Santos bids for Peko Oil

By CINDY LEE

Adelaide-based Santos Ltd is preparing to take a punt on oil and gas off the NSW coast between Newcastle and the Illawarra. It is a big punt, and a costly one, estimated to cost $100 million. The punt is a joint venture with US company Santa Fe Inc and involves drilling a well in the Bass Strait to test for oil and gas. The punt is a significant one for Santos, which plans to drill 100 wells in the area over the next five years. The punt is expected to cost around $70 million, with the company investing $50 million and the joint venture partners investing $20 million.

Santos ‘takes a punt’ off NSW coast

By MICHS BRIDGE

Dr John Armstrong, Santos’ chairperson and managing director, said the punt was necessary to ensure the company’s future. "We are looking at the long term, and we believe this investment will pay off in the future," he said.

Santos makes significant oil advance

By RICHARD ANDERSON

Amliefield Gas Concessions Ltd (Amliefield), a subsidiary of Santos, has discovered a new gas field in the Cooper Basin. The discovery is estimated to contain 2 Tcf of gas, and Santos plans to develop the field over the next five years. The company has already invested $20 million in the project, and plans to spend $50 million more over the next five years.

Santos uncovers large oilfield in Cooper area

By JOHN HURST

Yesterday’s discovery was the second gas find in the Cooper Basin by Santos in as many months. The previous discovery, at the Turraburra No. 1 well, was made in October. Santos is now planning to drill a further 10 wells in the area. The company has already invested $20 million in the project, and plans to spend $50 million more over the next five years.

Optimistic view of North Sea oil and gas reserves

By HANE BROOKMAN

The North Sea, PNG have potential

The PNG government and the PNG Oil Society have entered into a joint venture to explore for oil and gas in PNG. The venture is estimated to cost $20 million, with the government investing $10 million and PNG Oil Society investing $10 million. The government has also agreed to provide technical support.

Major Santos role in Timor search

By DAVID MCINTYRE

Santos makes oil discovery in unexplored area of WA

The oil and gas giant Santos yesterday reported a new oil discovery in a sparsely populated region of the Cooper Basin. James L., an exploration well 180 kilometers north of the Moomba gas plant, flowed clean oil at the rate of 1400 barrels a day through a 12 millimeter choke.

Santos’ Australian interests now range from oil and gas production from the Cooper Basin to offshore oil production from the Timor Sea and Carnavon Basin. Our international interests include production in both the US and UK and we are involved in exploration in four of the seven continents.

"SANTOS-AUSTRALIA’S PREMIER OIL AND GAS COMPANY."
How Mr Hawke Cut Welfare Dependency
Daryl Dixon
But the hardest job is still ahead.

Education Without Honour
Warren Clarnette
The values schools no longer teach.

SEQEB's Industrial Relations Revolution
Des Moore
At SEQEB workers have won freedom of choice.

Are white male heterosexuals acceptable?
Some employers are very selective.

Australia's Greatest Economic Mistakes
Tim Duncan
A reminder of how often governments get it wrong.

Why We Need a Flatter Tax
John Freebairn and Des Moore
All income groups could benefit.

What 17 Year-Olds Know
Susan Moore
George Orwell's 1984 is not about a nuclear holocaust.

Conservatives and Conservation
Colin Howard
For too long conservatives have ignored the conservation debate.

Survey: Columnists Divide on Cultural Questions
Ken Baker
The cultural debate could realign Australian politics.

New Wave Dumps Traditional Geography
Graham Miller
In the new geography pupils learn about the Third World and multinationals.

IPA Review was established in 1947 by Charles Kemp, founding Director of the IPA.
**IPA INDICATORS**

<table>
<thead>
<tr>
<th>Category</th>
<th>Value/Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated value of lost export income as a result of restrictions on mining in the Kakadu region (NT) between 1970 and 1987</td>
<td>$5 billion.</td>
</tr>
<tr>
<td>Two party preferred vote in WA election, February 1989 (after distribution of preferences)</td>
<td>Liberal/National 52.4 per cent. Labor: 47.6 per cent. Number required to change their votes for Liberal/National Coalition to have won (with a one-seat majority): 161.</td>
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<tr>
<td>Value of Australian real estate purchased by foreign investors in financial year 1987/88: $10 billion.</td>
<td></td>
</tr>
<tr>
<td>Income required for a two-income family with two children to achieve the same standard of living as a two income family on $28,750 without children: $41,000.</td>
<td></td>
</tr>
<tr>
<td>Department of Community Services and Health Grant to &quot;Women Against Prisons&quot; (1987/88): $84,367.</td>
<td></td>
</tr>
<tr>
<td>Percentage of policemen retiring due to early stress caused by work: 50.</td>
<td></td>
</tr>
<tr>
<td>Percentage of population relying on government cash benefits as their principal source of income in 1986: 30.</td>
<td></td>
</tr>
<tr>
<td>Percentage of those aged under 25 who believe the apathetic attitude of young people not wanting to work causes unemployment: 40.</td>
<td></td>
</tr>
</tbody>
</table>

