by family and neighbours; and (4) employment.

All of these important social control mechanisms are breaking down in Australia. When there is added to this situation the greatly increased usage of illicit drugs - much of which must be paid for by the proceeds of theft - and the continual exposure of young people, through cinemas, video films, and television, to explicit scenes of violence and sex - often accompanied by acts of the utmost depravity - then I believe that we have allowed a society to be created which provides ideal conditions for generating the levels of crime and juvenile delinquency that we are experiencing in Australia today.

If Australians are not prepared to grasp the nettle, and revive the social control mechanisms that I have mentioned, then I believe that we will be faced with a need to place ever-increasing reliance upon the deterrence mechanisms for crime control, namely, the criminal law and an effective police force.

The Failing Deterrence Factor

Except for some mentally abnormal offenders, most criminals are capable of judging whether or not they should engage in particular criminal behaviour. It is here that deterrence has an important role to play. The fact that the deterrence features of our criminal justice system do not deter *some* people from committing crime does not lessen the value of deterrence in controlling crime.

There are three important features of effective deterrence in a criminal justice system. Firstly, those who engage in criminal behaviour must be faced with a high risk of detection and apprehension. Secondly, those who
commit crimes should be brought before the courts as speedily as possible, and should be faced with a prospect of conviction that is as certain as it is possible to achieve in a democracy that sets a high value on individual rights. Finally, if conviction ensues for serious crime, the offender should be faced with the prospect of severe punishment. Unless all of these features are present in a criminal justice system, then deterrence loses much of its effectiveness in controlling crime because the criminal soon learns that the risk of detection followed by appropriate punishment is minimal.

In Australia there are clear indications that our serious crime problem is not susceptible to control by present methods. Clearly, the deterrence factor in our criminal justice systems is not working as it should, and we need to determine the areas where it is failing and undertake remedies.

Detection and Apprehension

We need to look closely at whether those who engage in criminal activities are really facing a high risk of detection and apprehension. Senior police officers in Australia claim that they lack the numbers and the basic powers to control and investigate crime effectively. Urgent attention needs to be given to any sound case made by the police for more police and those basic powers.

Police Numbers Questions have been raised as to whether increasing police numbers would have any marked impact upon control and investigation of crime by police. It is quite untrue to suggest that there is no correlation between police strength and crime levels. Studies and tests in the United States and Victoria have demonstrated that street crimes, such as robbery and assault, can be deterred by heavier than normal concentrations of highly visible, active uniformed police. In the United States it has also been established that clear-up rates of crime can be significantly enhanced by rapid police response to a victim's complaint. However, such a rapid response frequently depends upon adequate police numbers being available.

In Victoria the Chief Commissioner of Police has claimed that his force is 2,000 members short of the number required to cope with existing crime levels and other demands made upon that force. Such a weakness in the strength of a police force numbering about 9,000 members must have an impact, not only upon crime control but also upon crime investigation and clear-up rates. The low clear-up rate of 23.79 per cent for major crimes in Victoria in 1986-87, when compared with the clear-up rate of 37.4 per cent in that State in 1975, appears to lend support to the Chief Commissioner's claims.

Police Powers Many of the powers relied upon by Australian police forces to protect us from criminals and to investigate crime are redolent of England in the early 19th Century. While criminals are able to organize themselves, and to use all of the technology provided by modern society, including such things as the telephone and police radio band scanners, to protect their activities from police intrusion, Australian police forces have long been denied basic investigative powers routinely used by police forces in England and the United States.

Royal Commissioners in Australia have been informing us over many years that organized crime has entrenched itself in Australia, and that profits from vicious and lucrative criminal activities, such as drug trafficking, are being used, by corruption and other means, to insulate criminals from being brought to justice. The United States and England learned long ago that electronic surveillance, including interception of telephone calls, is a basic police tool necessary to control the growth and spread of organized crime, but governments in Australia have been slow to learn that lesson.

On a visit to Australia last year, the Commissioner of the London Metropolitan Police, Sir Kenneth Newman, was astonished to learn that police in Victoria were limited to an initial period of six hours for questioning crime suspects, could not tap telephones even in major crime investigations, and had no power to take fingerprints, photographs or body samples from suspects even where police had reasonable grounds for suspecting that these investigative procedures would afford evidence of the commission of a serious crime. The English Commissioner stated that these restrictions placed upon the investigative powers of Victorian police would severely hinder his own force in its fight against crime. Sir Kenneth also drew attention to the need for Victorian police to have, like their English counterparts, power to demand the name and address of a crime suspect, and the power to search a suspect for offensive weapons and drugs. The hypothetical crime scenario in the accompanying panel provides a graphic illustration of the frustration caused to police and victims by deficient police powers.

On the other hand, some people in Australia instinctively resist giving police additional powers to fight

5. Report of the President's Commission. Ibid. at page 97.
Whose Rights are Protected: Victim or Criminal?

The Victoria Police are seeking what they claim to be the basic tools of crime investigation. The need for these investigative powers can be demonstrated by reference to a hypothetical case of rape in Victoria. The two main characters are fictitious, but the details of the crime have been drawn from a number of cases of rape.

Joe is a persistent rapist who attacks women walking to their homes from a suburban railway station after dark. His third victim will be Sally - an eighteen year old student who uses the train to attend her school, and occasionally returns home after dark.

Joe follows the teenager as she walks along the ill-lit streets to her home. Joe has contracted a sexually transmitted disease, and is not concerned that he is likely to infect his victim with that disease. He rushes up behind her, and stilles her screams by clamping his left hand over her mouth. He holds his pocket knife in front of her face, and threatens to cut her face if she screams or resists him. He then drags Sally into a nearby park. She pleads with Joe to let her go. He punches Sally in the face and then rapes the semi-conscious girl. Her sobbing is heard by a neighbour who shines a torch over Joe's startled face. Joe pulls up his trousers, grabs Sally's handbag, and runs from the park. As he runs, he searches Sally's handbag for money and throws away her personal papers. Finally, he pockets her money and discards her handbag. He knows he does not have to worry about fingerprints because, although arrested twice by the Victoria Police for indecent assault, he has refused to provide them with his fingerprints and photograph.

Back at the scene of Joe's crime, the eyewitness is telephoning a limited general description of Joe to the police while his wife comforts the distressed victim who is shocked, incoherent, and unable to tell them that her assailant had a knife.

Joe has only travelled a short distance on foot from the scene of his crime when police cars converge on the area. Police observe that Joe fits the general description of the rapist and call on him to stop. Joe does so. He is perfectly calm. His previous brushes with the law have left him well schooled in his rights, and he knows that the Victoria Police have only very limited powers to deal with the situation he has created. Joe knows that because he is on foot, and not driving a car, the police cannot require him to give his true name and address, or produce identification, so, when asked, he gives them a false name and address. They tell Joe that they would like to question him at the police station, and he agrees.

At the police station Joe denies all knowledge of the attack on Sally. Joe knows that the Victoria Police cannot search him unless they arrest him first, and he knows that the police do not have enough evidence to charge him with any offence.

Joe also knows that the Victoria Police do not have the power to require him to submit to an examination by a doctor, or to require him to be fingerprinted or photographed. He knows that the doctor's examination might produce evidence linking him to his attack on Sally, namely, that he has infected her with his venereal disease, and he refuses the police request for his consent to such an examination. He remembers that he handled Sally's handbag and papers, and refuses the police request for his fingerprints. Suspecting that the neighbour who shone the torch in his face might be able to identify him, he refuses the police request to participate in an identification parade. To defeat a police attempt to identify him by using a photograph, he refuses to be photographed. By refusing these requests by the police, Joe has effectively prevented the neighbour with the torch seeing him, and possibly identifying him as the rapist.

Five hours have elapsed since Joe was taken into police custody, and the police are still waiting for word from the hospital where Sally is undergoing medical treatment and is too shocked to give a coherent account of the attack on her. During this time at the police station, Joe has denied any involvement in the rape. As the arbitrary six hour time limit for police questioning approaches, the police ask Joe if he will consent to an extension of time for them to pursue their investigations with him. Joe knows that he does not have to consent, and refuses to do so. The police decide that they do not have sufficient evidence to charge Joe with any offence and they tell him that he is free to go. Joe leaves the police station confident that Victoria is the safest place in Australia for a rapist. What of Sally? She is likely to leave the hospital with her life shattered. Many victims in her situation become afraid to venture from their homes at night unless in company. She is likely to join the ranks of the many victims of crime who have lost confidence in the capacity of their criminal justice system to protect them, or at very least, to punish those who hurt them.

1. At the time of writing, the Victorian Government had introduced into Parliament a bill granting police "reasonable time" to interview crime suspects, but also granting suspects the right to have their lawyer present during police questioning (the so-called Miranda Rule) and requiring police to tape-record all confessions and admissions as a condition of admissibility.
The alarming growth of crime

on the ground that it would interfere with the civil liberties of those who engage in or are suspected of criminal behaviour. The argument against police being given adequate powers to protect us from criminals, and to bring them to justice, does not grapple with the fact that the rights of victims are grossly violated by criminal behaviour. Victims of crime are now calling loudly and more effectively for a proper balance to be struck between their rights and the interests of the criminal. The resistance to granting adequate powers to our police to fight crime also fails to take proper account of the fact that we have in our society two stern guardians to protect us against any demonstrated abuse of power, namely, our democratically elected parliaments and our independent judiciary. It will be necessary to ensure accountability, and that the use of additional police powers is properly governed, but the case for granting Australian police increased powers is a strong one.

The Criminal Trial

The criminal trial by jury is cumbersome, unduly lengthy, and a heavy burden on Australian taxpayers. The problems afflicting this cherished procedure that was originally intended to last for less than one day, but nowadays, with the benefit of publicly-funded defences, frequently stretches over weeks and sometimes many months, are beyond the scope of this discussion. However, the problems affecting trial by jury need to be addressed urgently in the context of the broad crime control strategy I am proposing.

Between initial detention of suspected criminals and their trial, the problem of bail also needs to be addressed urgently. There is a widespread public perception, firmly supported by many senior police, that bail is too easily secured by persons charged with serious crimes, such as armed robbery, drug trafficking, serious assaults, burglary and child molesting. "Most wanted" criminal lists in Australia frequently include dangerous criminals who have absconded while on bail. This fact supports a conclusion that community and police perceptions are correct, and that persons charged with very serious crimes are being too readily freed to continue their depredations while awaiting trial.

Punishment

If sentences for serious crime are too lenient, then deterrence is undermined. There is a widespread perception in the community that many sentences for serious crimes in Australia are too lenient. Burglary provides an excellent example of this public concern. It is a very prevalent crime that violates the householder's sense of security. It frequently produces anxiety and other psychological problems in victims. Yet sentences imposed in Australia for this serious crime are often remarkably lenient. In Victorian superior courts, for example, in 1984, the most common custodial sentence imposed for burglary was twelve months imprisonment, despite the prevalence of the crime, its disturbing psychological consequences for many householders, the difficulty of apprehending offenders, and the maximum penalty of fourteen years imprisonment applicable to burglary. Of course the prisoner will generally serve much less than twelve months with the benefit of remissions and early release schemes.

It is not surprising therefore that there is significant community disenchantment with the criminal justice system. There is increasing community pressure for more severe penalties to deter criminals, and for mandatory minimum penalties, that cannot be mitigated or varied, for crimes that are causing serious concern in the community, such as robbery, serious assault, and burglary.

Time for a Crime Control Strategy

The situation in major Australian cities is serious, but not yet critical. However, realistic action needs to be taken now if Australia is to have any hope of avoiding the levels of crime that ravage major cities in the United States. I believe that the breakdown of social control mechanisms in Australia needs to be addressed in the context of a broad crime control strategy for each Australian State, and at the national level. In the interests of a balanced approach to crime control, such strategies should also address the adequacy of police numbers and police powers to control and investigate crime, and the adequacy of features of the criminal justice system that are of vital importance in crime deterrence. The economic cost of crime is very high, and the savings to the community from effective crime control strategies will repay their initial cost many times over.

Crime control strategies should not involve sectional interests such as lawyers, academics, police and civil libertarians simply imposing their views upon the public. The crime situation facing Australians is sufficiently serious to require that the views of those feeling most keenly the impact of soaring crime rates, namely, the public, and in particular, the victims of crime, now be heard on these important matters. Accordingly, in developing crime control strategies for Victoria, for other States, and at the national level, I believe that the public should be heard, and one ready means of listening to the public is already available in the Neighbourhood Watch schemes and the victims of crime groups.
Can Australia Cut $600 Million Off Its Electricity Bill?

Jacob Abrahami

Australian electricity generation is bedevilled by restrictive work practices. The more flexible market arrangements pioneered by SEQEB (South-East Queensland Electricity Board) suggest that massive savings could be obtained in power costs throughout Australia.

The improvements in efficiency that have been effected at SEQEB (the largest distributor of electricity in Queensland) since the industrial dispute of early 1985 suggest that there is considerable potential for similar improvements in other electricity authorities, with considerable savings for individual consumers and businesses.

These improvements have been reflected in the much smaller increase in SEQEB's prices over the last two years (seven per cent) compared with other States (ranging from 11 per cent in Victoria to nearly 18 per cent in Western Australia). If other electricity authorities around Australia were to make the same changes as SEQEB it is possible that some $600 million could be knocked off power bills around Australia.

There are two aspects of the Queensland developments which are particularly impressive. First, Queensland's modest price increases are not on top of some particularly high level. The average price of 7.36 cents per kWh in Queensland is lower than the average for the other four mainland States. Only Tasmania has a very much lower average price of 3.17 cent per kWh, but this reflects the zero fuel costs in hydro-electric generation.

Second, Queensland's cuts in the real cost of electricity were achieved without weakening SEQEB's financial position. While the Queensland electricity supply industry maintains a debt equity ratio of around 60/40, the State Electricity Commission of Victoria which has also managed a real reduction in average prices over the last two years - but to a substantially lesser degree than SEQEB - is now saddled with a 96/4 debt equity ratio.1

What has SEQEB done to enable it to pursue such a pricing policy? Have there been costs to the company, its workers or customers, from pursuing such a policy? Can electricity authorities in other States learn from the SEQEB experience and with what benefits?

SEQEB's record of the past two years has emerged from the 1984-85 decision by the Board, backed by the Queensland Government, to eliminate a number of long-standing restrictive work practices. Following the protracted dispute with the Electrical Trades' Union (ETU) over the proposed changes, and in particular over the proposal to use contractors, the board was able to have the bulk of new work arrangements in place by mid 1985.2 The lower real prices followed rapidly in the wake of these changes.

The major source of savings to the company - about $34.6 million per annum - is the reduction in overmanning. Since early 1985 SEQEB has reduced its workforce by about 1,400 - some 33 per cent - to around 2,800. These manpower reductions were achieved in a number of ways, most notably by using contractors to perform work previously done by day labour. Contractors and their employees working for SEQEB currently number about 500. This has saved an estimated $3.6 million per annum, over and above savings in manpower. The advantage of using contractors can be illustrated by the fact that whereas previously it had cost $19 for each

1. Pricing policy in Victoria is only one reason for the weakened financial position of the SECV. The State Government's tax policy has done much to damage the SECV's position.
2. For a detailed account of the battle by one of the main participants see Wayne Gilbert "The Queensland Power Dispute" in Arbitration in Contempt: Proceedings of the H.R. Nicholls Society.
power pole inspection, the cost is now down to $10.

"Multi-skilling" - that is, allowing each employee to do a variety of tasks and, if their qualifications are appropriate, allowing them to see each job to the end - is another source of saving in manpower. This has not only increased job satisfaction and decreased the number of people required for a job but has reduced the time needed to complete it by, in some cases, up to 50 per cent. For example, under the old arrangements a crew of 11 men using six vehicles replaced two condemned power poles per day; now six men with three or four vehicles replace four poles per day.

While multi-skilling mostly involves the removal of demarcation practices between members of the same union, SEQEB has gone much further and reduced the demarcation between unions. To achieve this as well as the other reforms of work practices, the power and control of the unions over work arrangements had to be reduced by ending the closed shop and allowing new unions into the company.

Under the old arrangements a crew of 11 men using six vehicles replaced two condemned power poles per day; now six men with three or four vehicles replace four poles per day.

The power of the unions was broken only because management displayed strength and willingness to play it tough with unions abusing their powers. The Board's ultimate display of strength was its willingness to go over the head of the State Industrial Tribunal to the Supreme Court of Queensland to seek pecuniary damages and penalties from the unions under the Industrial (Commercial Practices) Act. It would not have been able to do any of this, however, had the Government not backed SEQEB with appropriate legislation.

The Government's backing of SEQEB management came first in the enactment of the Electricity (Continuity of Supply) Act which, among other things, gave management the power to direct employees and contractors to perform particular tasks or face a fine or dismissal. Other important elements of the Act:

- make it an offence under civil law to obstruct or harass electricity workers;
- make it lawful for SEQEB to sign contracts of employment with workers outside the award;
- prohibit the Industrial Commission from ordering the reinstatement or re-employment of sacked workers.

The Electricity (Continuity of Supply) Act was rapidly followed by the Industrial Conciliation and Arbitration Amendment Act 1985, which allowed for penalties against unions as well as individuals who incited workers to disrupt work at SEQEB. Disruptions to work, as defined by the Act, include bans and limitations as well as strikes.

Finally, the Government established the Electricity Authority Industrial Causes Tribunal to take over the arbitration of industrial disputes in the electricity industry from the ineffectual State Industrial Commission (SIC), which was only obeyed by the unions when it suited their purpose. The new body operates under guidelines which are specific to the electricity industry and different from those of the SIC. The Commission's guidelines emphasize the need to resolve disputes even at the expense of the welfare of the company or the economy.

The Tribunal in its deliberations must consider:

- the prosperity of the economy of Queensland;
- the economic position of the electricity authorities;
- the consequences of disputes and their resolution to other industries;
- the role and responsibility of management.

The same Act that established the Tribunal made it illegal to give preference in employment to unionists and imposes automatic penalties - from loss of pay to suspension or dismissal - on striking workers

Prior to this legislation SEQEB in 1985 was a closed shop in two senses. First, all employees had to be union members. While the award did not specify union membership as a requirement of employment, an "understanding" was in existence between union and management, which was underpinned by the refusal of unionists to work alongside non-union members. Second, only existing unions were allowed to recruit members. The Electrical Trades Union, the Municipal Officers Association, the Federated Clerks Union, plus some professional bodies and specialized unions, had a monopoly in representing the various categories of employees.

Nowadays only 66 per cent of employees are union members and only 37 per cent belong to the traditional unions. An important development is the formation of the new enterprise union, the Queensland Power Workers Association, which represents about 11 per cent of employees. The main purpose of this new union is to give employees who wish to belong to a union, but not a militant one, the opportunity to do so.

These new arrangements have restored the capacity of managers to manage, enhanced co-operation between workers and management and eliminated many of the inter-union demarcation arrangements. For example, tradesmen such as linemen were previously not allowed to drive vehicles if a driver was available. Further, if the
linesmen wanted gear loaded onto a truck by a forklift only a designated forklift driver could do so. Conversely, a TWU driver was not allowed to assist an ETU linesmen and digging holes and trenching work was restricted to another group of unionists - labourers. Today ETU members can drive forklifts and trucks and dig holes, while TWU drivers can and do assist electrical tradesmen.

Further savings were achieved by the elimination of various rorts as a result of management asserting its position and workers displaying a new-found desire to cooperate. For example, under the new conditions of work crews out on the job can no longer waste time going back to their depot just to have lunch. Another rort eliminated is the abuse of the payment arrangement for workers on stand-by who are called out to jobs. The award payment is a minimum four hours pay for each call-out irrespective of the time taken to complete the job. Under the old arrangements workers would return home between jobs so that each job would qualify as a separate call-out and hence require four hours minimum payment. A further rort eliminated was the abuse of the double rate of pay for work in the rain. Over the years the double pay was applied in situations which had nothing to do with wet days. The double pay was claimed by workers who had to walk through long, wet grass and even by workers who got wet through perspiration!

The breaking of the unions' monopoly over the supply of labour has enabled SEQEB not only to introduce more flexible working arrangements and improve productivity and services, but also, under the new legislation, to employ labour under conditions different from the overly restrictive award determination.

Employees of SEQEB can choose to forgo the award and sign a contract of service with SEQEB. To date some 300 employees (11 per cent of the labour force) have opted to be employed under a contract arrangement. The main difference between the award and the contract terms of employment is that contract workers work a 38 hour week 10 day fortnight as against the 36½ hour nine day fortnight for those working under the award. The longer week under contract is compensated for by putting contract workers on a better hourly wage rate than award workers.

One of the advantages of contract employees is that it has enabled SEQEB to eliminate the need to close down certain facilities every second Monday, or pay staff overtime rates to work on that day.

To further increase productivity of the smaller workforce, SEQEB management changed its approach to industrial relations problems. Previously local management was unable to make decisions concerned with industrial relations problems; all such issues had to be referred to head office. Now management at all levels, is more participative and consultative with employees. One method by which this is done is through Employee Involvement Groups (EIGs) where issues are thrashed out between workers and management. In 1986 some 1,012 issues were raised by EIG members throughout the company; all but 25 were resolved by the end of the year.

The final method by which SEQEB was able to reduce costs was the privatization of certain activities for which there is an adequate private supply.

SEQEB has closed down several departments, such as vehicle building, removals (for staff being relocated), the plant nursery (to landscape the company's properties) and retail appliance stores. When SEQEB requires the services previously provided by these departments it now purchases them, at a cost advantage, from the private sector. It is estimated that the elimination of these activities, together with sale of some surplus land, saves SEQEB $6 million a year.

What has been the impact of these changes on SEQEB, its customers and employees?

The Customers

Apart from the real decline in prices which has given Queenslanders the cheapest electricity among the mainland States, SEQEB consumers have experienced improved service. This is reflected in a number of indicators. Lost supply time for the system as a whole was 125 minutes in 1986/87 compared with 175 minutes in 1985/86, 96 minutes in 1983/84 and 314 minutes in 1982/83, the two years before the disruptions of 84/85. The mean supply restoration time of 2.2 hours in 1986/87 is substantially less than the 2.9 and 3.2 hours in 1983/84 and 1982/83.

The ultimate test of consumer satisfaction is the consumers own judgment. Over the past eight years SEQEB carried out a number of independent surveys of consumer attitudes to the company which revealed a substantial improvement in consumer satisfaction. For example, in the 1987 survey 94 per cent of consumers regarded SEQEB service as good or very good; in 1980 only 55 per cent had this view.