**SOURCES:**
A New Vision

THE future of the Hawke Government and its key minister, Mr. Keating, depends on the creation of a new economic policy which can energize and enthuse the nation. We believe the replacement of the Accord by a National Productivity Program is such a policy.

At its sixth anniversary the Hawke Government's economic balance sheet is looking decidedly shaky and many are now questioning the credibility of the Government as an economic manager.

Mr. Hawke and Mr. Keating point, of course, to strong job growth and reduced strikes. But as Des Moore, the former No.2 man at the Commonwealth Treasury and now IPA Senior Fellow, has pointed out*, these developments are not necessarily a product of the Accord. Moreover, the recent achievements of a budget surplus and restrained government expenditures have to be viewed against the perspective of four years of high expenditures and borrowings. These were an important cause of Australia becoming one of the world's largest foreign debtors. Also, our interest rates are close to the highest among the OECD countries, as is the growth of our unit wage costs. Our inflation rate remains above OECD average.

Mr. Keating has rightly been credited with the responsibility for financial deregulation. Even there, however, there is a question about priorities. By deregulating the financial sector first, and by not following through in other sectors, the Government may have helped create a situation excessively oriented towards consumption and conducive to external crises.

But the greatest failure of economic policy has been Australia's poor productivity growth, which is close to the worst among OECD countries. It is on productivity growth that our international competitiveness and living standards depend.

There is no prospect of Australia emerging from its economic crisis unless the Government is prepared to make some radical reforms which would result in rapid improvement in our national productivity. In this regard, the need to create a more competitive labour market must be placed at the top of the national agenda.

We believe the Government can only restore community confidence and obtain recognition as an economic manager if it is prepared to acknowledge the serious problems we are facing and announce a program which tackles the major road blocks which are holding the Australian economy back.

The Accord has failed. What should replace it? It ought to be possible to lift growth in GDP per person employed to, say, 2.5% p.a. from its recent pathetic rate of little or no growth over the past three years.

The consequences for Australian living standards from such a boost in productivity would be enormous. By the year 2000 average annual earnings would be $32,000 in real terms compared with $25,600 if the experience of the last three years were to continue.

There are huge productivity gains latent in the Australian economy which could be tapped over a short period. The Robe River and SEQEB experiences demonstrate the large gains which can occur when restrictive work practices are swept aside.

The Australian employee will respond if he is given the right environment and allowed to react. A 'National Productivity Program' could do this through policies to:

- encourage enterprise level bargaining where both sides have the opportunity to negotiate better productivity;
- privatize many existing government services.
- enlist the support of State governments to tackle the restrictive work practices of State authorities (the article on SEQEB, see page 20, shows the potential).
- restructure the transport industries, which are marked by disgracefully low productivity;
- introduce a flatter tax scale to encourage enterprise and saving.
- effect targeted reductions in Government expenditure to finance lower tax rates.

Margaret Thatcher has shown that public sector restructuring can achieve widespread support from workers (in part because they have been given the opportunity to acquire a stake in their own enterprise), even from some trade union leaders.

The Opposition, with its Future Directions manifesto, is proposing some of the actions which are necessary. The Government must make sure that over the next six months it does not come to be seen as the major obstacle to reforming the Australian economy.

For $2000  Or
you can  you can
look like look like
this.  this.

The headline on the right was printed by the new Hewlett-Packard DeskJet. The headline on the left, by a 24-wire dot matrix printer. Both sell for about $2000, but the DeskJet gives you laser quality. It's attractively designed, simple to operate, and quiet as a whisper. It lets you mix and match a variety of type styles, sizes, and beautiful full-page graphics for professional-looking business letters and spreadsheets. It works with the most popular computers and software. And it's dependable. Just what you'd expect from Hewlett-Packard.