The Company

By almost any measure of performance for which figures can be calculated the Board's record has improved. For example, sales per employee increased some 53.5 per cent between 1984/85 and 1986/87, and each employee now services 193 customers, whereas in 1983/84 he serviced 135 customers. Real controllable operating costs per unit sold, that is, costs excluding cost
of purchasing electricity from the Queensland Electricity Board, declined by some 25.3 per cent between 1983/84 and 1986/87.

This last measure is particularly important because it is essentially a measure of productivity. It reflects the fact that, notwithstanding the decrease in the number of staff, the changes made have allowed a substantial increase in sales - no mean achievement in an industry not easily amenable to automation.

The Employees

Determining whether the employees of the company are better off under the new arrangements is particularly important, because the introduction of the changes was accompanied by confrontation between management and workers.

It is worth emphasizing that 85 per cent of today's workforce consists of the very same people who worked for the company prior to the 1985 disputes. A lesson of the dispute seems to be that management won the battle because it had a sound case that convinced the majority of the employees to stand behind it.

The evidence clearly points to improved satisfaction of workers.

One common indicator of employee satisfaction in their work is the absenteeism rate. In 1984/85 sick and unpaid leave accounted for 5.2 per cent of available work time; in 1986/87 the figure dropped by one-third to 3.3 per cent. Similarly, time lost to accidents dropped from the 26.7 hours for each million hours worked in 1982/83 to 14.0 hours in 1986/87.

In the four years to February 1984, 554 complaints against SEQEB were lodged before the State Industrial Tribunal. In the two-and-a-half years since February 1984 the Board has had only 14 appearances in front of the Tribunal.

Perhaps the best measure of the desirability of working for SEQEB is the response rate to job vacancy notices. In 1986/87 there were between nine and 13 applicants for each job.

The last word on staff morale should be left to SEQEB employees. Here are some of their documented comments:

"... work is getting done and it is a more enjoyable place to work" (linesman)

"We have a more positive work environment and generally it is a better place to work nowadays" (leading-hand linesman)

"... feel more satisfied by being able to complete the job and it is done much quicker" (leading-hand linesman)

The evidence is overwhelming that since the introduction of the new practices in 1985 SEQEB is operating more efficiently and with a happier workforce who are better meeting the needs of consumers at a lower price.

Implications

What would happen if other electricity authorities around Australia were to introduce into their operations the changes which SEQEB initiated some two years ago?

For SEQEB the annual savings from the elimination of restrictive practices and tightening of management, plus the privatization of some aspects of the company's operations, totalled some $58.9 million, made up as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overmanning</td>
<td>$34.6m</td>
</tr>
<tr>
<td>Use of Private Contractors (value of contracts $12m)</td>
<td>$3.6m</td>
</tr>
<tr>
<td>Increased Productivity of Existing Workforce (includes: improved attitudes to work, no demarcation restrictions, no strikes, multi-skilling)</td>
<td>$14.7m</td>
</tr>
<tr>
<td>Privatization of Activities (including: vehicle maintenance, appliance trading, sales of surplus assets)</td>
<td>$6.0m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$58.9m</strong></td>
</tr>
</tbody>
</table>

Comparisons between electricity authorities around Australia are extremely difficult. One reason is that in Queensland the production and distribution of electricity is carried out by different authorities. But nonetheless it appears that the Queensland Electricity industry as a whole is the most efficient in Australia, with the highest output per employee of any State, and some 20 per cent higher than the average for the other States. This suggests scope for savings by other electricity authorities. A rough indication of the magnitude of the potential savings could be arrived at as follows: Since SEQEB supplies some 10 per cent of electricity output in Australia the savings it has attained would, if achieved Australia-wide, be tenfold. Thus Queensland's $59 million savings could become $590 million Australia-wide.

Indeed there is probably room for large cost savings not only by electricity authorities but in a wide range of public authorities, if the restrictive work practices widely reported in the media were eliminated.
You can go through any of our checkouts without handing over a cent.

Of course you will pay. But not in cash. Instead, you will use the Electronic Fund Transfer (EFT) terminals at our checkouts.

EFT terminals have now been installed across Australia in every Woolworths supermarket and BIG W store as well as selected stores in other divisions.

Which means we have more EFT terminals than any other retailer in Australia.

In fact, with terminals in more than 540 stores, we have more than any other retailer in the world.

And considering we turn over more than $100 million every week, it's nice to know it's not all floating around in cash.

As seven million cardholders will no doubt testify, Electronic Fund Transfer is an efficient, foolproof system.

And for us, it's paying off. Even if we don't see a cent.

Woolworths Ltd.

And you probably thought we were just a chain of supermarkets.
From Land Rights to Separatism

William Kerley

While black leaders in South Africa are fighting to eradicate apartheid (literally "separate development") radical land rights activists in Australia are fighting in support of a concept of separate development for Aborigines. And Mr. Hawke's talk of the need for a "compact" has merely spurred them on.

The contemporary debate on Aboriginal affairs policy in Australia has been grossly distorted and misdirected because of the ability of a small radical oligarchy to focus attention exclusively on the question of land rights, and through land rights, on the question of a separate nationhood for Aboriginal people. It is an indication of the strength and audacity of such radical groups that they now feel bold enough to proclaim this separate nationhood policy overtly whereas it had previously been an implicit goal to be achieved through the land-rights debate.

The achievement of a separate nationhood for Aboriginal people will create a solid wedge against the rest of Australia threatening our social stability and further damaging our international position. This is the aim of radical Aboriginal groups and their non-Aboriginal supporters. It is a strategy designed to create the appropriate climate for bitter recriminations against the rest of Australian society and economy. To the proponents of this strategy nothing could be more irrelevant than the motivations and plans of the great bulk of Australia's Aborigines themselves. This is a plan for the elite alone.

This small elite who have masterminded this strategy of land rights above everything else have been allowed to capture the high moral ground in the debate on Aboriginal affairs.

It is critical to their strategy that only certain Aboriginal leaders seem to have instant access to the media, while others more constructive in tone are hardly ever heard; which of course forces them to make outrageous statements as well in order to gain any access to the media at all. The land rights issue also has the strategic advantage to radicals that it is capable of linkage with other issues - such as housing, education and social security. If there is an improvement in the amount and quality of housing available to Aborigines, any decrease in discontent can be prevented by focusing attention on the lack of land owned by Aborigines. Similarly, Aboriginal education is only accepted as relevant when it is associated with traditional ownership of land. European teachers who do not accept this are branded racists. Now Aborigine-only schools and courses have been set up with an emphasis on the teaching of Aboriginal languages, a retrograde step unless it is combined with a thorough grounding in English language and other skills to enable the Aboriginal school-leaver to compete with other children effectively.

The result of such strategies has been the creation of real impediments to the development of Aboriginal skills and resources. The focus on land rights and on the loss of the land to Europeans has held back the economic advancement of Aboriginal people.

Land rights, when associated with the notion of separate nationhood, deny Aboriginal people the opportunity to develop themselves and their communities to the point where real security and dignity can be achieved. No "independent" Aboriginal community is able to survive in Australia and in a basically free market economy such as ours it is paramount that Aboriginal enterprises are able to compete in the marketplace. It is vital that Aboriginal children learn about the basic functioning of the economy and have the training to compete in the wider labour market.

Yet it is precisely these vital activities that Aboriginal people are told to ignore and despise by many of their leaders. The message is sometimes overt, but more often implicit in the rhetoric of separate development. Aboriginal leaders tell their people that the realities of economic activity and enterprise development are not part of Aboriginal tradition or culture and should be shunned. They encourage Aboriginal communities to believe that the hardships of economic development will be spared them but, magically, the fruits will not. They will somehow fall from heaven after the achievement of land rights.

Clearly, to encourage Aboriginal people in such views is unrealistic as well as being a denial of their rights.

William Kerley researched a Master's thesis in Australian history on race relations in 19th century Victoria. As a public servant he worked with Aboriginal people in south-eastern Australia.
to a place in mainstream society. It is a greater denial than they have suffered for many years at the hands of Europeans and now it is coming from many of their own leaders, as well as from the usual well-cushioned white activists who like to stoke the great engines of hatred and discontent driven by Aboriginal radicals. In fact such people have a vested interest in the careful maintenance of the vision of Aboriginal people as objects of pity. So they constantly seek new images of degradation and persecution. They appear determined to deny Aboriginals dignity and self-respect.

The problem of the slow development of Aboriginal economic activity is complex, but it has been produced in part by this strategic policy. For to develop small enterprises and work in larger ones is incompatible with the idea of separate nationhood. So although radicals still find it impossible to openly discourage such activity in many communities, they never openly encourage it or use their media access to talk about it. It is not on their agenda, and unfortunately the message is not lost on many younger Aboriginal people searching for role models amongst their own leaders.

In this situation economic development pursued vigorously by such bodies as the Aboriginal Development Commission is greatly handicapped by having to try to go around an Aboriginal leadership which despises the organization's goals.

How is it possible to generate economic development when Aboriginal people are encouraged not to accept advice from non-Aborigines who have expertise in technical areas? Not knowing enough about the complexities of modern enterprise development their leaders urge them to keep their own counsel - to take the money, but not the advice: to be, in short, separate, while the money is still coming, and when it stops to become angry. Then they are to cry racism and play the "victim" game.

The argument developed above is crystallized in the debate on land rights for Aboriginal people. If the important issues are not discussed and directions given by thoughtful people the potential for great conflict will be realized.

The crucial matter in relation to land rights is the use of the land, not whether granting land gives special rights that other Australians do not have, not how much land is given - but what it will be used for. The land cannot be utilized effectively by the people who own it if the ideology of separatism dominates their behaviour. For they will not work with non-Aboriginal people, accept advice or join the rest of us in the marketplace.

**Preferential Employment**

The idea of independent development has also been manifested through the 'Aboriginalization' policy in public sector administration. It is now taken as given that every administrative position in federal, state or local government or in community organizations which deal wholly or in large part with Aboriginal people should be held by an Aborigine.

This has been given administrative effect by the introduction of the category "identified Aboriginal position" into personnel practices in the federal government. In other words Aboriginal people are given preference for such positions wherever possible. In effect, Aboriginal people are usually given preference for positions in government or community organizations where their clients are Aboriginal people, such as Department of Social Security officers dealing with the welfare needs of Aboriginal people.

I have no argument with the view that the best people to hold such positions are often other Aborigines. They are in a position to appreciate the needs, aspirations and problems of their own people. However, it is another matter to argue that every public service job, or community work and every position in any organization that deals with Aboriginal people should be held by an Aboriginal person.

Common sense alone should indicate how absurd the notion is. Why should Aboriginal people who are quite happy to interact daily with non-Aboriginal people, who may fix their cars, serve them in restaurants, and often live with and marry them, not be willing to allow non-Aboriginal people to work in their organizations or discuss government programs with them?

If the positions designated "Aboriginal preferred positions" were in fact all immediately staffed by Aboriginal people alone, there would be very few Aboriginal people in Eastern Australia left to work in private employment and gain an appreciation of the environment of the private sector.

The other reason that many Aboriginal people press so much for the Aboriginalization of all positions is to increase the dominance or influence of their own family and faction in each organization. There is nothing democratic about the administration of Aboriginal community groups. They are based on family control as one would expect from people whose family networks have enabled them to survive and whose close kinship ties dominate their social activity and thus their world-view.

The argument about whether this kind of family dominance is desirable or not is a complex one. But leaving this aside it is obvious why there is such an enormous push from Aboriginal groups generally to aboriginalize all positions. The result, as anyone who has been involved in Aboriginal affairs knows, is a merry-go-round of increasing absurdity where people move from one position
Aboriginal-European Co-operation in the 1850s

There have been periods in Australia's past when Aboriginal people have desperately sought employment and educational opportunities in order to compete and participate in Australian society. This is not well-known because most historians have chosen to focus on the violent clashes and opposition between blacks and whites. This has left us with a greatly distorted picture of race relations in colonial Australia which is another impediment to reform and progress in Aboriginal affairs today.

In the 1850s, Aborigines near Heywood close to Portland in Western Victoria hunted and fished on the stony rises of the district. Then they began to work for local pastoralists, such as C. P. Cooke, who employed them on his property. They were known by full European names, e.g. Billy Turnbull and Tommy Green, and through their work participation in the cash economy frequented the shanties that dotted the Heywood-to-Portland road with other bush workers.

Even when Aborigines were in conflict with the law, such encounters demonstrated the closeness of the developing relationships between the races. For example, according to the Portland Guardian (24 February 1857) Billy Elms, an Aborigine charged with robbery, had been working with a carpenter, Jack Sewell, and had known him very well "for the last twelve years." Billy Wilson, an Aborigine, worked on stations as a stockman and labourer. He was paid wages and drank at Stewart's pub in Heywood until the early 1860s. He spoke English well and although sometimes in trouble with the law was well-known in the district.

One of the main difficulties faced by the Missionaries and Superintendents of the Aboriginal reserves in colonial Victoria was the problem of preventing Aboriginal residents of the stations from working on surrounding properties instead of staying on the reserves. By working on local farms Aborigines were participating in the cash economy and gaining a sense of freedom as well as learning skills.1

A further example of co-operation and integration in the 1850s was the establishment of an Aboriginal police force. The Native police force represented a colonial "experiment" in both Queensland and Victoria to assess the viability of using the special bush skills and abilities of Aborigines to form a colonial militia in the newer districts. In Victoria Aborigines from the Murray River area were equipped with uniforms and carbines and trained by European officers. They were used primarily as a punitive force against other Aborigines who killed stock, but they were also briefly used to keep order in the Victorian goldfields. William Strutt described them as "a fine body of men" and sketched them in 1851 (left). This experiment did not last very long as it was overwhelmed with difficulties, including the fact that the Native police were used for frontier areas where traditional tribal rivalries led to some fearful battles. Nevertheless, their use on the goldfields and their discipline indicated the efforts of the colonial authorities to integrate Aborigines into the wider society.

Many such incidents are described in Part 3 of my thesis, In My Country: Race Relations in the Portland-Warrnambool District, 1834-1886, unpublished, La Trobe University, 1981.

1. See Reports of the Board for the Protection of the Aborigines in the Colony of Victoria, and the Royal Commission on The Aborigines 1877-78, in Victorian Parliamentary Papers. For letters from farmers and Aborigines requesting to remain working on local properties see Correspondence Relating to Various Aboriginal Stations 1869-86, series B 313, Australian Archives (Brighton, Victoria).
to another never really gaining worthwhile experience or skills; and often leaving a worse mess behind them.

Where new positions are unable to be filled by Aborigines already in this small job pool, they are filled by other Aboriginal people who are unskilled and hence perhaps never had a permanent job. With usually no training, except "on the job" which is often none at all, they are at a loss to know how to cope in many of the new positions they are given in government or community organizations. It is obvious that in such situations their confidence evaporates, and they are worse off than before.

Those who have worked with Aboriginal people, as I have, know that at least in the southern states their aspirations by and large are the same as those of other Australians.

Aboriginal leaders who have pushed so hard to have their people placed in these positions have not even considered the possible effects of their actions. They presume that these people's communities will support them. This is not always the case, particularly when another family or faction gains the upper hand later.

The view that many black and white activists seem to hold that any Aborigine is suitable in any position, regardless of skills or training, has resulted in a devastation of employment prospects and confidence of many Aboriginal people. Yet activists will say that only other Aboriginal people can understand the life experiences of Aborigines, and so only they should be working with them. And here again we see the maxim of separatism "Only we can understand each other, only we should work with each other."

The result of the attempt to push Aboriginal people quickly into very senior positions has led to poor administration, financially and in other ways. The difficulties in program administration with underprivileged groups is great enough without being further exacerbated by being administered by unskilled people. Yet this is what has so often happened in Aboriginal affairs.

It is tragic that this state of affairs has resulted from our own myopia. It has come from the preoccupation with land rights. This article has identified the major areas of concern:

- we must recognize that land rights are not likely to be the basis of successful Aboriginal development but have encouraged a neglect of the policy areas which are more potentially valuable; e.g.,
- an emphasis on education and training techniques to enable Aborigines to compete equally for work opportunities with other Australians;
- specialized and concentrated training for the present and future leaders of Aboriginal Housing and Enterprise organizations to increase the efficiency of these bodies;

- policy development to replace the Aboriginal "industry" with skilled trainers and social workers (of any ethnic background);

- we must not encourage "Aboriginalization at all costs"; we must develop policies which help to bring Aboriginal people into our society and not encourage them away from it.

There are a number of hopeful signs: for example, critical attention has been given to some education and training issues through the Miller report. But these initiatives are fragile because they are beset by obstacles. Firstly there is the administration of such programs where constant re-organization and shifting of responsibilities is preventing the co-ordination of arrangements. But even more importantly, behind much of this policy development and administrative re-arrangement is still the theme of separate development. The inability to accept and use the education and training practices developed in the mainstream educational system will continue to hamper Aboriginal training issues.

Those who have worked with Aboriginal people, as I have, know that at least in the southern states their aspirations by and large are the same as those of other Australians. They wish to improve their standard of living through better housing, training and educational opportunities for their children. As strange as it may seem, and so contrary to media reports, they do not really wish to establish a separate state. Their aspirations, their needs and their culture are now locked together with our own, which they should be, for only together can we all face the great economic and social changes that lie ahead.


A Treaty Would Divide Australia
Ken Baker speaks with Bob Liddle

"A draft treaty, prepared after a meeting of Aboriginal groups in Alice Springs in June, seeks seven per cent of GNP a year - about $20 billion of the $292 billion - plus 40 per cent of all land in Australia." (The Australian, 6 October 1987)

Mr. Hawke's suggestion of a compact or treaty as a gesture of conciliation with Australia's Aborigines will backfire: rather than unite Australians it is likely to further divide them. This is the view of Bob Liddle, Alice Springs alderman, businessman and guest speaker at a seminar on Aboriginal affairs held at the IPA in October. Mr. Liddle is sceptical about whom such a treaty would help: "It would do nothing for the Aborigines living in grinding poverty, camping in shells of cars on the Queensland border." He sees the proposal as "just another gimmick to ease the consciences of the trendy middle-classes of Mont Albert or Parkville."

The idea of a treaty is built on a number of falsehoods, Bob Liddle explains. First, it assumes, absurdly, that Aborigines are at war with the rest of Australia. Second, it assumes that Aborigines form a single nation. Nothing could be further from the truth. "There are tribal groups who will not even mix with each other...Before white settlement an Aborigine could be killed for wandering onto another tribe's territory. There was no idea of a nation." Another problem is who would sign a treaty or compact on behalf of Aborigines. The outspoken radical Aborigines who claim to speak for Aboriginal Australia never face elections. Bob Liddle is fond of pointing out that as an alderman he is one of about only three or four Aborigines in Australia who hold elected public office. He says that the aspirations of the Aborigines he lives with and deals with in Central Australia have more in common with ordinary white Australians than with the radical self-appointed Aboriginal leaders.

A further aspect of a treaty, which Bob Liddle finds particularly objectionable, is the implication that all those Aborigines - including many of Bob Liddle's relatives - who went to war for Australia over the last 75 years were serving a foreign government. But, as Mr. Liddle points out, the creation and defence of a free, prosperous Australia is in the interests of all Australians, white and black.

Bob Liddle has worked his way up in life, first coming to Melbourne from Alice Springs when he was 17 to train as an electricity linesman and work as a professional boxer. Now he runs his own company, negotiating deals between mining companies and Aboriginal land councils. He says he finds no difficulty moving between the city offices of businessmen and the campfire sites of tribal Aborigines eating goanna.

He is outspoken on the harm he believes has been done to Aborigines by the welfare state and its fostering of a hand-out mentality which has turned Aborigines into "professional beggars" unwilling to take the opportunities which are now opening up in the private sector. Aboriginal dependence and indolence have been tolerated in order to salve the left-liberal conscience, but to the detriment of Aboriginal advancement. What Aborigines need most of all, according to Bob Liddle, is access to good education.

The federal Department of Aboriginal Affairs which, according to Mr. Liddle, "has wasted $2 billion in 10 years" should be abolished and greater responsibility given to the States and local government.

Bob Liddle's mother was a full-blood Aborigine and his father half-Aboriginal, half-Scottish. He speaks two Aboriginal languages. Many of the militant, self-appointed Aboriginal leaders who claim to be defending traditional Aboriginal culture speak no Aboriginal language and, jokes Bob Liddle, seem to have "a pigmentation problem". Many of their ideas are equally as foreign to traditional Aboriginal culture, he argues.
Margaret Thatcher’s Fight to Raise Educational Standards

Caroline Cox

The Tory Government in Britain has a manifesto of fundamental reforms to wrest the state education system from the stranglehold of extremist ideology.

"The reform of state education is one of the new government's top priorities. The Prime Minister and her colleagues have criticized the quality of teaching, the behaviour of teachers, the contents of the curriculum and the fact that children are leaving school ill-equipped to earn a living."

Since the Conservative government came into power again in 1979, a number of education reforms have been put through Parliament; others are proposed in the Manifesto for Mrs. Thatcher’s third term of office. The Prime Minister has expressed her own acute anxiety over the state of British education, summed up in the opening paragraph (above), taken from the September issue of the British Reader's Digest.¹ That article went on to consider how parents feel about the way their children are being educated. It reported the results of a nationwide MORI poll, which showed that to a large extent parents endorse the Prime Minister’s criticisms and concerns.

For example, only one parent in three wants to keep comprehensive schools: the kind of school which more than 90 per cent of secondary pupils now attend (only seven per cent go to private schools; most of the other types of state school such as grammar or secondary modern schools have been closed down in favour of the comprehensives). Causes of concern include the abandonment of some subjects in many schools, especially languages: over the past 10 years examination entries for French and German have dropped by over 40 per cent in London schools; 30 per cent of parents expressed dissatisfaction with the small amount of homework given or with teachers’ failure to correct it; 38 per cent were worried by lack of discipline; 20 per cent by political bias. 50 per cent would use private schools if they could afford them - a figure which includes 36 per cent of Labour voters.

These concerns reflect problems which have grown in recent years - voiced not only by parents but also documented by research. Many people now admit that British education faces a national crisis. In many inner city areas, parents from all walks of life are dismayed and distraught by recent developments - such as the active promotion of homosexuality in schools from the earliest years upwards, well documented in Gay Lessons by R. Tingle.² And when the parents of Haringey in North London tried to challenge this policy of so-called ‘positive images’ of gays and lesbians, they were subjected to fearsome intimidation, including death threats.

Other disturbing developments include the use of schools for partisan political indoctrination in the guise of subjects such as ‘Peace Studies’ and ‘World Studies’. But although these subjects have been shown³ to be politically biased and educationally unacceptable they are spreading far beyond the left-wing inner city Local Education Authorities (LEAs) to the more rural shires where their plausible names render them acceptable to people unaware of their contentious content.


Baroness Caroline Cox is a member of the House of Lords. She was Government Whip and spokesman for the British Home Office and the Department of Education and Science in 1985. She has written numerous articles in sociology, nursing and education.

IPA Review, November-January 1987/88
Alternatively, politicization may take the form of themes which some LEAs such as Inner London Education Authority (ILEA) impose on the entire curriculum, requiring all subjects to be taught in ways which comply with policies on so-called ‘anti-racism’ and ‘anti-sexism’. We now have not only ‘anti-racist’ History and English but also ‘anti-racist’ Maths, Chemistry and Music. Analysis of recommended teaching material suggests it is more likely to promote rather than reduce racial tension and conflict.4

So in parts of Britain we now have an anomalous situation: innocent books, which formed part of the childhood of many parents, are banned as ‘racist’ or ‘sexist’: Thomas the Tank Engine, Dr. Dolittle and Rupert Bear; conversely, books which many parents find grossly offensive reading for young children and teenagers are to be promoted against their wishes.

It is probably no coincidence that such politicized and interventionist LEAs fare very badly on indices of formal educational attainment, despite extremely generous funding. A study undertaken by the Institute of Mathematics found that over one-quarter of London’s school-leavers could not do even the simplest sums such as $6 \times 79$; over one-half could not turn the words "One hundred and forty-nine pound and nine pence" into figures. Other parts of the country were also producing disturbingly high proportions of innumerate school-leavers.5

More recently, international comparisons show British children fare badly in basic subjects. British 16-year-olds are on average two years behind their West German counterparts6 and are also well behind Japanese youngsters.7 Unless British children are inherently less able, these adverse results must reflect problems in our schools and the need for radical reform.

Recent Reforms

Since Margaret Thatcher came into office, some changes have been achieved. But not enough. Our education system has deteriorated under the years of Tory government, partly because the locus of power resides at the local level, with the LEAs; partly because of the vested interests which oppose reform - such as the Department of Education & Science and the left-wing National Union of Teachers.

Therefore, the thrust of change must be to increase the power of those whom the education system is supposed to serve - parents and pupils - by making schools more accountable to them, and to the public which pays the bill. Ways of increasing this accountability include increasing choice and the provision of more information on which to make an informed choice.

(i) 1980 Education Act

The beginnings of reform were achieved in 1980 with the requirement that schools should make available to parents basic information, such as details of examination results. Prior to this, a veil of secrecy surrounded schools so that not even parent governors could obtain this basic information. They were not therefore in a position to call schools to account. Neither could intending parents assess schools' performance in deciding the most appropriate choice for their children.

The 1980 Act also gave parents the freedom to choose schools outside their own LEA. This has meant that in some Boroughs such as the outer London Borough of Brent over one-quarter of pupils choose `out-Borough' schools. (Brent is now notorious for its 'anti-racist' policy which has lead to the victimization of staff and to a multi-million pound policy of appointing 170 `race advisers' to sit in schools to monitor classes for 'racism').8

(ii) 1986 Education Act

Attempts to make schools more accountable to parents were furthered by changes in the composition of school governing bodies: now one-third are to be parents, one-third teachers and only one-third representatives from the LEA. There is also to be an annual meeting to which all parents are invited and more information is to be given to them concerning the school's curriculum and budgetary allocation.

Amendments to the Act also outlaw politically biased teaching and require that sex education be taught

in a way which is approved by the governors. (It must be noted that some LEAs committed to the promotion of 'positive images' of homosexuality in ways which parents find offensive are getting round the legal provision on sex education by defining the teaching on homosexuality as a matter of 'equal opportunities', not 'sex education'.)

(iii) 1987 Conservative Manifesto and Proposed Legislation

Given the continuing concern over poor educational attainment and the use of schools for partisan political purposes, many people feel that past reforms will not be sufficient. Some believe that the only ultimate solution would be the 'Voucher', whereby all parents are given the money which the state now spends on their behalf, and are thereby enabled to exercise the genuine choice which is now limited to seven per cent of the population. However, as it is felt that the time is not yet ripe for this, alternative solutions must be found. A publication Whose Schools? A Radical Manifesto proposed policies which would give parents greater choice and which would enable schools unhappy with interference by their LEA to opt out from their control and to obtain direct funding from central government. These suggestions apparently found favour with the Prime Minister and are reflected in current proposals for a New Education Bill.

Three kinds of radical reform are proposed: the devolution of power, further increase in choice of school, and the development of a national curriculum, with tests of attainment.

(i) Devolution of Power

This is to be achieved by a number of measures, most of which are likely to be fiercely contested. The most radical and controversial will probably be the freedom for schools to opt out from LEA control. This option could appeal to schools where parents and/or teachers are unhappy with LEA policy. Examples include: the imposition of politicized curricula; threats to close small schools, especially village schools in rural areas; threats to close sixth forms in areas where LEAs favour a system of tertiary colleges for all pupils after the age of sixteen; threats to some of the few remaining 'grammar' schools to close them and require them to become part of the comprehensive system. The proposed legislation would enable such schools to apply for direct per capita funding from central government and to develop under the aegis of independent governing bodies. Already the effects of these proposals are being felt: in two areas, grammar schools under threat of closure have been given a stay of execution if they will refrain from opting out of the LEA which has been holding a Damocles sword over them!

Another proposal is specifically geared to the problems created by the highly politicized ILEA: London LEAs at present controlled by the over-riding ILEA are to be given the freedom to cut loose and to operate autonomously. Already the three Conservative controlled London LEAs have said they will exercise this option and the Alliance-controlled Tower Hamlets LEA is also considering it.

There is one further kind of freedom which is not included in current proposals but which some of us would like to see incorporated. In recent years a growing number of new independent schools have been established by parents and local communities desperate over the lack of moral, spiritual and academic education in local state schools. Many of these are Christian schools set up by local House Churches. Other examples include a school set up by the West Indian community in a deprived area of North London; one of the parent-governors told me that before this school was founded, he was forced to send his children back to Jamaica "to get a good, old-fashioned British education." Such is the extent to which Britain today has failed to provide acceptable education! However, many of these new schools face acute financial problems, especially as they are not catering for the wealthier members of our society. I would therefore like to see provision in the new legislation for such new independent schools to 'opt in' to the direct funding from central government. This would open up the opportunities for them to expand to meet parental wishes and enormously enhance freedom of choice for parents to ensure that their children have an education compatible with their philosophical and religious convictions.

Returning to the current proposals: devolution of power will also take the form of financial devolution. Schools are to be given much more control over their own budgets and able to establish their own financial priorities. Together with the changing composition of the governing bodies, with more 'parent power', this could be a significant change. However, much will
depend on the motivation of parents: it will be crucial for truly representative parents to play an active part and not to allow politicized minority groups to exert an undue influence - especially in conjunction with politicized teachers.

(ii) Open Enrolment

At present, LEAs can influence the number of new pupils by altering the intake levels. Too often, they cut back the intakes to popular schools in order to keep open the unpopular schools. Desperate parents thus see vacancies in the schools of their choice while having to send their children to a school they do not like - probably with good reason. Proposed legislation will enable schools to accept new pupils up to any limit they deem acceptable. This will genuinely enhance choice and will also encourage unpopular schools to become more responsive to prospective parents.

(iii) A National Curriculum

Also contentious will be the proposals for a national curriculum, with associated compulsory tests of attainment at specified ages: 7, 11, 14, 16. Many fear that this is the beginning of unwarranted state control which will turn education into a bureaucratized and possibly philistine machine. Others fear that a national curriculum will open the way, under a future far-left socialist government, to an explicit and systematic politicization of the curriculum.

These fears may be justified. However, the present state of widespread under-achievement requires radical remedy. The proposed National Curriculum is designed to ensure that all pupils obtain a basic all-round education, and the attainment tests should ensure minimum competence in essential subjects. The risks have to be taken, because at present there is no educational accountability for far too many teachers, and far too many pupils receive short-shrift - as the Reader's Digest article showed.

This brings us back to where we began: with evidence of the dire situation which British education now finds itself. That is not to say that there are no good schools or that all LEAs are doing a bad job. But the evidence of widespread under-achievement is serious; the effects of politicization in many areas is acutely disturbing. Clearly our young people are not getting the education they deserve and need. This is now a national problem and requires national solutions. Nothing short of radical reform of the kind which Mrs. Thatcher has the courage to espouse will save those of our young people who are trapped in a system which is failing them and failing the nation.

An Australian Union Reaction

Margaret Thatcher's proposals to reform British education have been criticized in The Australian Teacher, a publication of a number of teachers' unions including the NSW Teachers' Federation, the Victorian Secondary Teachers' Association and the South Australian Institute of Teachers.

In the August 1987 edition, Rosemary Tilley, Research Officer for the ACT Teachers' Federation, criticizes Mrs. Thatcher's proposal to impose a national curriculum.

"Although there is support for a national curriculum in principle, the likely nature of the curriculum dismays many. So does the Government's poor record on consultation.

The most controversial part of the plan is compulsory testing at ages seven, eleven and fourteen. All teacher unions oppose testing and NUT (National Union of Teachers) members have already voted to refuse to conduct tests."

On the issue of allowing state schools to leave the government system Rosemary Tilley comments:

"The latest - and most destructive - 'initiative' from the Government is to allow schools to opt out of the state system and receive direct per capita grants from the Government. School Governors would be given the power to decide to leave the state system.

Schools could thus move outside local education authority control and become 'independent'. The result would be a two-tier system of education with the poorer, more disadvantaged schools remaining in the state system and wealthier schools becoming independent.

Much of the motivation for this scheme is to break the control of Labour-dominated local education authorities on educational policy. There have been savage and sustained attacks on the progressive policies of these councils, particularly their anti-racist and anti-sexist programs."
Tastes so good, it's uncanny.

The Stubby.

ACI Good things come in glass.
The Australian Dream  Soon employers may have to provide pyjamas and slippers as required worksite clothing.

The June issue of Health and Safety Bulletin produced by the ACTU and the Victorian Trades Hall Council, examines the difficulties night-shift workers encounter in grabbing a nap on the job. “It is appalling,” the Bulletin says, “that whilst we are sending machines to outer-space and friendly messages to all directions of the universe at the speed of light, workers on night shift have to ‘steal’ a few hours broken sleep here and there, to combat fatigue and boredom and the general difficulties of night work.” The report recommends: “If some sleeping on the job is possible and practicable, then simple but decent facilities should be provided, with some thought given to sound-proofing as well as alarm facilities.”

Over to Barry Jones, Minister for Science and author of that book on the social and technological challenges facing Australia. Sleepers Wake.

Loss of Faith  Mrs. Faith Lewis used to assist in the preparation of photo stencils and provide teaching assistance to customers at Edman Wilson and Co., screen printing suppliers in Sydney. She worked for 4½ hours each day between 9.30 a.m. and 2.30 p.m. which allowed her to prepare her two children for school and be there when they arrived home. The hours suited her and they suited her employer. They did not, however, suit the inspector from the Department of Employment and Industrial Relations who insisted that according to the terms and conditions of the Graphic Arts Award Mrs. Lewis should have been employed for a minimum of 6 hours per day. As Mrs. Lewis was not able, because of her family responsibilities, to work for 6 hours a day and her employer could not afford to pay her 6 hours wages for 4½ hours work. Mrs. Lewis was forced to resign. Mrs. Lewis may be unemployed and unhappy and her employer angry at having lost a valuable worker, but thanks to the Department of Unemployment and Broken Relations (as it should perhaps be renamed) an important principle has been upheld. I just can’t think, for the moment, exactly what that principle is.

Lights Out  Amidst the smoke stacks of the La Trobe Valley’s coal-burning electricity plants, the SEC is instituting a “No Tobacco Smoking” policy to protect the health of its employees. SEC Acting Manager Area Administration John Drewett said in the La Trobe Valley Express that the policy being developed recognizes that non-smokers have a right to a smoke-free environment. Does this mean the SEC is planning to introduce smoke-free nuclear reactors?

Trivial Pursuits  Bicentennial Briefing issued by the Australian Bicentennial Authority has launched a trivia competition to help fill the Bicentennial Trivia Book. It should consider entering itself. Some of the events advertised in the latest Bicentennial Briefing, contributing to making 1988 a year of lasting significance, include: an international hypnosis workshop, a conference of International Associations for Impact Assessment, the Afghan Hound Silver Anniversary Dog Show, the World Cooeing Contest and the Behaviour Modification Conference. The final item, I fear, has more to do with the next 200 years than the last.

Prey for Survival  Government programs have a way of setting off unintended consequences.

Since 1973 when the Indian Government inaugurated Project Tiger, a program to save the Royal Bengal Tiger from extinction, the Indian tiger population has climbed from 1,827 to over 4,000, reports The American Spectator. But while the tiger is thriving, the male population in some rural areas is not. In one village, Arampur, 80 per cent of homes have no man. “All eaten by tigers,” according to Mr. Surya Kanta Roy, a village leader and member of the region’s newest endangered species.

Something Missing  Mr. Gorbachev has had to defend himself against some of the same criticism as that directed at Mr. Kennett, Victorian Liberal Opposition leader. Both have been accused of taking inopportune holidays. “I believe there has been some suggestion that I have taken too long a holiday,” said the Soviet leader, as reported in The Australian. “I can tell you I earned it. I was away exactly a month from August 24 to September 24.” When put to him that he might be facing political difficulties as a consequence, Mr. Gorbachev pointed out: “There is no political opposition in the Soviet Union.” Some would say there is not much in Victoria either.

Hang Overtime  In Tasmania, The Examiner reports that miners, working for the giant tin mining company Renison Ltd., went on strike just one day after a party put on for the workers by the company to celebrate record production levels. The 150 miners decided to down tools for four days because—among other complaints—they say they are exhausted from......
excessive overtime. What surprised the company and other unionists on the site was that overtime is not compulsory.

Meanwhile, 48 workers at the Sulphide Corporation's Cockle Creek chemical plant went on strike for 24 hours because a metal worker was asked by the canteen to pay an extra five cents for flavouring on his ice-cream. The Newcastle Herald reports. Second-tier, (double-header) four per cent wage rises are being negotiated at the plant.

**Women's Business** Is it possible to run a small business and not be a member of the New Right asks The Age in its "Accent" section? Yes, if you're a woman. "Although small business is often linked with the politics and ideology of the New Right, according to Lesley Yates of the Victorian Women's Consultative Council, 'women are coming into small business from a different angle, because it offers them flexibility, specially if they have kids, and most are coming into it later in life.'"

Genevieve Timmons, executive officer with the Commission for the Future, agrees. She explains the difference between income-generating, service-providing, small businesswomen and profit-seeking, status-seeking, male New Right capitalist types: "We (women) are seeing small business in a broader and more radical way than the capitalist model, by generating income and providing service. Not looking at profits and achieving BHP status. Personally, I feel we are politically creating a new definition of the option to stay small... " I hope Genevieve applies that advice to the Commission for the Future: the smaller the better.

**From Third World to Underworld**

"Wealth—the World's No. 1 Killer" trumpets an ad from Community Aid Abroad in the monthly magazine, New Internationalist. New Internationalist presents "the people, the ideas, the action in the fight for world development." In Australia it is published by New Internationalist Pty. Ltd., described as "a company formed with the support of Asia Partnership for Human Development, Australian Catholic Relief, Australian Council of Churches and Community Aid Abroad."

However, New Internationalist is not your typical churchy magazine. Its September edition looks at "the politics of masculinity", with Gary Dousse of Macquarie University explaining "why heterosexual men should stop idolizing gays and start learning from them."

This enlightened interest in sex is not new to New Internationalist readers. An issue last year which raised the theme "Sex and the politics of pleasure" introduced us to the reflections of Emmanuel Reynaud, whose name turns out to be more seductive than her ideas. "Men don't really understand sex," the article opens. "What should be an experience of communication and delight is, for a man, just a struggle and a means of asserting his domination over a woman... What kind of pleasure can one get with a weapon or a tool between one's legs?"

But New Internationalist is concerned about more than weapons and tools. It is also concerned with law and order—the danger we face out on the streets... from policemen: "As we sit on a time-bomb of 'law and order' repressiveness," one article ends, "we should remember the words of Angela Davis that 'The real criminals in this society are not all the people who populate the prisons across the State, but those who have stolen the wealth of the world from the people.'" And another article from the same issue underlines the point about who the real criminals are: "Many top criminals are thriving on illegal activities, seeing their success as the just reward of the entrepreneurial individualism that the New Right encourages."

Each New Internationalist has a review section which helpfully gives every book or film under review two ratings—one for entertainment, the other for politics. For example, Fidel Castro's latest, Nothing Can Stop the Course of History, published by Pathfinder, receives an excellent five stars for politics, and a respectable three stars for entertainment. (This helps redeem Castro's Cuba to which the World Human Rights Guide, compiled by Charles Humana, gives only a very poor 26 per cent—Australia receives 94 per cent—for its respect for human rights. The Guide does not give a mark for entertainment.) New Internationalist's review of Castro's book concludes on a glowing note: "There may be a touch of bluster and self-righteousness here but there is also a great deal of good sense. And you can't help but warm to the man, not only for his twinkling humour but also because you feel he cares passionately about injustice. Anyone who has been unable to get past the US stereotype of Castro would do well to flick through this book. His main threat to the US is not his army but his sincerity."

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*Sign Baker*
Successful coups d’État and freedom in Africa

Years listed refer to successful coups d’État

- Free
- Partly Free
- Not Free

Sources: Africa Insight, Vol.15 No.3; Freedom House World Freedom Map 1987; Encyclopediæ Britannicæ Yearbook, various years.
Africa Since Independence
What Went Wrong?

Peter McGregor

Post-colonial Africa has been in large part a tragic story of instability and impoverishment. While African leaders have often tried to blame the colonialist past or the affluent West, the real cause lies much closer to home.

In Out of Africa, stories of her life in Kenya between 1921 and 1931, author Karen Blixen writes: "The ideas of justice of Europe and Africa are not the same and those of the one world are unbearable to the other."

Perhaps that is the explanation. Perhaps that observation is the truth at the heart of just another of life's conundrums that we must learn simply to accept with resignation; like conflict, cancer, selfishness and old age. Africa is different. Otherwise it is impossible to reconcile to common sense or logic the tragedy that has befallen, or been inflicted upon, much of the African continent and its people since the first moves towards independence began in the middle 50s.

But how could the rest of the world let it happen? More than 25 years after the first state became independent, all but a handful of countries in Africa have declined in peace, prosperity and civic culture; Africa still has the highest illiteracy rate (75 per cent), the lowest life expectancy (47 years) and the greatest number of impoverished nations (28). Contrary to the hopes and expectations of Africans, and many in the West - and in contrast to other parts of the Third World - per capita food production in Africa declined by 20 per cent between 1960 and 1980, while population grew steadily in most states.

According to World Bank figures, 29 of Africa's 52 countries were poorer in 1986 than in 1960. Why?

Clearly, from independence onwards, Africa got it all wrong. Political and economic utopianism, ignorance and inexperience; blind anti-Westernism and obsessive Africanization; rule by prophecy and fiat - each contributed significantly to the gathering clouds of chaos that thundered over the continent, and rained death and destruction on millions. Civil wars, coups, loss of civil liberties and democratic governance, abuse of ethnic groups, and the cost of proliferating bureaucracies - in salaries, perks and bad government - have all contributed to leaving the ordinary citizen in Africa worse off today than he/she was in 1960.¹

Also, African demagogues - like many of their acolytes in the West - failed to understand the meaning and nature of wealth.² Despite the losses under colonialism, there were positive legacies, which even Karl Marx acknowledged in respect to British rule in India: an infra-structure of roads, railways, harbours, airports; parliaments, schools, laws, currencies, European languages; a transfer of power from traditional ruling aristocracies to the new middle and lower classes; improved medical services, an increase in the variety and yield of food crops, improved sanitation, the use of soap and the spread of inexpensive clothing, the development of sewerage systems, and many other services that preserved and extended human life. Until independence.

As Europe withdrew from Africa, indigenous governments seized control of the colonial machinery, institutions and assets that remained; most of which, valued by Western communities as a vital part of economic wealth and inheritance, were soon squandered. In 1960, for instance, Zaire was bequeathed 85,000 miles of passable roads; today, 25 years of Marxist leadership have reduced the figure to 12,000 miles. First-hand reports from Madagascar tell a similar story in respect to the telephone system. Left an extensive network throughout the island, today communications are largely not operational outside the main towns. Today, communications in remote areas rely on archaic police radios.

African leaders, riddled by textbook ideologies that had failed in other parts of the world, glowed in anticipation of creating revolutionary political and economic structures that would have them proclaimed saviours of


Peter McGregor is a Melbourne education consultant.
their respective nations. Politicized aid agencies and Western clergy, infatuated with Marxist liberation theology, egged them on.

Mozambique is typical of African states in blaming its dire conditions on colonialism, yet, in the view of African authority, Thomas Henriksen, in Politics and Government in African States: 1960-1985: "It is a myth that Portugal left her colonial economies in a shambles."3

By tradition, Africa's cure for colonialism has proved to be much worse than the disease. In Africa since 1958, there have been, so far, 20 major wars and 42 coups. In the first 15 years 114 governments changed, 40 of them by coups. Half the world's 10 million refugees live somewhere in Africa; and, despite the best efforts of well-intentioned outsiders, the last decade has seen a widespread decline of political order.

Blindly, Africa embraced political structures that, in the 20th century alone, have proved to be more deadly than Hitler's National Socialism.4

At the same time, a virulent epidemic of unproductive civil service spread as much as tenfold in 20 years.5 In Africa today, between 50 and 55 per cent of all working-age people are employed by the state; in most countries, government has been the only "growth industry", often funded by millions of Western-aid dollars.

To this list of avoidable errors must be added corruption, central planning, tribal rivalry, nepotism and a loss of critical expertise, as Europeans - their skills, knowledge and capital - were actively discriminated against and discouraged from staying to share in Africa's brave new world. In most states, Africanization became more important than efficiency and integrity. Unforgiving weather simply made things worse.

Even countries that were given a flying start faltered. Relatively wealthy Ghana, for example, with a well-trained bureaucracy and an honest judiciary, chose the one-party state and excessive regulation soon after independence in 1957. "Seek ye first the political kingdom and the rest shall follow," was Kwame Nkrumah's philosophy; and the rest of Africa followed. Ghana's pattern was typical of Africa: nationalization of the means of production and inexorable growth of the public sector at the expense of the private sector; and increasing poverty.

Ideology and rhetoric took precedence over wisdom and pragmatism. Extravagant military expenditure, state control of every facet of people's lives and even collectivization became the norm.

Today, for example, impoverished Ethiopia spends more on military personnel, in relation to doctors, dentists and nurses, than any other country in the world.

Across the face of Africa, a euphoria induced by independence and socialist ideologies resulted in the abrogation of almost every economic freedom. Whenever the state monopolized trade, prices and access to credit - as comprehensively as Africa's plethora of socialist nations did - control of the state became an imperative for everyone, even apolitical villagers. Power became essential to survival. In such circumstances, conflict and coups are inevitable; unless all the guns are in the hands of one group only, a pre-condition for fear, repression and compliance.

Even the best intentions and the highest ideals did not protect the innocent from economic folly and oppression. From 1974 until 1976, Tanzania's Catholic/socialist Nyerere and his army coerced between five and seven million people - over 90 per cent of its population - into state-planned collectives that resulted in a disastrous drop in agricultural productivity. (Almost all have since drifted back to their traditional homes.) The economy was devastated which, in human terms, means that ordinary people starved; oppressed by the inhumanity of socialist central planning, the poor and powerless were forced to throw themselves on the mercy of the shrinking government purse, or Western charity. Another peasantry was reduced to feudalism.6

Alternative Paths

In its various forms, socialism seems to have brought the African continent only grief. A quarter of a century of misguided teaching by the usual African machinery of a one-party state has demonstrated some unmistakable truths that only now are forcing African governments at last to join the real world. Many, including the hard-liners - Mozambique, Angola, Benin, Nigeria, Togo - have belatedly begun huge sell-offs of

3. Duignan & Jackson, op.cit.
5. It has been estimated that since 1960, state employment in Africa has grown by about 160 per cent. In the same period, agricultural productivity - including food production - has declined by 20-25 per cent. Duignan & Jackson, op.cit. p.19.
Two Different Paths

Tanzania (1961) and Kenya (1963) achieved independence about the same time. Both have a similar climate and geography, and similar population size. Both enjoyed stable government. Both inherited an unproductive tribal land system. Each, however, chose different political and economic paths.

<table>
<thead>
<tr>
<th></th>
<th>TANZANIA</th>
<th>KENYA</th>
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<tbody>
<tr>
<td><strong>Geography</strong></td>
<td>One of the highest averages of arable land per person in the world.</td>
<td>Desert, semi-arid; farmland-per-person is amongst the lowest in Africa.</td>
</tr>
<tr>
<td><strong>Government</strong></td>
<td>One-party socialist state.</td>
<td>Capitalist economy. One-party state only since 1982.</td>
</tr>
<tr>
<td><strong>Land</strong></td>
<td>Nationalized land and collective farms.</td>
<td>Privatized the land, families granted title to their land.</td>
</tr>
<tr>
<td><strong>Farming</strong></td>
<td>Seeds, fertilizer, chemicals and farm equipment controlled by government monopoly.</td>
<td>Farmers buy from a variety of private companies.</td>
</tr>
<tr>
<td><strong>Prices</strong></td>
<td>Products are subject to government price controls.</td>
<td>A free market functions.</td>
</tr>
<tr>
<td><strong>Foreign Investment</strong></td>
<td>Tanzania spurned the West and looked to China and East Germany for its models.</td>
<td>Kenya invited foreign investment.</td>
</tr>
<tr>
<td><strong>Independence</strong></td>
<td>Dependent on charity from abroad (almost all of it from the West).</td>
<td>Self-reliant; a major force in world agricultural trade.</td>
</tr>
<tr>
<td><strong>Political Climate</strong></td>
<td>A closed, xenophobic society.</td>
<td>A degree of democratic pluralism exists; however, a number of political problems have emerged in recent years.</td>
</tr>
<tr>
<td><strong>The Economy</strong></td>
<td>Stagnant, poverty-stricken; a mendicant state; queues and shortages; political oppression; social restlessness.</td>
<td>Impressive national growth and prosperity; miles of smooth roads, rural electricity, large quantities of goods in shops; abundant business opportunities.</td>
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Social Indicators

<table>
<thead>
<tr>
<th></th>
<th>Year</th>
<th>Tanzania</th>
<th>Kenya</th>
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</thead>
<tbody>
<tr>
<td>Infant Mortality Rate (under age one per 1,000 live births)</td>
<td>1985</td>
<td>110</td>
<td>91</td>
</tr>
<tr>
<td>Child Death Rate (per 1,000 children aged 1-4)</td>
<td>1985</td>
<td>22</td>
<td>16</td>
</tr>
<tr>
<td>Physicians (per 10,000 population)</td>
<td>1980</td>
<td>0.6</td>
<td>1.3</td>
</tr>
<tr>
<td>Nurses (per 10,000 population)</td>
<td>1980</td>
<td>3.3</td>
<td>18.2</td>
</tr>
<tr>
<td>Primary School Enrollment (percent of age group)</td>
<td>1984</td>
<td>87</td>
<td>97</td>
</tr>
<tr>
<td>Secondary School Enrollment (percent of age group)</td>
<td>1984</td>
<td>3</td>
<td>19</td>
</tr>
</tbody>
</table>


Basic Economic Indicators

(annual growth rate in percent)

<table>
<thead>
<tr>
<th></th>
<th>Year</th>
<th>Tanzania</th>
<th>Kenya</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Domestic Product</td>
<td>1965-85</td>
<td>3.1</td>
<td>5.6</td>
</tr>
<tr>
<td>Agricultural Production</td>
<td>1965-85</td>
<td>1.4</td>
<td>4.4</td>
</tr>
<tr>
<td>Industrial Production</td>
<td>1965-85</td>
<td>2.0</td>
<td>7.8</td>
</tr>
<tr>
<td>Annual Inflation Rate</td>
<td>1980-85</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Indicators of Modernity</td>
<td>1985</td>
<td>39</td>
<td>103</td>
</tr>
<tr>
<td>Energy Use (kg of oil equivalent per capita)</td>
<td>1984</td>
<td>4</td>
<td>38</td>
</tr>
<tr>
<td>Fertilizer Use (kg per hectare of arable land)</td>
<td>1984</td>
<td>33</td>
<td>49</td>
</tr>
<tr>
<td>Service Sector (percent of total economy)</td>
<td>1985</td>
<td>33</td>
<td>49</td>
</tr>
</tbody>
</table>

nationalized industries. Even the once-proclaimed model for African socialism, Tanzania, is now seeking foreign managers for its bereft state-run industries.

Some of Africa's unwanted expatriates have been invited back. The expertise and capital of multi-nationals are being encouraged to return, to re-develop ruined industries and people's skills. Millions of deaths later, the lessons of history are obvious: the value of government respect for individuals rather than the worship of state and ideology.

Yet, the ledger of failure of the past decades was not written entirely red. A few African nations chose evolution rather than revolution; some chose democratic capitalism rather than socialism. Some governments rejected the Marxist onslaught against agriculture and farmers; against prices and markets; against private property, initiative, entrepreneurship and trade.

For example, few countries anywhere have achieved the phenomenal economic growth of the Ivory Coast, a West African nation of 9.5 million. From independence, the government based its program on freedom of enterprise, especially in agriculture; low taxes; and receptiveness to foreign investment and advice.

Cameroon has one of the most diversified economies in Africa. Since 1960, despite drought and regional economic slumps, per capita income has risen by an average of 2.5 per cent annually.

Malawi, land-locked and with no natural resources except a hard-working population, feeds itself - a spectacular achievement in Africa. Unlike its neighbours, Malawi respects individual farmers and communities; and significantly, the ratio of government spending to national income is half that of countries across the border, such as Tanzania.

In Senegal, there have been scrupulously fair elections every five years since 1963. "The law rules; the dignity and integrity of the individual are respected; there is no torture; there are no political prisoners," observes its one-time US ambassador.

But the most clear-cut success story is the much-pil- loriied Botswana, a liberal democracy that has experienced 11 per cent annual economic growth since independence in 1966.7

Conclusion

With few exceptions, the social laboratory of Africa has shown the world in the past 25 years how not to be:

8. This is the argument of, for example, P. T. Bauer and B. S. Yamey, "Foreign Aid: Rewarding Impoverishment?", Commentary, September 1985: "...foreign aid goes to governments, not to the poor. To support rulers on the basis of the poverty of their subjects effectively rewards the policies that cause impoverishment."
"Australia Reconstructed"
the new push for central planning
R. J. Fynmore

The document *Australia Reconstructed*, launched by the ACTU, urges Australia along the road to corporatism - a state where big government, big unions and big business jointly preside over a planned economy. But a senior executive of Australia's biggest company, BHP, argues strongly that the road to corporatism is a dead-end road for Australia.

Apart from five years in the petroleum business, most of my career has been spent in manufacturing, and in particular, in heavy engineering, metal fabrication and specialty steels and other metals production activities. For the past 15 years I have also been closely identified with an Australian-Swedish joint venture company and have some practical knowledge of Sweden, its people, systems and industries. I now have the responsibility for new business development in BHP.

The ACTU document *Australia Reconstructed* is a joint ACTU/TDC (Trade Development Council) initiative, but on the mission to Western Europe to examine wage determination systems the TDC was only represented by unionists. It is a pity none of the business representatives on TDC were included. I do not recall any of them speaking out in favour of this report; indeed their silence has been rather deafening.

I regard *Australia Reconstructed* as an ACTU initiative which has been partially financed by the Department of Trade and the TDC. The ACTU, while having the right to speak out on these issues, should do so in its own name, rather than under the subterfuge of being part of a joint Government, business, union initiative.

By way of introduction, let me say that I am growing a little tired of the rhetoric of union politicians. The majority of Australians are not unionists and many of us do not share their views on the class war they still insist on fighting. Many union politicians do not, and it seems cannot, deliver when it comes to the big industrial disputes affecting the nation. The recent strike at Port Kembla steelworks and the current strikes in the coal industry and at the North-West Shelf construction site are sad examples which show that our union leaders are great on rhetoric, but cannot deliver on their commitments to use sensible dispute settling procedures.

Such strikes are again being noted by potential customers and investors overseas. The right to strike has been misused in this nation and is a 19th century method of making a point. The strike is a very blunt weapon which damages those who use it, as much as those it is used against.

We are beginning to be regarded overseas as a rather odd nation that is squandering its birthright. None of us should be proud about how we are regarded by those who envy our space, our climate, our rich national heritage. We are a nation living in the past, preferring to mortgage ourselves, rather than face the realities that life in Australia is not going to be as easy as it was in the thirty years after the Second World War.

Bill Kelty's foreword to the ACTU report is one section I can agree with in its entirety. I agree in particular on the need to:

- be more productive;
- be more willing to accept change;
- improve our education and training;
- develop better relations between employers and employees in our work places.

However, while sharing the concern expressed in the report about the bleak outlook for Australia and the poor level of investment, I am totally opposed to, and believe the majority of Australians will also oppose, the key recommendations which push for central planning and national direction and selection of industries. I also oppose the channelling of workers' savings into bureaucratically selected industries. As a Trustee of the BHP Superannuation Funds, I am appalled at the suggestion made by ACTU leaders, such as John McBean, about directing superannuation funds into organizations and projects based on some bureaucrat's or politician's idea of what is a good investment for Australia. Union
superannuation funds need to be invested at least as wisely as superannuation funds have been invested in the past.

Of course, government has a role in the reconstruction process. The Hawke Government has played that role very effectively through its decisions to float the dollar, free up the financial and banking system and move, albeit slowly, towards freer markets in the petroleum and other industries.

But the Government role is not that of determining by central planning how this nation should develop. In the business area it is about establishing the right climate for investment.

The Hawke Government intends to examine interstate sea and land transport. This is a vital area needing deregulation and, dare I say it, probably demanding. These are the sort of initiatives Government should concentrate upon.

There is, in fact, much being accomplished by a combination of Government incentive, responsible unionism and investment by business in the maritime industry. The maritime unions are co-operating in the expansion of Australia's international shipping fleet to carry raw materials and energy to overseas markets. This initiative has been greatly aided by Federal Government actions and maritime union leaders delivering on their commitments.

The Steel Plan

Much has been said and written about the various Button plans for reconstructing various industries. Some of us believe that, in the steel industry, most of the productivity improvements were gained before the Steel Plan was born in the early days of the first Hawke Government. While the Plan provided a basis for BHP to make a massive investment well in excess of the sum it committed before the plan, we are yet to get the benefits from that investment.

BHP and the Government have met their obligations. However, the recent protracted strike at Port Kembla over an external issue, "Workcare", had nothing to do with the steelworks; it was a strike to get a point across to the NSW Government. It means that the union movement has not delivered on its part of the deal to use certain dispute settling procedures, agreed to at the time the Plan was introduced. This latest strike will have a significant influence on investment decisions by BHP. You cannot expect those representing shareholders to ignore the continued breaking of promises. When partners break commitments, it usually means an end to the partnership.

The Steel Plan has a sunset clause of December 1988. There is no need for a second Plan and it will be an important test for the Authority to see if it can recommend its own demise.

I personally have grave doubts about whether it is possible to manage large-scale plants in Australia within the current system of craft unions, while union politicians demand loyalty to the full-time official above loyalty to the firm and family.

A Scandinavian mission which visited this country some time ago included a number of government bureaucrats and some trade union members, who expressed amazement that a union would deliberately damage the company for which its members worked. They could not understand the Australian mentality of punishing a company or, even worse, the concept of industrial action to support some political end over which the company has very little influence.

This brings me to the infatuation with Western Europe and particularly the Swedish model of government involvement in industry. The environment which exists in the countries visited by the ACTU is different from that in Australia and our models should be the successes that already exist within Australia or within economies where the structure and traditions are similar, such as the UK, Canada and USA. Our history, climate, politics and traditions are very different from the countries the ACTU has decided to use as its model.

The tacit assumption by the ACTU in much of its work is that the Western European and Swedish economies are to be admired. Analysis does not support the conclusion that they should be role models. That is not to say that we cannot learn from them: we can and should. The most rapidly growing sectors of economies these days are those with minimum government interference and minimum union involvement.

Conditions for Investment

The interventionist argument put by the ACTU is based on the need to increase investment. Intervention is also sometimes justified by reference to the supposedly better performance of other countries. However, investment as a percentage of GDP has fallen throughout the industrialized world and the ACTU concedes that Sweden is no exception.

It is doubtful, indeed, whether looking for overseas models is a particularly worthwhile activity. The significance one attaches to them is very much a matter of judgment. If one is looking for a country with a rapid rate of growth of manufacturing, the outstanding example is Britain during the period of the Thatcher Government. It could also be held up as an example of the blessings of decentralized wage determination by reference to the lower incidence of strikes.
What we should be asking ourselves, if we think manufacturing investment is inadequate in this country, is why so little of the $25 billion (gross) of capital we are now importing each year takes the form of direct investment in manufacturing and why Australian manufacturers so often prefer to invest abroad. It would be particularly instructive to know why Japan is relocating so little of its manufacturing capacity in this country, while buying so much of our real estate. If we want to increase our share of the international market for business investment, we must offer competitive prospects, not just twist the arms of our own financial institutions.

These competitive prospects relate to all the factors that govern future returns - competitive tax regimes, unit labour costs, construction costs, transport costs, interest rates etc. If the conditions, present and prospective, are right the investment will follow without benefit of government intervention.

Getting interest rates down, which may also lead to a reduction in the value of our dollar, to levels where manufacturers can invest for export, is probably the single most important action the Government can take to encourage investment in manufacturing.

In the area of education and training, the major problem, already experienced by BHP, is that, while the union movement supports training, it demands it as a right for all its members, rather than for those who need to be trained because of their job requirements, or can be trained because of their abilities. More of a problem still is the unions' demand that anyone who receives training should be compensated according to the training they have received, rather than the job they are doing.

We need to lift the numbers of young people who stay on at school and enter tertiary institutions. Their education should be revised to make it more appropriate for the career opportunities which will emerge in Australia.

Employee participation and industrial democracy is also very high on the Government's agenda. Management buy-outs and greater employee ownership through privatization are developing throughout the Anglo-Saxon world and are beginning to emerge in Australia. Most people working in businesses should have an opportunity to own a share of the action. I am not sure how the ACTU regards this, but it is certain that there will be increasing opportunities for employees to own a share of the businesses employing them. Employers are aiming to build better direct lines of communication and consultation with employees at the enterprise level. This can be done without recourse to legislation, although I note the Government considers legislation necessary.

The hoped for development of a new aerospace industry at Fishermen's Bend and defence shipbuilding industry at Williamstown are ambitious initiatives and significant tests for Victoria and for the labour movement. One of the main authors of Australia Reconstructed emerged from Williamstown Dockyard. It has an industrial record and established work practices which are a testimonial to the militant communist approach and shows just what can happen through a combination of union power and public ownership. Both Newcastle and Williamstown Dockyards are hopeful of getting the contracts for building the new frigates for the Navy.

Can we build these high technology defence items at sites with such terrible industrial histories behind them? I hope that our state political leaders realize this is the last chance to demonstrate that there has been a change in attitude in the engineering industries.

The ACTU would do well to concentrate its efforts on continuing to educate its members about the real world Australia entered when we floated the dollar and on further reducing industrial dislocation, which is still one of the major destabilizing factors in our community and of concern to potential investors in manufacturing.

Development of a corporate state is the objective of some sections of the labour movement which had authorship of Australia Reconstructed, but I am confident it will be rejected by the great majority of Australians.
The Crash - Where Now?

Des Moore

The worldwide fall in share values signals a major slowing, if not a recession, in world economic activity. For Australia, the severity and duration will depend importantly on whether the Government takes early and strong action to tighten budgetary and wages policy.

The sharp worldwide fall in share values has raised two key questions. First, what will be the effects on the "real" economy both overseas and in Australia and, in particular, are we likely to have a depression? Second, what action, if any, should the Australian Government be taking and how quickly should it act?

Understanding the underlying causes of the crash is vital to deciding whether it is simply a "correction" to "overshooting" by financial markets or whether it is also a reaction to underlying economic problems. If the former, there should be relatively minor flow-through effects to the real economy; if the latter, the effects are likely to be substantial.

Why It Happened

The key to understanding the fall lies with the US, which as a producer of 40 per cent of OECD output inevitably exerts the major influence on world economic activity. Since the early 1980s the US has been pursuing a stimulatory "Keynesian" fiscal policy and, for most of the latter part of the period, a monetary policy that exerted little restraining effect on domestic spending. The net result has been massive "overspending" by the US and a stimulus to economic activity overseas which has underwritten the worldwide rise in share values. This massive "overspending" also resulted in a growing US current account deficit. Such large foreign borrowing would constitute less of a problem if it had been used to finance additional investment. But it went almost entirely to finance a consumption "hinge" and the US' debt servicing capacity has not increased commensurately.1

Why has this situation continued? Part of the answer lies in the "stand-off" between the President and Congress over how to reduce the US budget deficit. Also, the failure of debtor countries in the developing world to adjust to slowing economic activity constrained US monetary authorities in tightening monetary policy, lest developing countries default and cause bankruptcies in major US financial institutions. The US has thus relied considerably on depreciating the exchange rate to try to reduce its net draw on overseas savings.2

But, although the large depreciation of the $US since 1985 has produced a strong growth in export volumes, the "relaxed" stance of other policies has sustained domestic spending and import growth. Combined with the price effects of the declining $US, this has prevented any reduction in the relative size of the current account deficit. Moreover, even reliance on the exchange rate became constrained as other countries began to object to the potentially large loss of competitiveness and as the US authorities themselves became concerned at the prospect of the $US going into a "free fall", with potential adverse consequences for inflation and confidence. This led to agreements between the major countries to intervene in foreign exchange markets to try to stabilize the $US. At the same time the US pressured Japan and Germany to "relax" policies and stimulate their domestic spending and imports.

In essence, therefore, the US has sought to postpone or avoid the hard decisions needed to reduce overspending. It is scarcely surprising - although remarkably little noticed - that over the past 9-12 months individual foreigners have scarcely added to their net holdings of $US assets: instead, virtually all the large US current account deficit has been financed by foreign central banks, i.e., by "funding" money.

But, it is not possible to postpone indefinitely the consequences of avoiding the hard decisions. The "crunch" came when, with their monetary aggregates


2. A start has been made on reducing the US budget deficit, the relative size of which is expected to fall from 5.3 per cent of GDP in 1986 to 3.3-3.5 per cent in 1987.

Des Moore is a Senior Fellow at the IPA.
increasing at unsustainable rates, the Japanese and Germans called a halt to the easing of monetary policies. The consequent rise in their interest rates exerted upwards pressure on US interest rates, which had already increased to some extent from early in 1987 to prevent capital outflows. Further rises in US interest rates thus contrasted sharply with falling earnings yields on shares and this, together with a realization that optimistic company earnings projections could no longer be justified, brought a re-assessment of the merits of holding US shares showing average earnings yields of only 4-5 per cent. The inevitable "bail out" followed and spread around the world.

The Implications

The foregoing indicates that the US has exhausted available ways of preventing a major slow-down in its domestic spending and, hence, in world economic activity. It is not only a matter of what has happened to date: it is also a matter of what cannot now be avoided. If the US itself takes sufficient action to tighten fiscal and/or monetary policy, that will slow spending. But, if the policy response is inadequate, spending will be slowed through further falls in share values as interest rates rise. Failure to effect an adequate tightening (which looks the most likely outcome) would extend both the duration and severity of the slow-down, and risk further falls in share values and a depression. There is, indeed, a significant probability of further falls in US share values anyway, given that existing prices still show low earnings yields (an average of 5-6 per cent). The diminished outlook for US company earnings probably means that yields are really even lower than that.

The initial provision of additional "liquidity", which is appropriate in the short term, has pushed interest rates in most countries (though not in Australia) below their 19 October level. However, in the absence of other policy changes, the pursuit of more "relaxed" monetary policies in deficit countries such as the US and Australia can only be sustained if the respective Governments are prepared to accept the Latin American "solution" of high inflation and constantly depreciating exchange rates. Such developments would tend, of course, to push real interest rates up. Even for surplus countries such policies now have a very limited life span.

The easing of monetary policies makes the precise timing of the slow-down in US spending difficult to assess. However, given the size of the US current account deficit - 3.5 to 4 per cent of GDP - a major slow-down in US economic growth is clearly in prospect.

Outside the US there will be indirect effects from slowing US spending as well as direct effects of local falls in share values, which could go further in countries such as Japan, where earnings yields are at historical lows. Debtor countries in the developing world will have to reduce spending and increase exports.

The implications for Australia are thus clearly for a deteriorating economic outlook from here on. This has been reflected in the Australian share market's much larger fall and the fall of the $A relative to even the pressured greenback, notwithstanding that interest rates have been forced up to above 19 October levels whereas they have generally fallen overseas. For the current account deficit to be even held at 4-5 per cent of GDP, it may now be necessary for domestic spending to fall in real terms. If Australia slows its spending only in the same proportion as overseas spending, our current account deficit must increase as experience shows that, in a period of slowing overseas activity, commodity prices fall relative to other prices. Moreover, with a high "starting point" current account deficit and a large external debt, Australia's dependency on capital inflow means that interest rates will be under upwards pressure. External debt servicing costs will increase further.

The Government's Response

The Government's "relaxed" assessment of the likely effects on the real economy both in Australia and overseas can only be seen as irresponsible. While the Treasurer has finally acknowledged that there will be "some appreciable slowing" in overseas economic activity, he continues to argue that it is premature to make policy adjustments. One possible explanation is that to try to effect substantial expenditure cuts now could bring hostile reactions from particular pressure groups, both within the Labor Party and the community, at a time when that could damage the prospects of Labor being returned in the forthcoming NSW election.

Another is that official advice is again under-estimating the potential for developments in financial markets to impact adversely on the real economy. But, both here and overseas, there will be significant depressive effects on consumption from reductions in share values, particularly consumption financed by borrowing. Further, increased uncertainty and the impact on company balance sheets can only reduce business investment.

Perhaps the most surprising part of the Treasurer's reaction is that he appears not to have been expecting a major slow-down in world economic activity. Yet, for some time Mr. Keating has (correctly) been urging the

3. This will reflect either the inflationary effects of a falling $US or a rise in inflation if other countries inflate their economies.
United States to make a major reduction in its budget deficit. He ought to have known, from Australian experience in 1986, if not from official advice of the connections between the financial and the real economies, that failure to take adequate and timely policy action leads financial investors to react in ways that force adjustments. One way or another, therefore, he ought to have been expecting that a significant slow-down in overseas economic activity would eventually occur and ought to have taken out insurance against that.

What Should Be Done Now

Most importantly, the Government should acknowledge that, even though the precise timing is uncertain, a major slow-down overseas is now inevitable and that Australia needs to respond accordingly. Our problem is compounded by the fact that Australia is in a worse overspending position than the United States. Although the total public sector call on savings is probably running a little below that in the US, Australia as a whole has a bigger overspending problem: even the now outdated official 1987/88 forecast for a current account deficit of four per cent of GDP was bigger (relatively) than that of the US. We also have a relatively much bigger net overseas debt (around 30 per cent of GDP compared with 10 per cent for the US). Accordingly, if (as the Treasurer has urged) the US Government needs to effect a big reduction in its net draw on savings, so too does the Australian public sector. The Federal Government should quickly move to become a net saver i.e. to budget for as substantial a surplus as possible, preferably through large cuts in government expenditure.

Some argue that it would be inappropriate to do this if there is to be a "natural" slow-down as a result of overseas developments. However, if we fail to tighten fiscal policy, financial markets will react by forcing interest rates up, just as they did in 1986. And an increase in interest rates in present circumstances would likely have significantly greater depressive effects on spending than they did in 1986 - because that would exacerbate the impact of the share market collapse on other markets - as well as having a further depressing effect on share values. There would, indeed, be potential for a downward spiral to develop.

Australia's macro policy imperatives remain the same as before the Wall Street crash - to reduce our over spending and establish a sustainable basis for a recovery geared to the private sector and, in particular, to investment in export and import replacement industries. That requires reducing reliance on interest rates to cut spending - the burden of which falls largely on the private sector - and increasing the emphasis on adjustment by the public sector. Cutting public expenditure may have short term "contractionary" effects but it also has "stimulatory" medium-term effects, via lower interest rates and improved confidence.

There is also an urgent need to reduce the growth in Australian wages to no more than the same rate as our major competitors. In fact, given the poor performance of productivity, there is a strong case for a small cut in wages so as to keep the increase in wage costs the same. While such a cut would reduce expenditure, it would improve the cost structure of Australian businesses and thus increase production of net exports. In present circumstances, the latter is vital not only to induce the additional investment and improved current account that we desperately need but to preserve existing jobs.

Some will argue that a return to greater financial regulation is required to prevent a repetition of the undoubted excessive speculative activity in financial markets. That would, however, be to divert attention from the underlying causes.

Of course, there are other measures - such as decentralizing the wage determination system, privatizing or opening up to competition much of the public sector, and reducing protection at a much faster rate - which are needed to improve the supply side of the economy. Indeed the greater the emphasis put on that side - some of which the Government is "reviewing" but where it should be acting - the less the need to hold down spending. But the seriousness of the economic outlook now facing Australia requires that macro policy adjustments be made with the utmost urgency. If we fail to make corrective budgetary and wages policy changes, the adjustment will be forced on us in much more costly ways. Not only will our economic downturn be more severe but our economic recovery will also be slower in coming.

4. The successive tightening in monetary policy during 1986, and the greater than planned tightening of fiscal policy in August 1986 (and again in May 1987), were largely forced on the Government in this way.

5. For some time the IPA has, of course, been calling for more extensive and more timely action to reduce Australia's draw on external savings.

6. Letting the exchange rate go is not a "solution", of course. See 3.

7. Given our external situation, this should be regarded as a minimum. We really need to get the growth in costs below those of our major competitors.
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F
ollowing the round of Commonwealth and State budgets last year, the IPA States' Policy Unit released its annual comparative analysis of the budgets and awarded the blue ribbon for responsible budgeting to Queensland and the order of the lemon to Western Australia.

This year Queensland was again the clear winner of the IPA blue ribbon for the most restrained and responsible budget in terms of expenditure and taxation restraint. The lemon award went to New South Wales.

The purpose of the analysis is to throw a spotlight on State (and Commonwealth) spending policies at a time when Australia's economic problems call for a substantial reduction in borrowings by governments and for restraint in recurrent spending and taxation.

As Table 1 shows, Australian governments have been less restrained in spending and taxing than the economic situation requires and the budget speeches rhetoric would have us believe.

Commonwealth budget outlays are net of revenue received by departments for a wide range of services. The most important of these revenue offsets are proceeds from the sale of assets (budgeted at $1 billion this year) which are not included in the revenue side of the budget but serve to reduce net expenditure. If these revenue offsets ($4.1 billion in 1987/88) are added back, we find that Commonwealth recurrent expenditure for its own purposes is set to increase by 7.5 per cent this year and total expenditure by 7.1 per cent. These figures are a far cry from the 4.3 per cent increase in total outlays announced by Mr. Keating in the budget speech.

The consistently smaller increase in total outlays compared with the growth of recurrent spending indicates that capital expenditure has been cut back as a result of Loan Council reductions in the States' borrowing authority for the second year in succession.

But we should look to recurrent spending for the real measure of government restraint or profligacy. It is not too difficult to cut back capital expenditure at a time when the States have few major projects in hand and the requirement for new schools has fallen with declining government school enrolments. On the other hand, increased recurrent spending on wages and services becomes embedded in ongoing obligations and clawing it back in the future is a slow and politically painful process.

The overall 8.1 per cent increase in planned recurrent spending by the States and the 7.5 per cent increase in Commonwealth expenditure has been fuelled by an overall 8.5 per cent increase (1.4 per cent real) in the tax take by governments this year as Table 2 shows.

The 1987/88 budgets are a sad story for the taxpayer with the total tax take by all governments going up by $6.5 billion, an additional bite of $403 per head of population. As the growth of taxation revenue is only slightly less than the projected growth of GDP, there will be no significant reduction in the burden of taxation again this year.

On a State by State basis, Queensland had to be judged the winner of the IPA best budget award both in terms of expenditure restraint and the lowest additional tax take ($26 per capita) of all governments this year.

<table>
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<th>Recurrent Outlays Nominal %</th>
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<td>6.6</td>
<td>-0.4</td>
<td>8.1</td>
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<tr>
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<td></td>
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<tr>
<td>own purposes(b)</td>
<td>5.3</td>
<td>-1.6</td>
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<tr>
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<td>-0.6</td>
<td>6.6</td>
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(a) Budget sector only.
(b) Increase in outlays for Commonwealth's own purposes after deducting transfers to the States and Local government, asset sales, and revenue offsets.

Les McCarrey is Director of the IPA States' Policy Unit in Perth.
The Northern Territory would have taken out the top "award" but for tax increases which lifted that Government's tax take by 15.7 per cent (8.1 per cent real) and extracted an additional $89 per head from Territorians. However, the Territory Government achieved a notable 2.9 per cent (9.2 per cent real) cut in recurrent spending to demonstrate that, given the will (and driven by necessity) government spending can be cut back.

New South Wales won the lemon award with an old-fashioned, pork-barrel approach which lifted budget sector recurrent outlays by a massive 10.6 per cent (3.3 per cent real) beating even South Australia's 9.6 per cent increase (2.5 per cent real) by a clear margin. Total expenditure on capital works was budgeted to increase by 7.8 per cent notwithstanding the Commonwealth-imposed cuts in borrowing approvals.

It was a budget that was wrong for the times and is likely to hinder economic recovery in New South Wales rather than help it.

If the New South Wales Government had held the increase in budget sector recurrent expenditure to 7 per cent or zero real increase, $426 million would have been saved. This could have financed significant tax cuts that would have done more to encourage savings and investment than vote-buying spending programs that worry more people today than they satisfy.

Tasmania, with a 7.9 per cent increase in total budget expenditure, an 8.8 per cent increase in recurrent spending (1.7 per cent real) and an additional $71 per capital tax take, narrowly avoided the lemon award. A surprisingly high 9.9 per cent increase in the total capital works program indicates that Tasmanian authorities had substantial reserves to draw on this year.

The Victorian Government brought down a tight budget with recurrent expenditure held to zero real increase. Capital works expenditure is down some 2 per cent in real terms even allowing for the proposed $300 million 'equity' raising which may not now eventuate.

The Western Australian budget was more constrained on expenditure than last year when Mr. Burke was awarded the lemon, but with total budget sector outlays up by 7.6 per cent and recurrent expenditure increasing by 7.9 per cent (0.9 per cent real) the Burke Government is still maintaining a relatively high spending stance.

With tax revenue up 10.4 per cent ($61 per head) following a 25 per cent increase last year ($131 per head), the Western Australian Government has been able to channel large amounts of revenue into reserves which by the end of this year are likely to exceed $200 million.

It is clear that, in general, Australian governments are still not coming to grips with the need to reduce the growth of expenditure and, as a result, the tax take by the Commonwealth and the States continues to increase at a time when real incomes are falling.

Policies that require the public to accept reduced real wages in the national interest while governments increase the overall tax take in real terms to finance politically motivated spending programs cannot be justified. Governments must play their part by easing the burden on taxpayers and this can only be done by cutting back on recurrent expenditure.

<table>
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<tr>
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<td>6,572</td>
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(a) Recurrent revenue only - excludes capital account  
(b) Includes levies on statutory corporations.  
(c) Excludes fuel franchise levy for which details are not available  
(d) Includes ACT.
Fiji: The Trail of Disinformation
Michael Danby

The Fiji coups have been the subject of a campaign aimed at souring the relations of South Pacific island states with the West. Michael Danby discovers a remarkable disinformation network and its gullible victims, including members of the Australian media.

Dr. Dick Klugman, the Federal Labor member for Prospect, in a pungent three-sentence letter to various newspapers, published even before the first coup in Fiji, pointed to the real dilemma in situations like Fiji for Australian policy-makers. How should Australia reconcile its sympathy for indigenous rights and nationalism in say New Caledonia, with its support for parliamentary democracy and the rule of the majority? Rabuka's two coups "to establish the primacy of indigenous Fijian rights" and the fact that some 60 per cent of New Caledonia voted for France throws this now central dilemma of Australian foreign policy into sharper relief.

Nor should we minimize the serious nature of developments in Fiji because of the almost comic incompetence and indecision of the current putsch. Although the Fiji military has kept its iron fist well concealed in a velvet glove, the fundamental inequity in the proposed arrangement would effectively disenfranchise a majority of the population presenting a heaven-sent opportunity for outside troublemakers, whether this be direct Soviet intervention or indirect - through their East German/Libyan surrogates.

Moreover the precedent provided by the lack of serious opposition to the elimination of democracy in Fiji must encourage other authoritarian groups of the Left or Right in the South Pacific, an area until now has undergone a tranquil post-colonial shift to democracy.

The South Pacific is now a region of increasing instability aggravated by the expanding influence of the Soviet Union and its surrogates. It is in the Soviet Union's interests to exacerbate tensions in the region and to undermine the region's relations with the democratic West. The dissemination of anti-Western disinformation is a central part of that strategy.

That Moscow should initiate a campaign of disinformation blaming the United States for the overthrow of the democratically elected Bavadra Government in Fiji is predictable. More worrying is the fact that Moscow can now rely on its disinformation finding fertile ground in Western media outlets by playing to the conspiratorial left-wing fantasy which sees a CIA presence every time a neutralist or anti-American government loses office.

The US State Department has stated publicly that it favours a democratic solution in Fiji. The US has recognized the Fijian Governor General as the supreme executive authority. No evidence - or at least no credible evidence - has been produced that would demonstrate the CIA manipulation that the pushers of disinformation claim exists.

The Trail Begins

The disinformation campaign began almost immediately following the first military coup in Fiji on 14 May this year. A news bulletin on Radio Moscow alleged that "a number of foreign observers had pointed to a likely involvement of the USA". The "observers" were unnamed. For the next few days, virtually every report about Fiji on the Soviet international news media contained disinformation aimed at implicating the USA.

A clear priority of the campaign was to spread the allegation that the USA ordered the coup because it opposed the new Fijian government's anti-nuclear policy. This would allow the Soviet Union to contrast its own "peace" credentials (such as its signature of the Rarotonga Treaty for the creation of a South Pacific Nuclear Weapons-Free Zone) with the "neo-globalist" designs of Washington. This is of course a theme which the Soviet Union is keen to promote among the South Pacific island


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states.

Thus, for example, Moscow's principal front organization, the World Peace Council (WPC), declared on 15 May that "the fact that the US roving ambassador (General Vernon Walters) had visited Fiji only two weeks before the coup raises a question mark". WPC disinformation that the USA had received advance warning of the coup from Ambassador Walters was picked up on 16 May by TASS, the official Soviet news agency, and by the *Morning Star*, the daily newspaper of the British Communist Party. On 17 May the Soviet media quoted WPC officials to the effect that the "US action" was attributable to American displeasure at the overthrown government's anti-nuclear policies, especially its support for a nuclear-free South Pacific. One of the techniques favoured by the Soviets is to quote speculation published in Western news services as fact, and then extensively repeat and disseminate it. Thus the Moscow World Service quoted:

"In the meantime, the vice president of Fiji's Labor Party who fled to Hawaii, has told The Associated Press that participants in the coup included a white man, who spoke with an American accent (as heard). This indirectly confirms reports on Washington's possible involvement in the military coup".

"The signature of the Fiji coup is indeed well known to the world public. (Well known, too) is the hand that is implicated in political changes in this island state in the South Pacific, as the British newspaper *News on Sunday* comments today. It notes in particular that when the plot was still being planned, Vernon Walters, a former deputy director of the US Central Intelligence Agency, was in Fiji... The previous, pro-Western cabinet allowed US ships with nuclear weapons on board to call at the country's ports, while the new (government) had promised to put an end to that practice. But now, after the coup, Washington is not worried. It is reported that there is no alarm there about the situation in Fiji, since, quote, there is is no threat to the security of US citizens, unquote, who are on the territory of this island state. Incidentally, according to an eyewitness by *News on Sunday*, US citizens took part in the coup in Fiji. So, evidently Washington has indeed no further cause for concern. On the other hand, the latest events in Fiji have aroused serious concern in broad circles of the anti-nuclear public of the countries of the South Pacific".

On 2 June the British Communist newspaper *Morning Star* returned to the theme by quoting a report in *Akahata* which it described as "Japan's progressive paper" (it is in fact the daily newspaper of the Japanese Communist Party). According to *Akahata*, Labour Party leaders from the New Zealand Peace Council (NZPC) alleged that "a group of US servicemen" arrived in Fiji on the eve of the coup and that five CIA officers took direct control of the coup. Neither the *Morning Star* nor *Akahata* thought it worthwhile to point out that the NZPC is the New Zealand affiliate of the Soviet front - the World Peace Council.

TASS also "picked up" the *Akahata* article in a report date-lined Tokyo. The TASS report was in turn replayed in Zimbabwe by the major local daily. A newsletter exposing disinformation produced in the UK by former GRU (Soviet Military Intelligence) chief in Japan, Stanislav Levchenko, concluded,

"Of more significance, at least from the Soviet point of view, is the fact that Dr. Timoci Bavadra, whose coalition government was overthrown in the coup, has himself picked up the allegations of US involvement and repeated them during his recent visits to London and Washington. The suspicions which Dr. Bavadra harbours, unaware of their origins in Soviet disinformation, must in the long term be to Moscow's advantage in its quest to gain a political and economic foothold in the South Pacific".

Nor has the campaign to attack the US stopped.

**Australia**

During the first Fiji coup only one quality Australian daily ran this kind of far-fetched anti-US disinformation. Tentatively attributing their report to anonymous intelligence sources the *Sydney Morning Herald* surfaced the claim of CIA involvement but noted there was no substantiation, and that there were also claims about Russian, Libyan and even Iranian involvement. But the US Government's concern that Australia's quality daily could reflect Soviet style disinformation focused on articles published by David McKnight the following day which dealt with the alleged CIA

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4. Moscow TASS in English 17 May 1987
5. Moscow World Service in English 16 May 1987
6. Boris Andranov commentary, Moscow Domestic Service in Russian 18 May 1987
8. Counterpoint, August 1987
9. Sydney Morning Herald, 18 May 1987
interference in the Pacific and, in particular, Fiji. In an article headlined "The Dirty Tricks of Retaining Power", McKnight quoted Marion Wilkinson, whose Four Corners program the night before had reported the American Embassy as providing $200,000 in funds to Apisai Tora, a leader of the Fiji Nationalist Taukei movement. Tora, a controversial Fijian unionist, was intimately involved with the Soviet front organization, the World Peace Council (WPC). Far from these CIA conspiracies, he may in fact urge Rabuka in a pro-Soviet direction. To be fair, a small article several weeks later in the Sydney Morning Herald, datelined "Suva", explained that "the only US aid allocated to Mr. Tora's home village of Natalau had been $US 25,000 towards a committee hall to be used by handicraft workers".  

Kathleen Bailey, the US Assistant Secretary of State responsible for tracking Soviet disinformation, surprised Richard Carleton by mentioning the Sydney Morning Herald's reporting of allegedly improper US interference in the Fiji coup.  

But interesting as the AIDS case was, an inquiry by Carleton into the SMH story on the CIA and Fiji would have been more revealing, certainly for Australian viewers. Here was an example of how an initial uncorroborated report on an event of great importance to this country, hedged by the vagueness of its sources and details, was transformed within 24 hours in the same newspaper to a matter of historical record.

Lipski actually went to the trouble of speaking to the relevant people at the SMH, concluding: "The question that matters is how did the SMH let it happen and, once it became clear that it could not back the story, why did it fail to acknowledge a lapse which significantly marred an otherwise strong coverage of the events in Fiji? ... SMH editors say they did seek further corroboration from Suva but that communications with Fiji were sporadic and unreliable. When it became clear that there was nothing further to substantiate the CIA angle the story was dropped. In retrospect, it is now admitted at the SMH, the story was probably overplayed. But nobody there has said so in the paper. There are no grand conclusions from this example except that it reinforces the argument that newspapers and the press generally provide "the first rough draft of history". If they get it wrong, not for the reasons of conspiracy they are so quick to ascribe to others, they should say so. Anything less is a form of disinformation."  

The Story Spreads  
The next step came when a wire story from the Press Trust of India (PTI) based on an article in the US weekly The Nation, regurgitated and elaborated on these allegations of US involvement in the Fiji coup. The PTI story was floated not only in fringe newspapers in India (some of which have wide circulation, despite the obvious involvement of the Soviets) but in mainstream dailies - the September 13 New Statesman and Sunday Observer and September 14 Financial Express - as well as the pro-Soviet Patriot (September 12) carried a Press Trust of India (PTI) "news story". The PTI relied almost exclusively on the article The Nation entitled "The Fiji Coup: Was the US Behind it?" by Managing Editor,
Joann Wypijewski. This article received wide local dissemination when it was reproduced in *Pacific Islands Monthly* (October) which circulates extensively among South Pacific and Australian opinion leaders interested in regional political developments.

The Nation alleged that coup leader Colonel Rabuka took over Parliament not with Fijian troops but with a group of American and South African mercenaries, "acting with a nod from the US Government, possibly in the person of Vernon Walters" (who was there on a long-arranged sweep through the region). These charges not only evade the real source of the coup - the support among indigenous Fijians for the military takeover - but make the patronizing assumption that the Fijians are incapable of organizing and executing their own rebellions.

But perhaps the most preposterous claim made in The Nation article was that American Blacks were secretly flown into Fiji before the coup and were present when Rabuka arrested the Bavadra government in the Fiji Parliament. The proof of this charge? A member of the Bavadra Government went down to the docks in Sydney to check "the body movements" of American (presumably black) sailors visiting Australia with the US fleet. They allegedly correlated with "the body movements" of the balaclava-clad soldiers who burst into the Fiji Parliament and seized the Bavadra Government. This kind of racist drivel is apparently "all right" if produced by a left-wing weekly, a fact that will not surprise readers who remember the vile anti-Jewish article penned by Gore Vidal that appeared in this US weekly last year.

One of the principle allegations raised by The Nation is aimed at the director of the South Pacific regional office of AID - the Agency for International Development. William Paupe, its Suva Director, is the individual said to have paid the Fijian leader $200,000 to organize demonstrations against the Bavadra Government that preceded the first coup. Paupe categorically denied the charge in a letter published by the main daily newspaper in Suva.15

Also, according to The Nation, Paupe served with AID in Vietnam "from 1966 to 1975, a time when the Agency trained Vietnamese intelligence and police forces and operated alongside or in concert with the CIA".

"Were the Americans behind the coup that toppled the Fijian government?" asks Australian Playboy (October) in an article by Mark Lillyman and Max Watts called "Strangers in Paradise". Here is an extract from its opening paragraphs.

"I am positive that these Fijian soldiers, these so-called Fijian soldiers who invaded our parliament, were in fact US marines."

This startling claim comes from Noor Dean, Deputy Speaker of the deposed Bavadra government...

In an interview with us, Noor Dean described the scene in parliament at the time of the coup...

With pistols and rifles cocked, Rabuka and his men hustled the 27-member Bavadra cabinet down the parliament stairs and into two waiting trucks, which took them to the Queen Elizabeth army barracks.

"However," said Noor Dean, "the behaviour of these soldiers was not akin to what normally I would associate with the average Fijian soldier.

The Bavadra ministers were interned for six days following the coup. During the time, Noor Dean noted the Fijian soldiers who were now "breathing down their necks" were not the same as those gas-masked and balaclavaed soldiers who had entered the parliament behind Rabuka.

"Although they were black, they were dark, there was a marked difference in their physique, their actions, the way they behaved, and they did not speak to us. All they did was gesture to us...push us."

The Minister for Education, Dr. Tupeni Baba, an army officer and a Vietnam veteran, attempted to talk to the soldiers in Fijian, but there was no response. They did not seem to understand him.

Dean's trip to Sydney coincided with a visit by a US Navy and Marine Corps task force. It was only then, when he saw black US marines walking the streets of Sydney, that the penny dropped. "They had the same build, the same pattern of walking, and actions...as the men who had entered our parliament," he said.

In the same letter to the Fiji Times, Mr. Paupe wrote of his service in the USAID mission to Vietnam: "USAID (Vietnam) was able to carry out a number of beneficial programs in public health and nutrition, education, agriculture development, and rural and community development. My own involvement in those activities was to assist in the management of a massive public health program, a highly visible and not at all sinister endeavor". Mr. Paupe categorically denied all allegations of links to the CIA.

The New Zealand Connection

The Nation claimed to base its story on "an exhaustive analysis of the Fiji coup by Owen Wilkes" in his New Zealand newsletter, Wellington Confidential. In the region Wellington Confidential was replayed in the main Western Samoa newspaper and a July 12 radio program by Canberra radio station 2XX. One of the speakers on the radio program was Owen Wilkes himself, described as a New Zealand "peace researcher". Wilkes' allegations had previously been carried by several private radio stations in New Zealand as well as by Christchurch's The Press.

Owen Wilkes has been involved in a variety of anti-US, anti-NATO and anti-nuclear issues both in New Zealand and abroad. He was invited in late 1976 as a fellow to the International Peace Research Institute of Oslo, and subsequently worked for the Stockholm International Peace Research Institute (SIPRI), where he concentrated on working against American bases in foreign countries. Wilkes found himself in trouble with authorities in Norway and Sweden over the disclosure of defence secrets.

Since his return to New Zealand, Wilkes has been a crucial activist and source of information for a whole network of hard-left activists, working to extend New Zealand's anti-US policy to the rest of the South Pacific. Using the propaganda slogan of a "nuclear free Pacific" his network is only interested in barring the US Navy from the region. His activities have included: charges in May 1985 that the US has a major chemical warfare site on Johnston atoll; allegations in March 1986 that a US submarine had been observed off Cook Islands; and involvement in a number of anti-US demonstrations. He has also been critical of the Lange Government when it has not been as vehemently anti-nuclear as Wilkes would like.

More recently he "cleared" the Soviet embassy of allegations that aerials protruding from their compound in Wellington were being used for electronic interception and spying.

A late-comer to the story has been Australian Playboy, a recent edition of which regurgitates most of the allegations dispelled by Lipski, and reproduces almost verbatim many of the dubious claims made by the US left-wing magazine, The Nation, actually highlighting the nonsense about US black soldiers "body movements". Playboy also parroted the earlier themes about the sinister role of Vernon Walters as well as the motives discerned by Soviet news agencies, Tass, Izvestia etc. Playboy's "verification" of these by now tired allegations were unclear or incoherent responses by top US officials caught on the hop at press conferences to micro-technical allegations about improper US involvements in the region.

Ending the Trail

How can the spread of disinformation be checked? The most effective way lies not in repressing the media's right to publish, but in insisting that, except where there are legitimate reasons for not doing so, the sources of media reports be spelled out in full, including those sources' credentials. To be successful, disinformation requires the concealment or laundering of its sources; that is why the trail of disinformation is often so convoluted before it eventually enters the mainstream Western media. Readers have a right to be informed of the source of what they are reading, just as consumers have a right to know the contents of the food product they are consuming. The lesson of this story of disinformation about Fiji is that the best defence against it is more information.

A thorough understanding of what the Fiji coups were about brings Western advocates of democracy no joy however. Tonga has already recognized the Rabuka regime and if as seems likely Papua New Guinea's attitude at the Commonwealth conference is indicative of the climate of opinion in the other island states it is only a matter of time before the rest of the South Pacific does likewise. It seems that the commitment to democracy in Australia's region may be shallower than we imagined. How Australia reacts to the conflict between democracy and indigenous nationalism is clearly the real issue underscored by events in Fiji.

The Stigma Against Commerce

Ken Baker

"Money-making...is of two kinds; one which is necessary and acceptable, which we may call administrative; the other, the commercial, which depends on exchange, is justly regarded with disapproval, since it arises not from nature but from men's dealings with each other." (Aristotle, The Politics, Book 1)

"According to Voltaire, everyone in France tried to be an aristocrat by holding the merchants in contempt, while the merchant 'by dint of hearing his profession despised on all occasions, at least is fool enough to blush at his condition.'" (César Graña, Modernity and its Discontents)

The history of mankind is strewn with distressing stories of persecution and prejudice: the repression of religious sects; the enslavement of conquered peoples; the maltreatment of women; intellectuals harassed or banished for their beliefs. Some societies are worse in their practice of prejudice than others, but no society's past is free from stain. We live at a time in which awareness of past wrongs, of unjust treatment of minority groups, is acute. Curious then is the ignorance of one of the most ubiquitous of prejudices in the history of mankind: that against the entrepreneur or merchant.

Before modern times there were very few societies untouched by this prejudice against commerce; nor has it disappeared in the modern world. The philosopher, Aristotle, in the quotation above, was merely voicing the common Ancient Greek disapproval of trade and those who made a living from it. Ancient Rome shared this view. Cicero believed: "Those who buy and sell...are to be accounted as vulgar; for they can make no profit except by a certain amount of falsehood." Similar attitudes, reinforced by the Mediaeval Church, prevailed in Europe until the Industrial Revolution. To engage in business was degrading and those who did so were considered of lowly status. Even in seventeenth century New England, in the land destined to become the home of modern capitalism, commerce was treated with suspicion. In Nathaniel Hawthorne's The House of the Seven Gables, written almost two centuries later, this attitude is still apparent, in the shame felt by Hepzibah Pyncheon at being forced by the pressure of poverty to open a small shop. Traditional France was also disdainful of merchants, a prejudice still strong in Voltaire's time as the second quotation at the opening of this article suggests. China and Japan relegated merchants to the lowest rung of the social hierarchy. Pre-modern India restricted commercial activity to certain castes of lowly esteem, a fate which also applied to traders in the Ottoman Empire. "Nearly all agrarian societies have been suspicious of commercial activity in one stage or another of their histories," concludes Joseph P. L. Jiang of the University of Singapore in a seminal article on the pariah status of entrepreneurs. As a consequence, the role of the merchant, Jiang argues, has mostly been confined to social outcasts, the lowest rungs of the social hierarchy or foreigners.

Historically the rise of capitalism was driven by pariah groups - religious minorities such as the Huguenots in seventeenth century France and the Puritans (and later the Methodists) in England. To some extent, the link between outsiders and economic dynamism has persisted. As a recent collection of profiles of Australian businessmen, The New Network by journalist Ruth Ostrow, reminds us, immigrants have played a crucial role in the economic development of Australia. Ostrow's book describes, albeit cursorily, some remarkable journeys from the depths of poverty and persecution in Europe before and immediately after World War 2 to the heights of affluence today in Australia. Sir Arvi Parbo, son of a peasant farmer and now Chairman of Western Mining Corporation and Alcoa, fled Estonia when the Russians invaded in 1944, narrowly escaping being sent to Siberia with the rest of his family. Sir Peter Abeles, head of TNT, spent much of the War in a cage in a labour camp in Hungary. In 1944 he escaped and helped his family cross the border to Romania on false passports. Isi Leibler, now one of Australia's wealthiest individuals, as a child fled Belgium


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with his parents because the environment had become so hostile to Jews. His grandparents were murdered by the Nazis.

Indications are that the recent wave of Indo-Chinese immigrants, escaping persecution in South-East Asia, promises to continue this association between newcomers and entrepreneurship.

Involvement with trade or commerce, which in many traditional societies was a source of ostracism or relegation to the lowest social rank, in liberal-capitalist societies is a pathway to integration and advancement for the outsider.

The material benefits to a society which fosters commerce rather than despising it are clearly enormous, as the nations of East Asia have now discovered. Why then have so many societies discouraged entrepreneurs?

One reason is that commercial transactions in their purest form are indifferent to race, caste, religion or social origin. Traders, as Jiang notes, were seen as a destabilizing presence in traditional societies. The willingness of merchants to do business with anyone was viewed as a threat to the social hierarchy which depended on the maintenance of social distance between castes.

Commercial relations tend to undermine traditional social barriers. An entrepreneur who discriminates against customers or employees on the basis of religion, social origin or sex runs an inefficient enterprise, which in a competitive market, is not likely to prosper. What matters is whether one has money to buy with or labour to sell: not considerations of race or religion.

The impersonal nature of commercial transactions and relations in a free market economy, which poets and artists were to condemn as alienating, was in fact for many religious and racial minorities, as well as those born into families of low social rank, a liberation from social exclusion, an open door to advancement. Certainly capitalist societies generate their own prejudices and class inequalities, but such barriers, like the flow of money, tend to be fluid.

It was this quality of openness, in relation to religious minorities, which struck Voltaire during his tour of England in the late 1720s when he first observed English merchants together - although not all business circles have been as open as this one:

"Enter the London stock exchange, that more respectable place than many a court; you will see the deputies of all nations gathered there for the service of mankind. There the Jew, the Mohammedan, and the Christian deal together as if they were of the same religion, and apply the name of infidel only to those who go bankrupt; there the Presbyterian trusts the Anabaptist, and the Anglican accepts the Quaker promise. On leaving these peaceful and

free assemblies, some go to the synagogue, others go to drink; one goes to have himself baptized in the name of the Father, through the Son to the Holy Ghost; another has his son's foreskin cut off and Hebrew words mumbled over him which he does not understand; others go to their church to await the inspiration of God with their hats on their heads; and all are content."

As the creation of social pariahs it is perhaps not surprising that capitalist societies tend to have relatively open class systems - that is, systems which allow advancement to the alien or the lowly of birth, provided they possess sufficient ambition and acumen. Contrary to its reputation as a conservative force, capitalism, in this as in many other ways, has been a revolutionary force in the world, as even Marx acknowledged in The Communist Manifesto when he wrote:

"The bourgeoisie cannot exist without constantly revolutionizing the instruments of production, and thereby the relations of production, and with them the whole relations of society...All fixed, fast, frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all newformed ones become antiquated before they can ossify."

The capitalist revolution has indeed been fundamental in the making of modern society. The rise of the commercial middle class has been associated with the rise of democracy (as a necessary, if not sufficient condition) suggesting that the threat of commerce to the maintenance of rigid social barriers sensed by the traditional ruling castes was real enough, and that, in terms of protecting their own interests, they were right to fear and despise it.

The Prejudice Persists

The rise of free enterprise in the West signified a momentous victory over the age-old exclusion of merchants from civil society; but the stigma was too deeply ingrained to disappear entirely. Indeed, among the literati, many of whom adopted the role of aesthetic aristocrats resentful of the social elevation of vulgar traders, it grew more rancorous. Marx was only the most famous to express his disdain for merchants. And interestingly, his aversion to capitalists was closely associated with a hatred of the pariah, specifically Jews. In his essay "On the Jewish Question", the intermeshing of these prejudices comes to the fore:

"What is the secular basis of Judaism? Practical need, self-interest.
What is the secular cult of the Jew? Haggling.
What is his secular God? Money.
Well then! Emancipation from haggling and from
money, i.e. from practical, real Judaism, would be the same as the self-emancipation of our age. An organization of society that abolished the basis upon which haggling exists, i.e. the possibility of haggling, would have made the Jew impossible."

The persecution of Jews by Marxist-inspired societies, such as the Soviet Union, is well-known.

The predominant opinion among artists and writers over the last 150 years - from Flaubert and Dickens to Graham Greene and Patrick White - is that businessmen, while no longer social pariahs are, nevertheless, spiritual pariahs - philistines and crass materialists, unheroic and insensitive to the true moral and aesthetic dimensions of life. Even the conservative T. S. Eliot, who worked in a bank for much of his adult life, believed that the creation of a commercial industrial society had spiritually impoverished people. The German social philosopher, Georg Simmel, described the souls of the urban bourgeoisie as having the pallidness of money.

Arthur Miller's famous play, Death of a Salesman, is not utypical in its attitudes: the life of commerce is portrayed as hollow and futile, the relationships built around it artificial, its values unsustaining. Similarly, in the Australian Peter Carey's novel Bliss (now a movie) when the protagonist, an advertising executive, first sees clearly the commercial and middle-class milieu in which he exists he finds he is living in a nether world of deceit, exploitation and perversion. Carey's own career was in advertising, suggesting that simple ignorance of commerce is not the source of hostility to it. The fact also that many of the literati depend on commercial undertakings - publishing houses - for the dissemination of their books and often also on the taxes collected from the private sector for financial support seems to make no difference. As Daniel Bell, the American sociologist, remarks, disdain for the business class has in some circles simply become commonplace: "Who in the world today, especially in the world of culture, defends the bourgeoisie?"

The Problem of Legitimacy

Peter Berger notes in a recent book, The Capitalist Revolution, that 'Capitalism, as an institutional arrangement, has been singularly devoid of plausible myths, by contrast socialism, its major alternative under modern conditions, has been singularly blessed with myth-generating potency." By 'myth' Berger does not mean "illusion", but rather a set of moral justifications, "...legitimations that command a high degree of commitment and sacrifice on the part of those who believe in them." It is a long-held view that to endure a human community requires a belief in its essential rightness. Many people have fought to the death for socialism, nationalism, anarchism and, for that matter, democracy. Capitalism, for some reason, does not inspire people to take to the barricades in its defence.

One reason for this, suggested by Berger, is that capitalism describes an economic system, whereas socialism is a comprehensive view of human society. The fact is that economics alone does not easily inspire the moral imagination.

Even so, the effect of this economic system on the lives of people would seem to provide bountiful material for myth-making, in Berger's sense. One need only consider the remarkable rags-to-riches stories surveyed in Ruth Ostrow's book. Beethoven composed the 1812 Overture to celebrate Napoleon's conquest of Europe. Capitalism has conquered much further than Europe, more peacefully and more beneficially than Napoleon. An economic system which can transform lives in the way that capitalism has is surely material for myth.

But the creation of myths or moral justifications requires the sympathy of the myth-makers, the creators of ideas and symbols, who, in Western societies are, as I have suggested, by and large disdainful of business. In their world the stigma against commerce persists.

Does this matter? After all businessmen can be just as hostile to artists and writers. Capitalism, moreover, shows no real signs of collapsing despite the absence of any stamp of approval from the intellectuals. And the wealthy continue to impress and attract people. Yet in subtle ways the anti-myths are carried into politics, education and even into the business world itself.

Consider, for example, the unequal social esteem accorded to business compared with the professions. This attitude is not new or confined to the Anglo-Saxon countries. The French writer Stendhal made the unfavourable comparison in the 19th century, arguing that although businessmen had undoubtedly made France a stronger country and were on the whole "good, honest men", they were not "admirable" men - like lawyers, doctors or architects. One common social pattern which has emerged as a result is that in order to advance their family's respectability and status many successful entrepreneurs feel that they must push their sons and daughters into professional careers, especially law and medicine. Schools tend to follow the same pattern, siphoning off the talented students for the professions rather than commerce. Certainly lawyers and doctors are valuable to the society, and so should command respect, but it is by no means self-evident that they are more valuable than successful entrepreneurs. Indeed, the economic health of the country, on which we all depend, is crucially dependent on the willingness of talented individuals to establish viable businesses. But the risks of doing so are not small (about 50 per cent of
THE STIGMA AGAINST COMMERCE

small businesses fail) and the rewards are unpredictable. If society wants people to undertake the risks of entrepreneurship, it must honour that undertaking accordingly, including in its schools.

A second point to consider is that the extent to which governments decide to regulate business often has less to do with rational considerations than with how morally legitimate business or industry is judged to be. Morally legitimate does not mean profitable; indeed, it is often considered the opposite of profitable. The increased government intervention on behalf of the public interest, including in its schools.

Businessmen have found it difficult to respond to attacks on the moral legitimacy of their enterprises. Indeed some have had their confidence so undermined as to accept implicitly the criticisms and, in Voltaire's words, "been fool enough to blush at (their) condition." Others have argued that their critics fail to understand that economic forces and enlightened self-interest, not moral ideals drive the market. But this is precisely their critics' point: the market is amoral, the home of spiritual pariahs. To deny the place of morality - honesty, goodwill, a sense of fairness and responsibility - in good commercial relations, ironically provides justification for increased government intervention on behalf of the public interest.

Adam Smith believed that the free enterprise system was the natural order of man; the implication being, as Berger notes, that it does not require moral legitimation, any more than the law of gravity would require moral legitimation. But when one observes how few societies throughout history have readily accepted entrepreneurs, and the suspicion of commerce that persists today, including in the churches, this argument loses its force. "Natural" or not, free economies, like democracies, may turn out to be relatively brief interludes in the history of man, unless their defenders can capture the high moral ground from their opponents.

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Perennial Excellence or Shallow Relevance?
Reading of Novels in English Classrooms
Peter Hunt

In their article "Betraying the Young" (IPA Review, Autumn 1986) Leonie Kramer and Susan Moore argued that too often popular books of inferior quality are chosen for English classrooms when plenty of other novels with some degree of literary excellence suitable for adolescents are available. Peter Hunt briefly outlines some of the background to the culturally impoverished condition which Kramer and Moore describe and highlights some classic, enriching novels suited to junior high school classes.

Back in the 'sixties David Holbrook (English teacher, poet and writer of books on English) visited Victoria and afterwards wrote English in Australia Now. That book was critical of the drabness of many Australian schools and of the unimaginative approaches of many English teachers.

Holbrook had been one of the hero-figures of Australian trend-setters in English teaching during the late 'fifties and 'sixties. He had written eloquently about "creative writing" and about the need for close, informed attention to the students usually regarded as failures, in books such as English for Maturity and English for the Rejected. But, unlike many of his would-be followers, Holbrook always stressed the central role of good literature. In his considered view, excellent ballads, lyrics, stories and novels should be the centre of English courses and interwoven with the imaginative writing of all students.

Then, in the mid-to-late 'sixties came the influence of the Dartmouth Conference on English in the United States, expressed mainly in John Dixon's book, Growth Through English. John Dixon's book accentuated the trend, reflected at Dartmouth, towards relegation of literature to a secondary place in the curriculum. It made a facile equation between "children's writing" and established works in supposedly language-oriented approaches. Making an unrealistic, too-rigid distinction between three models of English teaching, the "skills" model, the "literary heritage" model, and the "growth" model which he advocated, Dixon insisted on extending the term "literature" to include magazines and the mass media generally. In doing so, he also categorized reading of literature as a "spectator" role. He missed what one would expect an experienced, imaginative teacher to know, that genuine response to literature (especially to masterpieces) is a kind of participation, and, unlike much TV watching, not passive.

Since the late 'sixties the "growth" model (which has some good points) has dominated English theory and practice in high schools, often unconsciously, and through syllabus prescriptions. It is not that the syllabuses omit good literature so much as that they obscure the enrichment that comes from reading, and the qualities which make an enduring novel or play. When all sources and examples of verbal expression are treated as equivalent, and literature is regarded as merely something requiring "spectators", the truth that students grow in both vision and language through the experience of excellent books is blurred or lost.

It is common knowledge that too many "creative writing" courses are impoverished by lack of richer reading. Holbrook never intended that the release of students' creative powers should proceed in such a partial vacuum. Nor did he envision courses which are based on a "relevance" drawn from what students are supposed to want. Today he does not share with some teachers of junior-high students the weakly-conformist notion that because of technological change and the onrush of "future shock", a world in which traditional values tend to be regarded as defunct, teachers cannot expect to interest their students in literary works coming down from the past. Yet at the same time as this attitude prevails, the...
well-known classic novels not merely endure as best-sellers - classics differ from ephemeral successes in this respect by selling over a long period - they are brought to the front of the public mind by movie-makers and TV productions again and again. What teachers ignore, the public at large often enjoys.

Consider the genre (so popular today) of fantasy. C. S. Lewis' the Narnia Series (seven books in a boxed set) still sells millions. It combines fairly simple vocabulary with depth of vision and has narrative power, as evidenced in the multitudes of children who read the whole series. It is usually read at about 10-12 years of age (though admirable for reading aloud to younger children), but is well-suited to those students who come into Year 7 with poor literacy or little reading experience. But I know schools where it was not on the shelves, and one instance where it was simply left (after a year in which its value was proved in getting students to read) to gather dust.

*Wind in the Willows* still comes out in many editions. It was recently produced in a marvellous puppet-version by the BBC, and was the theme of a stage-production in Sydney. Not only is it read worldwide, it is seriously discussed as literature, as, for instance by W. W. Robson, the eminent Cambridge critic, in his 1982 book, *The Definition of Literature*. It needs to be read aloud to classes in Years 7 and/or 8, and it would be hard to find a book more likely to enrich the language resources of its readers at this level. One hopeful sign is that a few years ago, when I returned from a long sojourn of teaching and study in Canada, I tried to order class-sets of this enchanting work and found that booksellers had sold out, not only to individual customers, but to schools. Some schools appreciate its value.

Novels such as Tolkien’s *The Hobbit*, and the long sequel, *Lord of the Rings*, are devoured by the young, and have also been the subject of films. When I proposed to teachers that some of them take *Lord of the Rings* with a Year 9 class following on success with *The Hobbit* in Year 8, most baulked at it because of its length. But one teacher who did take it found that most students could not put it down. Other books like these, such as *The Wizard of Earthsea* or *Charlotte's Web* are pretty well standard reading in at least a third of the classrooms in Year 7. The hunger for fantasy, or magic, or heroism in a vivid epic, appears to be as strong today as it was in most ages. If those who talk most about language growth really want their students to become more able to express their own experience, they will recognize the "royal road" in the huge volume of reading the young will embark upon when compelling narratives are placed before them or introduced to them by teachers who know how to "prime the pump" through alternating periods of oral and silent reading. It is impossible for someone to read a thousand pages (as in *The Lord of the Rings*) of excellent (some would say, classic) writing without being enriched. Most words and sentence forms are absorbed through experience, not merely through exercises. Thus, to offer *The Outsider* or *Pigman*, which are much-favoured choices for Year 8, instead of these greater, recent books in the classic tradition is to substitute the lowest-common denominator for works of art which are also popular, books which use language in a web of meaning requiring all the variety and nuances of tone we associate with literature.

Readers will recognize many other books which prove their attraction today through numbers sold and contemporary interest by the media: *Watership Down* another example of a recent bestseller of literary value; *Treasure Island* and *Kidnapped*, by that crystal master of narrative, the romantic realist Robert Louis Stevenson, recently brought to life in the TV series, "Tusitala"; Ballantyne's adventure novel for boys, *The Coral Island*, a still-fresh engaging narrative which transcends its "dated" milieu of British Empire in its often quite profound reflections on the treatment of native peoples by those who exploit - also the subject of a TV drama. It should be noted that this novel suggested to Golding his somewhat contrived, but significant *Lord of the Flies*. For the *Term of his Natural Life* (which, once past the first turgid chapter, offers superb descriptive and narrative vigour) is well-suited to Year 10, a memorable Australian novel made into a TV serial.
One could go on. There are many others, established classics which enterprising teachers who read aloud well and can "break the ice" (or the "sound-barrier") with their students in junior high school classes, find to be sources of inspiration, instruction and growth of imagination: The Snow Goose (Year 7), The Call of the Wild, Who Has Seen the Wind, a Canadian novel set on the prairies (Year 8), The Old Man and the Sea, The Red Badge of Courage (with its reflections on war), The Thirty-Nine Steps (Years 8, 9 or 10). The last-named novel has a touch of Stevenson and Marryat, and appeals to both a sense of adventure and practical, detective-type reasoning, as in Sherlock Holmes stories. And it has an ease and informality which makes it seem very modern. That it is still an acid-test for mystery thrillers is shown in the publisher's blurb for Jeffery Archer's latest book, A Matter of Honour, which claims it is the best suspense novel since The Thirty-Nine Steps. Of course Archer's work, despite its narrative appeal, does not have the lasting qualities of John Buchan's. Here is a short book which always works as a first novel in Years 9 and 10. Yet despite its fresh drama of a battle of wits, and literary allusions along the way, it is another example of neglect in too many schools. As a recent Spectator article points out, there has been a strong revival of Buchan in Britain, but, to Buchan's own surprise (as a classically-educated scholar), his adventure stories were much more appreciated than his histories and biographies. Today, they sell millions.

Why is it that with so many perennial masterpieces, major and minor, only some schools are willing these days to supply and teach them? Why do so many not make such books central to their English curriculum? The answers are various, and pressures against them come not only from the ideas of a Dixon and the fatal flaw in his theory, but from some modernist academics. That implies debate of a much more complicated kind and one between those who think that some books are perennially relevant, and those who reject all permanent criteria for such judgments. Behind the ill-read, or weak teachers who expect little and evoke less, are relativists who deny any heritage at all, and especially militant among them are those who plead for egalitarianism and modernity as against what they call elitism and old-fashioned or out-moded English gentility. But who are the true democrats and true elitists? Those who know the heritage and have the ability to bridge the gap between past and present, to open up students' minds to realms lost sight of in today's often frustrated and shallow world of urban alienation, seem to be opening windows rather than closing them. Narrow "relevance" means concern with ill-health rather than with health, with the disease rather than the cure. Good English teachers want everybody to share in the "shock" of discovery which good literature always provides. And they know that novels, such as those I have listed, prepare the way for the great fiction of Austen, Dickens, The Brontes, Hardy, Conrad or Orwell which students encounter in the senior classes.

Dame Leonie Kramer to Join IPA

The IPA has pleasure in announcing that Dame Leonie Kramer will join it as a Senior Fellow in 1988. Dame Leonie is currently the Professor of Australian Literature at the University of Sydney. For some years she has been a strong critic of the failure of the Australian education system to uphold sound academic and cultural standards. She will assist the IPA in establishing an Education Policy Unit which will help provide a voice of reason, moderation and practical reform in the education debate.
DEFENDING AUSTRALIA

Harry Gelber

Arms Control

At the beginning of November, the US and Soviet leaders agreed to meet in Washington on 7 December. They expected to cover a range of issues including human rights matters and regional conflicts. But their central concern is to be arms control: they intend to sign a treaty on the elimination from both their arsenals of nuclear-tipped ballistic missiles with ranges of between 500 and 5,000 kilometres. Some details, especially on verification, remain to be worked out and it is conceivable that differences on these, or within the Moscow leadership, could even yet abort the agreement. But it seems virtually certain that before Christmas we shall see the first superpower arms control deal for eight years, since the signature of the SALT II Treaty, and the first ever to provide for significant mutual reductions in numbers of deployed weapons.

The agreement would remove roughly 1,500 Soviet warheads now threatening Western Europe, China and Japan in exchange for the elimination of some 400 American warheads from Western Europe, capable of threatening Eastern Europe and the Soviet Union. It seems to be agreed that the elimination of these weapons would begin immediately the new Treaty is ratified, and the US has suggested completion within three years, since the signature of the SALT II Treaty, and the first ever to provide for significant mutual reductions in numbers of deployed weapons.

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Verification remains a problem. This is difficult since many of the missiles are mobile and it might be hard to prevent covert storage as well as some kinds of preparation. There remain serious US-Soviet differences, for instance as to the character, scope, number and frequency of on-site inspections. (The Soviets, for example, have asked for inspection of facilities anywhere in the world - which would allow them to inspect strategic facilities on the soil of US allies.) How far any of the suggested solutions will be accepted by both sides remains to be seen. It seems agreed that missiles and launchers should be destroyed at agreed sites and under joint supervision. But while the Soviets want destruction of the warheads (including the American warheads for the 72 obsolescent German-owned Pershing I missiles) written into the Treaty, the Americans want to be able to take the nuclear material back to the US for possible re-use.

There have been various suggestions about follow-up agreements, for instance in the field of chemical weapons, or on nuclear testing, or on cutting down conventional forces. At the start of October Mr. Gorbachev also proposed a curbing of military, naval and air activities in Northern and Arctic regions. In addition, there seem to be Soviet proposals on the creation of a 240-kilometre zone on either side of the East-West German border from which all foreign troops should be withdrawn. Just as Mr. Gorbachev's proposal for the elimination of intermediate range nuclear forces was a revival of a 1981 suggestion by President Reagan, this one would revive proposals for the effective neutralization of much of Germany which were first aired back in the 1950s. But much the most important follow-up proposal is one for cutting the long-range strategic nuclear forces of both sides by 50 per cent. This was agreed in principle by Mr. Gorbachev and President Reagan at Reykjavik last year. Mr. Reagan has indicated that he would like to see forward movement on the issue and there have been strong hints from Moscow that Mr. Gorbachev also wants a deal soon. However, the issue remains linked with the attitude of both sides to the development of strategic defences, or "Star Wars", involving differences between the two sides as to how long they should agree to maintain the 1972 Antiballistic missile (ABM) Treaty and what kinds of research and testing should be permitted in the meantime.

Which, if any, of these arrangements will prove to be achievable before Mr. Reagan leaves office is not now

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clear. And final judgment on the proposed medium-range missile Treaty must obviously wait until a detailed text has been agreed and the small print can be looked at. Allied Governments, including the Australian one, have officially welcomed it. But a host of other people from the Secretary General of NATO, Lord Carrington, to various unofficial but influential observers have criticized it. They include influential members of the US Congress. At least some of these criticisms are clearly based on "background briefings" from senior official sources. Their chief burden is that the proposed Treaty will not be adequately verifiable and that its net result will be to weaken the West against the Soviet Union. The Democratic Majority leader in the Senate, Senator Robert Byrd, has already made it clear that he expects that there will be hard questions about verification and that the Senate will give the treaty very close scrutiny before it agrees to ratification. And there is a general feeling, on both sides of the Atlantic, that the removal of American weapons, and especially of those weapons able to strike at metropolitan Russia from the soil of Western Europe, will weaken Western deterrence of the Soviet Union, tend to "de-couple" American from European strategic interests, and expose Western Europe to the threat of greatly superior Soviet conventional forces. The result would be to force Europe to choose between unpopular and possibly destabilizing increases in defence expenditure, or a political conciliation of Moscow. At the same time it would encourage America towards isolationism.

It is true that Warsaw Pact forces enjoy a significant advantage in logistics, doctrinal unity and numbers and commonality of weapons over NATO. The Warsaw Pact has a 2:1 advantage in main battle tanks, for instance, of over 3:1 in non-nuclear or dual purpose surface-to-surface missiles, 3:1 in armed helicopters and over 20:1 in interceptor aircraft. But there are other factors, including geography, levels of training and technology so that, all in all, any attack would be fraught with risk, even if the threat of nuclear weapons escalation did not exist. But it does, and will continue to do so. Nothing now proposed will eliminate tactical nuclear weapons, or the French and British nuclear forces in Europe, or American sea and airborne systems, including cruise missiles. Nor will it prevent the deployment of cruise missiles on board the surface ships of NATO navies. Still less will it negate the threat posed by strategic nuclear forces in the US. Whatever else may be proposed, it is not the denuclearization of Europe or of the alliance. For that matter, as long as the 300,000 American troops remain as part of NATO forces in Europe, it is inconceivable that they would be denied the appropriate nuclear cover. And though there may be real questions about how long the US will be willing to keep the entire 300,000 there, the likelihood that they will stay would be diminished rather than enhanced by any obvious European obduracy about accepting a nuclear arms agreement for which so many Europeans had clamoured for so long, and which struck the US Congress as acceptable.

New Defence Technologies

There are further technical considerations. All judgments of force relativities are critically affected by the appearance of new technologies. At conventional levels there are now precision-guided weapons, "stealth" aircraft and the use of lasers for both target identification and battlefield destruction. In the nuclear field there are at least two groups of considerations. One is that the totals of warheads and missiles currently deployed on both...
sides are so great that even if a 50 per cent reduction in the strategic nuclear forces of both sides were negotiated, that would not only not diminish the dangers of nuclear war, but could increase them. Nor would it lessen the difficulties of trying to control such a cataclysm, nor even finally eliminate the danger that one side might some day attempt a first disarming strike against the other. The other consideration is that new technology may in any case be changing the role and significance of many of the presently deployed sorts of nuclear weapons. The Strategic Defense Initiative, for example, may herald the obsolescence of many kinds of long-range missile using ballistic trajectories. (That has special relevance for the massive Soviet investment in heavy land-based ballistic missiles.) The ability of both sides to deploy space-based mechanisms for surveillance, intelligence, communications, but also for the fairly precise targeting of objects in space, in the air and on the ground, has grown and will grow further. In a period when such post-nuclear technologies are being rapidly developed it is not clear that either side will need to rely principally upon large-yield warheads and their delivery by ballistic missile; the more so given the horrendous consequences likely to flow from using them. Such considerations doubtless make arms reduction agreements, of the kind now under consideration, easier to achieve.

What Gorbachev Has to Gain

Moreover, it is increasingly clear that the nature of the Soviet threat has changed and that old answers to the old problems may no longer suffice. After years - even decades - of crude Soviet threats and expansionism in fairly traditional forms, as well as emphasis on quantitative military superiority, the West suddenly finds itself confronted by the most brilliant, stylish and effective foreign and strategic policies of any Soviet or Russian leadership since well before the 1917 revolution. These policies represent a highly intelligent and sophisticated combination of ways to remedy the Soviet Union's massive internal and especially economic difficulties with a shift of emphasis externally from direct military threats to a search for political influence. Naturally Mr. Gorbachev would be no less pleased than any of his predecessors to obtain military advantages over the West with all the consequences that would have for the "correlation of forces". But he is trying to do that, in part, by using carefully designed arms reduction processes rather than an arms build-up 1970s style.

One of the central considerations in all his domestic and external planning is the Soviet Union's economic sclerosis. The military machine has for many years soaked up around 15 per cent of GDP and even greater percentages of the best scientists and engineers. His attempts at domestic reform are bound to arouse resistance in the bureaucracy and the Party, among the very people on whose consent the success of those reforms itself depends. He faces high risks either way. If he persists with his reform efforts dissatisfaction may grow, reinforced by various continuing or even increasing shortages. If he does not, the Soviet position vis à vis the rest of the world will gradually deteriorate. In the meantime, his inheritance includes foreign commitments in Cuba, Central America, Africa, Vietnam and Afghanistan which are not merely economically but diplomatically expensive. And the military forces created with such investment effort have only marginal utility, as in the case of excessive long-range and intermediate nuclear forces.

The West suddenly finds itself confronted by the most brilliant, stylish and effective foreign and strategic policies of any Soviet or Russian leadership since well before the 1917 revolution.

They serve to create counter-productive fears and resistance abroad. Many of their elements are threatened with obsolescence. And the resources needed to support them are so massive as to hamper the search for military-technological modernization which, as the Soviet Chief of Staff Marshal Akhromeyev and more especially his predecessor, Marshal Ogarkov, have pointed out, is increasingly essential if the Soviet Union's overall strategic position is to be maintained. From Mr. Gorbachev's point of view, carefully crafted force reductions could achieve a number of objectives. Conventional force reductions are in reality the only ones likely, in the shorter term, to yield the kind of resource savings he needs to rescue his economy. They could permit more effort to be put into force upgrading instead of mere force maintenance. At the same time the whole process could even result in improvements in the Soviet Union's relative strategic position as against the West.

Soviet negotiating tactics have for many years carefully catered to the Western public's anxieties. Moscow has encouraged the simple belief that if Russia has such economic and technical problems, how can it be taken seriously as a threat? Or that, if there is a Soviet threat, it is a defensive reaction against the US and if American nuclear weapons went away, the threat would go. Or the belief that arms control - any arms control - is likely to mean safety. Yet the conclusion of the foreshadowed intermediate and short-range missile agreement will give
greater relative importance to Soviet advantages in conventional and chemical forces. In the meantime, the Soviets have conducted negotiations so as to play effectively upon intra-NATO political differences. Washington was put into the position of either rejecting an attractive-looking arms reduction package, or else pressuring the Germans to give up the Pershing Is, thus contradicting the long-standing US attitude that it was not for Washington to negotiate about allied nuclear forces. Bonn was put into the position of either accepting the elimination of its own missiles, with significant implications for West German defence plans, or else being the sole major Western road-block on the way to the world's first nuclear arms reduction agreement. Predictably, the West Germans have officially abandoned their Pershings and welcomed the prospect of agreement. That will not prevent German officials or senior people in the governing parties from worrying about a "de-coupling" of US strategic interests from Europe, or some Germans from finding thoughts about reinsurance with the East increasingly attractive, or the Germans, the British and the French thinking hard about the involvement of their own forces in any future US-Soviet arms deals.

The matter goes further. Mr. Gorbachev's suggestions about curbing military activity in Northern waters could seriously weaken NATO's ability to mount the offshore nuclear protection, including deterrence not only through submarine-launched ballistic missiles but by way of cruise missiles mounted on surface vessels, on which the alliance might rely to compensate for the removal of intermediate-range land-based weapons. If his proposals were rejected, on the other hand, that might increase friction between Washington and NATO's Northern European members. More broadly, Mr. Gorbachev can reasonably expect that the reaction of the general Western public and media to his various proposals, and to a missile reduction agreement, will be a sigh of relief that tensions between East and West have been reduced and the dangers of war diminished. In that situation various internal tensions within NATO can be expected to become more important. A public perception that peace is more secure seems bound to translate into greater reluctance to increase, or even maintain, military spending. That will further diminish the chances of that conventional upgrading of European forces which professional opinion regards as an essential counterpart to the impending INF elimination agreement. This may, in turn, increase American impatience with "inadequate" European contributions to the common defence and therefore also increase pressures in Washington to remove or at least reduce US troops in Europe. Furthermore, the public "sigh of relief" is sure to mean increased public and political acceptance of greater economic and technical exchanges with the Soviet Union, on terms which Mr. Gorbachev finds congenial and which he may badly need to achieve those basic economic reforms on which enhanced Soviet power, including external and strategic power, must ultimately be based. As the Leninists once explained, one can rely on the capitalists to provide the rope that will be used to hang them. If, as is widely predicted, the West runs into economic recession in the next few years, the pressures for profitable trade with Moscow will greatly increase.

**Benefits to the West**

However, none of that necessarily means that the West should reject the preferred agreement. The arms build-up programs which President Reagan brought with him to the White House have probably been carried as far, for the time being, as they are likely to go. The next administration is very likely to put less emphasis on defence, most especially if the continuing US external and budgetary deficits, and any impending Western recession, strengthen the forces of isolationism and protectionism. Now would be a good time for an agreement that satisfied the US polity and made it easier to maintain essential rather than peripheral alliance interests. Those interests include the maintenance of a strong US Presidency, and Congressional willingness to fund strategic modernization rather than numerical build-ups. President Reagan, having been politically wounded by the Iran-Contra affair, needs to regain freedom of action and manoeuvre and arms control may help him to do so. As for modernization, every President since Eisenhower has had to come to terms with the political fact that his ability to carry through effective arms programs and, for that matter, to maintain allied unity, depended in large part on real and visible attempts to achieve progress on the arms control which much of the Western public has grown to equate with security and the avoidance of war.

So far as NATO is concerned, Washington remembers that when American intermediate-range nuclear missiles were originally introduced into Western Europe in 1983/84, most Western European Governments were content to let their publics regard the issue as a US push for deployment, even though it had been the Europeans who asked for it in the first place. While most allied Governments in the end supported deployment, even at some political cost to themselves, there was fierce public resistance. It can easily be imagined what would now be the public response if the US President rejected an apparently useful agreement on the removal of weapons, along lines which Mr. Reagan himself suggested in 1981. The political damage to the alliance could be enormous.
Nor does the idea of a serious de-coupling of US strategic interests from those of Europe survive examination: it is in the highest degree unlikely that either great power could expect, at least for so long as substantial US forces remain stationed in Europe, to start a major war and reasonably suppose that it would remain confined to European soil.

Then, too, the foreshadowed Treaty would give the West a 3:1 advantage in warheads removed. Given the multiple capabilities of some of the Soviet weapons involved, that would free Western Europe not just from some nuclear dangers but also from some threats of chemical and biological warfare. In general, reductions in numbers of missiles - and especially if the proposed agreement were followed by a 50 per cent reduction in strategic weapons - would emphasize the importance of technological advantages for either side. And this is an area in which the US has, or could attain a lead. Reducing land-based missiles, including mobile ones, is to the West's advantage since it concentrates on an area where the West is inferior, while the alternatives are deployment at sea or increased emphasis on manned aircraft and cruise missiles which can be given a "stealth" capability. And agreed adjustments in US deployments in Europe, perhaps including some reductions in US conventional forces there, may be a condition for maintaining US strength and flexibility in areas like the Gulf or Central America or the Far East, where any weakening of America's position would seriously harm the general interests of the Western alliance.

Moreover, Congressional willingness to fund defence-related R & D, including work on SDI, is likely to depend in part on evidence that arms control is being sought in good faith, that arms modernization can make a real contribution to stability, and especially on evidence that any additional funding of R & D will not simply increase the total defence budget. While Mr. Gorbachev and his advisers can reasonably hope that the foreshadowed arms control agreements will encourage greater scepticism in Washington about the wisdom of any general arms build-up, and may even lead to some stretching out of SDI funding, it is entirely possible that successful arms control negotiations might lead to enhanced Congressional willingness to fund the R & D required for defence modernization, albeit possibly within a restrained total defence appropriation. The impact of the proposed agreement on US defence modernization, including but not confined to the SDI program, is therefore likely to be a key consideration.

Australia's Interests

What of Australia's position in these matters? No doubt any Australian Government is likely to welcome a sensible nuclear arms reduction agreement, especially one to which the bulk of NATO as well as the US Congress subscribed. No doubt, too, the removal of the SS20 threat to NATO, to Japan and to China, has benefits for Australia also, as does the removal of any possible fears that at some point in the future SS20s might come to be deployed at Cam Ranh Bay. Any follow-up strategic weapons limitation agreement would also be likely to have welcome repercussions in the Pacific region. At the same time, Australia should discourage any suggestions that agreements of this kind are a reason for the West to lower its guard. Indeed, if the agreements were to herald substantial cuts in US defence preparedness, Australia would need to be gravely concerned. Australia should, on the contrary, support greater efforts by the NATO powers at conventional and post-nuclear force levels and fuller co-operation by the NATO partners outside the immediate European theatre. Australia should also support the development and some testing of SDI technologies, but use her influence against premature deployment. And, more generally, Australia would be wise to remember that if Mr. Gorbachev's reforms succeed and if, in ten years' time, there has been a marked strengthening of the Soviet economy, and of the Soviet technical base, it is much less likely that such a Soviet Union will be a stable and status quo power than that it will become a more effective and powerful competitor with the West in the endless search for political and strategic advantage.

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By Bob Browning

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Santamaria’s Australia: Australia’s Santamaria

Australia at the Crossroads, Reflections of an Outsider
by B. A. Santamaria
Melbourne University Press, 1987

Reviewed by John Carroll

Democracies have the failing of not valuing great individuals. People of rare and formidable character do not receive their due recognition, much to the cost of the society. So warned the two men who were arguably the most perceptive French and German social observers of the 19th century, Tocqueville and Nietzsche.

I should perhaps open my account here with an apology. What is ostensibly a book review will break the conventions of the genre. Through reading a book of essays, Australia at the Crossroads, I wish to focus rather on the man who wrote them. These essays tell us far more about him than does his own autobiography, published in 1981 under the title, Against the Tide. That man is, of course, Mr. B. A. Santamaria. Given the sectarian passions, with both political and religious strains, that his name has aroused in Australia for four decades I should at the outset declare my own past ties, or lack of them. In spite of carrying an Irish surname, I have negligible Irish blood, and grew up in an anti-Catholic, atheist, socialist-inclined family which held to a mild version of the "Santamaria as a sinister Machiavellian operator" school of belief.

As far as my own familiarity with Australian thought and letters allows me to judge, Mr. Santamaria is the only intellectual of near the first rank, outside of the natural sciences, that this country has produced. What is the basis for such an extraordinary claim? Mr. Santamaria has not given birth to an original theory that has or will influence the course of Western thought. There is no book to his name of particular distinction, apart from the collection of essays under review, which in the strict sense is a collection of essays rather than a book - it was not written as a whole, working a set of arguments from beginning to end.

There are three virtues that give Mr. Santamaria’s essays their peculiar quality. The first is judgment. The accuracy, range and consistency of his judgment has no equal in Australia, and one would have to look far to find it bettered in the Western world. There is the range, with subjects of interest including international relations, strategy and defence; economics, finance, the unions and party politics; religion, both at the general level of the decline of Christianity in the West, and at the particular level of the parlous condition of Australian Catholicism; morals, with special reference to changes in the family, the law, and the science of fertility and reproduction. These are the key subjects of our time, and a part of Mr. Santamaria’s judgment is that he has an uncanny sense of what is important.

Another part of his judgment is its consistency. His view of the world is pretty much what it was as a young man. It centres on the belief that religion is the indispensable basis of social obligation; that the main social institution is the stable family, which in turn depends on monogamous marriage and the woman at home - here is the only human counter to the economically ruinous Welfare State; that with reference to work and organization the law, economic forces and social convention shall at all costs protect the small and medium unit in production, distribution, exchange, in the size of government, business and administration.

The main impact, however, of Mr. Santamaria’s judgment is that it has proved almost always to be right. This is as true at the level of general principle as it is at

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the level of detail. Let me mention a few instances. He was right in the 1940s that the rapid take-over of trade unions by the Communist Party, which was well advanced, was the greatest threat to Australian democracy. He was right in the 1960s to see the future implications for Australia’s strategic vulnerability were the Americans to lose the war in Vietnam. He was right in the 1970s to see radical changes in the universities preparing the ground for a massive assault on the traditional values on which Western societies have been predicated. He is right in the 1980s to see medical research on human embryos as having let a monstrous genie out of a bottle that will be near impossible to check. He is also right in the 1980s to spell out the social damage that has been done by the new view of the law, pioneered by Mr. Justice Lionel Murphy, as a weapon to reform the social conscience of the community, in contrast to its traditional role of reflecting that conscience.

The second virtue of Mr. Santamaria’s intellectual work is the style of argument. There is a rigour and clarity about first principles, and as in good mathematics each particular problem is worked back to those principles, the constituent elements of the problem having been separated. A deductive analysis is then applied. There is through this a masterly command of both structure and detail. The overall effect is of the systematic analytical force of Euclidean geometry being brought to bear on social and moral issues.

The third virtue is one of tone. Mr. Santamaria’s essays are never carping or strident. The author is a moralist, but one who does not sink to self-righteous indignation. The moralism is cool and sober; there is a balance of the dispassionate observer and the concerned citizen. The moral conscience that houses the concentrated intellect is never allowed to cry out.

The topics covered in Australia at the Crossroads are ones regularly covered in columns in the newspapers and in articles in journals such as Quadrant. They are familiar. In my own case they are topics that I have thought about, on and off, quite a lot. Yet Mr. Santamaria’s essays unfailingly break through the familiarity, the sense that one knows it all and can skim through the stock arguments. They force one to rethink, to reassess, they force one back on one’s assumptions, back on one’s calculations. Moreover, these essays mount a persuasive case for the seriousness of a crisis facing Australia at present, on the economic, cultural and moral fronts. They address the separate dimensions of such a crisis with an authority that makes them essential reading for anyone concerned about the future of our country.

Australia at the Crossroads is subtitled ‘Reflections of an Outsider’. I find this injudicious. A man who has stood in the Outer virtually every Saturday afternoon since the mid-1920s to watch his beloved Carlton Football Club can hardly be taken seriously as an "outsider". I don’t even mention the fact of his singular role in the 20th century of influencing the face of Australian politics. The Santamaria justification of the subtitle is part in agreement with reviewers who have claimed that his mode of thought belongs to no Australian tradition, and in part because he regards himself as having been 'rough on Australia'. If he had been a citizen of any other Western country through this epoch he would have written very similar things - so much for his second defence. On the first point, it is true that there is a remorseless analytical quality to his essays, a deductive precision, that might be likened to the French cartesian style. However, his work lacks the abstraction, the somewhat sterile formalism of that tradition. Alternatively, there is in the consistent return to first principles, the structured rigour deriving from essentials, something that might be linked to the Jesuit tradition. Perhaps. Whatever, these virtues are extremely rare in any intellectual tradition.

The one way in which Mr. Santamaria strikes me as an outsider involves his conservatism. It is not in the best Anglo-Saxon mould. Let us compare him with the finest example, Edmund Burke. Burke’s work, whether in books, the letters or the political speeches, does not have this sort of analytical clarity and distinctness. It is not typified by cool reason operating within a formalized moral and religious framework. It does not have these strengths, but it does have other ones. There is a warmth to its feeling for England, for Englishmen and for their customs and prejudices, deeply and firmly rooted in ancient tradition. Burke at his best is a patriot by example, writing with a devoted and cherishing celebration of his people, their institutions and their past (although in his Irish background he was almost as much a genealogical outsider to England as the Italian Santamaria is to Australia). It is significant that the weakest essay in Australia at the Crossroads is the first, the one about the thing perhaps closest to Mr. Santamaria’s heart (not his head or his spirit), Australian Rules Football. An Anglo-Saxon conservative would have written more movingly about his sense of loss, less from the citadel of reason, with more dirt on his hands and sentiment in his heart. Menzies, for instance, in his memoirs, evokes a more touching attachment to his own beloved sport, cricket, and its practitioners. And he was invited time and again to make the toasts and the speeches at the dinners of the cricketing greats. Nevertheless, there is more, ultimately speaking, to connect than to contrast here, in the fact that the two great political figures were both lovers of sport - in the soundness that such attachment indicates.

Dispassionate reason, on the one hand. On the
other, Mr. Santamaria has been a notably unacademic intellectual. He has put his theory into practice. Through the Movement that he created he has effected major changes for the better in the working life of Australia. In this he has been the insider of insiders. Moreover his extraordinary success indicates a capacity for organization and a political judgment that would be the envy of the most practical men of the world. His main achievement was, of course, a series of victories over the Communist Party in the 1940s and 1950s in its move to take over the union movement. He claims two other successes. The first was to use DLP pressure to make Liberal Party governments take defence more seriously than they would have otherwise. I am not competent to assess this claim: it is a minor achievement compared with the influence over the trade unions. The second claim was to have played a key role in getting 'State Aid' for independent schools. Considering that the Catholic schools have rapidly secularized themselves since receiving government grants, and now play a sizeable role in subverting the religious values to which Mr. Santamaria himself subscribes, this can hardly be claimed as a success. An indirect effect of the Movement, and later its political wing, the DLP, was to keep Sir Robert Menzies in office for 16 years. I suspect that Australia is a good deal the better for that.

Mr. Santamaria is now 72, if a prodigiously alert and hale 72. He is a great Australian. He has spent most of his life regarded by much of this country's establishment as a dark figure, one to be kept at a distance. This judgment was based on ignorance, was utterly unjust, and it needs to be atoned for. With the exception of Sir Robert Menzies, no one has done as much since World War II to protect that establishment and its interests, and furthermore to contribute to its central obligation of defending the nation's institutions and traditions. It is time he received due recognition for his services to Australia. It is time to show some gratitude.

Why Welfare Fails

Losing Ground:
American Social Policy, 1950-1980

by Charles Murray
Basic Books, New York, 1984

Reviewed by Michael James

Since it appeared three years ago Losing Ground has transformed the welfare debate in America. But its impact does not stem from its documentation of the failure of the "Great Society" welfare programs which President Johnson guided through Congress in the mid-1960s. No one doubts that most social welfare indicators on employment, wages, education, crime and family cohesion - have either deteriorated or failed to respond as expected to the great increases in social expenditure which started 20 years ago. What is so controversial about this book is the author's explanation of those failures and the policy reforms which that explanation seems to call for. Murray argues that most welfare programs for people of working age and their children actually worsen the social problems they are meant to solve. If the welfare state is ever to do its job, Murray claims, it must be rebuilt virtually from scratch; both the qualifications for welfare and the way welfare is delivered must be radically reformed. Losing Ground is being taken so seriously in America that Murray has so far escaped being branded a "racist" even though so many of the American poor are black.

It hardly needs to be stressed that the progress of this debate is of the utmost relevance to all countries which are committed to helping the disadvantaged sections of their populations, especially at a time when many Western countries are finding it increasingly difficult to finance their public spending. It is especially relevant at the moment to Australia, whose welfare state has recently been the subject of a systematic review by Ms. Bettina Cass, of Sydney University, on behalf of the Department of Social Security.

Murray sets out to explain why poverty and crime, which had been steadily declining through the 1950s, should have begun to increase again in the late 1960s. His explanation assumes two things: first, that people respond to incentives, and will work and study only if the incentives to do so are great enough; and second, that

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people should be held responsible for their own actions. Murray argues that both these assumptions, which most people accept, were rejected by the "elite wisdom" which dominates the outlook of the framers of the Great Society programs. By ignoring incentives, the policy-makers unintentionally created "incentives to fail". Murray systematically traces the pattern of incentives faced by typical welfare recipients and concludes that many recipients are encouraged to become dependent on welfare. As he puts it with blunt simplicity: "Any social transfer increases the net value of being in the condition that prompted the transfer" (page 212).

According to Murray, what has done real damage to the social fabric is the attack on the traditional belief that individuals should be held responsible for the consequences of their own actions.

But this is only part of the explanation, and a minor part at that. (It is also the least controversial part, since the existence of the "poverty trap" and the "unemployment trap" is becoming widely recognized and documented in countries other than America.) According to Murray, what has done real damage to the social fabric is the attack on the traditional belief that individuals should be held responsible for the consequences of their own actions. The message that "the system is to blame" was increasingly heard from the late 1960s, at first in response to early evidence of the failure of the new welfare programs, and then as a blanket justification for continuous increases in welfare spending. As the message reached the poor themselves, it had a number of disastrous effects. One was to erode many recipients' inner resistance to becoming dependent on welfare, and to convince them that they had a "right" to be looked after by white, middle-class America. Another was to deprive those poor who genuinely wanted to work their way out of poverty of the status rewards for doing so; they became virtually invisible to a welfare system which had eliminated the stigma of poverty and convinced itself that it was helping society's "victims". In the "poverty culture", those who try to maintain the habit of regular work and to remain self-reliant are despised as "chumps".

Not surprisingly, Losing Ground has come in for a great deal of criticism. Murray has been accused of ignoring changes in the American welfare system in the 1970s which increased the incentives to work. Much unemployment in the 1970s was caused by economic recession. There is a much lower rate of illegitimate births in Europe than in America, even though Europe has more generous social welfare programs. Clearly, local factors will be at work in each country. In Australia, much youth unemployment can indeed be blamed on a system which provides young people with a largely useless education and then prevents employers from paying them an economic wage. Similarly in the UK, housing markets have become so rigid as a result of state intervention that many unemployed people are unable to move to regions where there are plenty of job vacancies. On the other hand, since American labour and housing markets are among the most flexible in the world, a greater proportion of the unemployment in that country is likely to be the product of the causes which Murray cites.

But Murray has to devote at least as much time distancing himself from his admirers as responding to his critics. Some American "small government" enthusiasts have plundered his book for what they regard as decisive arguments against welfare and for tax cuts. Yet part of the attraction of Losing Ground is its genuine concern at the failure of the Great Society legislation really to help the poor and disadvantaged. Murray actually says rather little about how the American welfare system might be improved. But he believes that a successful system would have to embody two features. First, it would restore status rewards to individuals who tried to become independent; and second, it would be administered at state or local levels. Federal welfare schemes are especially likely to fail, partly because they are remote from the problems they aim to solve, and partly because they offer little scope for experimentation.

Most citizens in modern democracies seem willing to help the disadvantaged through the tax-transfer system. But some welfare recipients, however "needy", will inevitably learn the wrong lessons: that there can be freedom without responsibility, that political lobbying brings more rewards than self-help, and that life was meant to be easy. Quite possibly there is no ultimate solution to this dilemma: there may be no way of delivering welfare so that all its beneficiaries make proper use of it. The virtue of Losing Ground is that it forces us to admit, not only that the dilemma exists, but that helping the disadvantaged requires much more than money and good intentions.
Health Issues Centre Hits Back

In the May-July IPA Review Bob Browning argued that Federal health policy is being unduly influenced by unrepresentative, political interest groups - self-proclaimed as 'community groups'. He named the Health Issues Centre as one such organization. Here Helen Szoke, Co-ordinator of the Health Issues Centre, responds.

The recent edition of IPA Review featured an article entitled 'Health Policy Hijack' by Bob Browning. I write in response to this article, partly to correct some factual errors and also to respond to the issues contained therein. This is the second time the Health Issues Centre has featured in this journal, and the second occasion where the picture has not been painted accurately.

Contrary to the allegations made in Bob Browning's article, HIC was founded in 1984 through resources contributed by four philanthropic trusts. In contributing the funds the trusts acknowledged the need for policy direction in the health field to be developed from a consumer perspective. Traditionally, medical providers and medical scientists have had a monopoly on health policy development, and this has not necessarily led to a health system which is responsive to consumer needs. Nor has it led to a health system which leads to positive health outcomes for all members of the community.

Secondly, Mr. Browning stated that a number of consumer organizations have key positions in each other's organizations. In the case of HIC, our only link with ACA (Australian Consumers' Association), AFCEO (Australian Federation of Consumer Organizations), and ACOSS (Australian Council of Social Service) is that we are all members of the Consumers' Health Forum.

Mr. Browning talks about community organizations which are highly politicized. It is difficult to assess exactly what his concern is in this regard other than the very existence of such community groups. All policy bodies are politicized and their purpose is to influence Government policy from the perspective of the groups they represent. Would Mr. Browning suggest that the AMA (Australian Medical Association) is not politicized, or the Royal College of Physicians or the Centre of Policy Studies at Monash University (which, incidentally, is directly funded through taxpayers' money)?

HIC is also criticized for claiming in its publications that the "...first principle of public health' is that 'we can only be healthy in a healthy world." This is hardly a principle which should be subject to criticism from any quarter. Surely the ideal of anyone involved in the health sector would reflect such a sentiment!

HIC's underlying philosophy is based on a number of major assumptions. The first is that health consumers, the people who utilize health services, have an important perspective to bring to bear on health planning and policy development. It is not the sole perspective, but is one which should not be ignored nor underestimated. Regular users of services can be important indicators of the effectiveness, responsiveness and relevance of services.

In the process of policy development, it is HIC's belief that overseas experience suggests that further privatization will not lead to a less costly system nor a system which leads to better health outcomes. The American health system is the most expensive of all OECD countries, and is the most highly privatized! Evidence indicates that health outcomes are not as effective as in Australia.

A healthy community can only be developed through the confrontation of issues such as distribution of resources in our community. Notions of equity must move beyond addressing questions of access to medical services in isolation from other factors which lead to inequalities in health outcomes.

History has taught us that if we continue to treat the symptoms of ill health without addressing the causes, little will change. For large segments of our community, health outcomes remain poor. Women, low-income earners, people from non-English speaking background and Aborigines all continue to experience higher morbidity levels. The trend will not be averted by these consumers exercising "choice in the market place". They will only be averted through the concerted efforts of Government, health professionals and consumers identifying the factors which lead to ill health, and advocating changes in all aspects of community's operations to address these issues.

And further...

John Pullicino, Research Officer for the Stegley Foundation, Michael Lifman, Executive Officer of the Sidney Myer Fund, and Winsome McCaughhey, Executive Officer of the Lance Reichstein Charitable Foundation, have also written to the IPA in defence of HIC.

The Health Issues Centre was established in 1984 with substantial grants from several philanthropic trusts, including those we represent. In each case, the trustees were satisfied that the proposal had been thoroughly researched, and was positively supported by a wide range of people with an interest in an improved health system. The objectives of the Centre were aligned to those of the various trusts, and HIC's many achievements have vindicated the trusts' commitment to its progress.

We were, therefore, disappointed to say the least to read Bob Browning's article, "Health Policy Hijack" in your recent issue. The thin veil of innuendo and propaganda did little to hide the author's antagonism and prejudice, and quite failed to describe the Centre's activities.

Within a few months of the establishment of HIC, it had a membership of over 180, including self-help groups, community health centres, local government, hospitals and...
other relevant organizations. A news journal, *Health Issues* was created as a major vehicle for promoting community debate and education about the health system. An information clearing house was set up as an education and research resource for those seeking health reform. A detailed and intelligent analysis of the Medicare system was produced.

In its short existence, the Centre has established a clear position in the health policy field as a voice and focus for those who want a more accessible and equitable health system responsive to those who use it and, through their taxes, pay for it.

It is not for us to assert that all the positions advocated by HIC are correct, or supported in detail by its funders. However, we do support the importance of maximizing the range of viewpoints in any area of major and contentious policy, and promoting the active participation of those who are affected by those policies.

We have no hesitation in affirming the positive role played by HIC alongside the other viewpoints and interest groups involved in the debate over health system improvement.

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**Bob Browning Replies**

HIC's letter fails in both its attempts to claim factual errors in my article. But it may have succeeded in obfuscating the main issues.

First, HIC says that I wrongly suggest that a number of consumer organizations have key positions in each other’s organizations. It then claims that HIC's "only link" with the ACA, AFCO, ACF (Australian Conservation Foundation) and ACOSS is through the Consumers’ Health Forum.

Is this naivety or obfuscation at work? From its very first annual report HIC lists the ACA as one of its main member organizations, together with the Women's Electoral Lobby, ABC Staff Union, etc. The ACA is the strongest member of AFCO. Both the ACA and AFCO are leading members of ACOSS. The ACA's Public Affairs Manager was AFCO's Policy Analyst. AFCO’s Director is an ACF Councillor. Need I go on?

HIC's second attempt to lay "factual errors" on me is to claim that, contrary to allegations in my article, HIC was founded in 1984 through philanthropic donations. Where in my article did I allege the contrary? I can find no such allegation.

What I did say, and readers should not be distracted from this point, was that VCOSS, ACOSS' state branch, was instrumental in founding HIC. VCOSS and HIC annual reports clearly state that VCOSS originally staffed and housed HIC. Three of HIC's four original staff were concurrently listed as VCOSS officials. VCOSS' 1984-85 Financial Report actually listed HIC under its Special Project income. The VCOSS-HIC income not only included $112,473 from four trusts, but interestingly another $18,132 "brought forward" from the previous year, plus substantial "sundries", $3,290.

Readers should not be distracted either from the facts that both VCOSS and ACOSS are substantially government (taxpayer) funded, and that HIC itself gets substantial taxpayer funding for its main operation Health CATS (Complaints Advisory Telephone Service). HIC's Health CATS is the organization about which four major medical professional associations jointly complained that it was anti-private profession and had been given "extreme powers" that "not even the Police Force has...to deal with the worst forms of criminal conduct."

HIC's letter next resorts to setting up straw men. It implies rhetorically that I would deny that the AMA is politicized. No I wouldn't. For the last 20 years or so even schools have complained that it was anti-private profession and had been given "extreme powers" that "not even the Police Force has...to deal with the worst forms of criminal conduct."

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What I did say, and readers should not be distracted from this point, was that VCOSS, ACOSS' state branch, was instrumental in founding HIC. VCOSS and HIC annual reports clearly state that VCOSS originally staffed and housed HIC. Three of HIC's four original staff were concurrently listed as VCOSS officials. VCOSS' 1984-85 Financial Report actually listed HIC under its Special Project income. The VCOSS-HIC income not only included $112,473 from four trusts, but interestingly another $18,132 "brought forward" from the previous year, plus substantial "sundries", $3,290.

Readers should not be distracted either from the facts that both VCOSS and ACOSS are substantially government (taxpayer) funded, and that HIC itself gets substantial taxpayer funding for its main operation Health CATS (Complaints Advisory Telephone Service). HIC's Health CATS is the organization about which four major medical professional associations jointly complained that it was anti-private profession and had been given "extreme powers" that "not even the Police Force has...to deal with the worst forms of criminal conduct."

HIC's letter next resorts to setting up straw men. It implies rhetorically that I would deny that the AMA is politicized. No I wouldn't. For the last 20 years or so even schools have complained that it was anti-private profession and had been given "extreme powers" that "not even the Police Force has...to deal with the worst forms of criminal conduct."

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HIC then implies that because I criticized the network which HIC helps operate, I must be against community organizations per se. Rubbish! This sort of gratuitous accusation demonstrates how useful community groups can possibly be as fronts for those who may have a political agenda that they may be trying to hide. Criticize them, and you are immediately accused of attacking some motherhood.

The combined attack on me by officials of three of the four trusts that gave philanthropic money to HIC, is abusive rather than substantial. Could the trust officials' extreme language (i.e. "the thin veil of innuendo and propaganda did little to hide the author’s antagonism and prejudice") indicate embarrassment at public discussion of the ends to which funding is put? After all, the trusts are patronizing a body which, not long before the recent election, produced and widely distributed a glossy 46 page booklet, *Medicare*, for the Defend and Extend Medicare Campaign. DEMC said the book was a response "to the very real threat, made by doctors and their conservative allies." My article listed DEMC's left-wing constituency.

Finally, the trust officials make the point that not all HIC's positions are "supported in detail by its funders." Are they leaving themselves an escape route - on both sides of the fence?
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