The new HP DeskJet. Considering the price, 24-wire dot matrix printers pale by comparison.
How Mr Hawke Has Cut Welfare Dependency

...and how he must cut it further

Daryl Dixon

The Hawke Labor Government has taken some important steps to reduce the level of social welfare dependency. These actions have been broadly supported in the community, but further steps are now needed if Australia is to cope with its ageing population and the growth of early retirement.

Helped by a strongly growing economy, the present Government has succeeded dramatically in reducing the relative numbers of government income support recipients. The latest social security data, published recently, show a clear trend downwards in social security dependency.

By the end of June 1988, the total number of pensioners and beneficiaries in the community had fallen to 40.6 per cent of the estimated labour force from the peak level of 47.1 per cent attained in 1982 at the end of the Fraser Coalition Government. Table 1 summarizes relevant data including welfare dependency trends between 1978 and 1988 expressed as a percentage of both the population and the labour force.

<table>
<thead>
<tr>
<th>Year</th>
<th>Share of total pop.</th>
<th>Share of labour force</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>16.6</td>
<td>37.2</td>
</tr>
<tr>
<td>1979</td>
<td>17.3</td>
<td>38.6</td>
</tr>
<tr>
<td>1980</td>
<td>17.7</td>
<td>39.0</td>
</tr>
<tr>
<td>1981</td>
<td>18.0</td>
<td>39.7</td>
</tr>
<tr>
<td>1982</td>
<td>18.7</td>
<td>41.4</td>
</tr>
<tr>
<td>1983</td>
<td>21.3</td>
<td>47.1</td>
</tr>
<tr>
<td>1984</td>
<td>20.8</td>
<td>45.5</td>
</tr>
<tr>
<td>1985</td>
<td>20.4</td>
<td>44.3</td>
</tr>
<tr>
<td>1986</td>
<td>20.4</td>
<td>43.4</td>
</tr>
<tr>
<td>1987</td>
<td>20.2</td>
<td>42.5</td>
</tr>
<tr>
<td>1988</td>
<td>19.5</td>
<td>40.6</td>
</tr>
</tbody>
</table>

Source: Department of Social Security

These trends towards reduced welfare dependency reflect both the impact of economic growth and discretionary policy action taken by the Hawke Government to reduce the total number of pensioners and beneficiaries. Over the period of the Hawke Government the total number of people receiving social security pensions has fallen by 77,000 to 2.6 million. By contrast, under the Fraser Government the number in receipt of a pension rose by almost one million (Table 2).

Graph 1 illustrates vividly the rapid growth in social security outlays since the early 1970s. Despite the recent decline analysed in this article, social welfare outlays still represent well over a quarter of total government outlays, even though by international standards Australia has a relatively young population. ABS population projections show that the ageing of the Australian population will have its greatest impact in the early part of the next century with the percentage of the population that is aged virtually doubling from the present 11 per cent to levels estimated to be as high as 25 per cent of the total population by 2030.

Furthermore even at the 1988 dependency levels, income support payments already necessitate high taxation on the working age population. The current level of welfare dependency (40 per cent of the labour force) necessitates, for example, a tax burden of a maximum of around eight per cent of average wages.

Without action to reduce the number of income support recipients, the likely future consequences of an ageing population will be a major increase in tax.

The Welfare Decade 1972-1982

The decade, 1972-1982, covered heady days. The Whitlam Labor Government first engaged in a costly bidding exercise with the out-going McMahon...
Government involving large future social welfare commitments. This political competition resulted in the Whitlam Government's abolition of the means test for the age pension for persons aged 75 or more, later extended to persons aged 70 or more. Coupled with the introduction of the sole parent pension and the extension of unemployment benefits to school leavers, this resulted in a significant growth in the number of income support recipients over the next 10 years. The growth in the number of age and service pensioners was most striking. Whereas in 1972 age and service pensioners represented 70.3 per cent of the population aged 70 or more, by 1991 that figure had increased to 99 per cent of the (much larger) total population in that age group. (Subsequent Hawke Government action has reduced that percentage to 85 per cent of the relevant age group.)

While the Fraser Government during its term in office acquired a reputation for being tough on welfare spending, it was, in aggregate only able to slow the growth of spending from the Whitlam years. In only one of the seven Fraser Government budgets was welfare spending cut in real terms.

Measures were taken to reduce outlays, including:
- a freeze on the free-of-income test applied to pensioners aged 70 or more;
- a freeze on the level of unemployment benefits paid to school leavers and single people;
- not indexing family allowances.

But the savings gained through these measures were far outweighed by the cost of the 1976 decision to abolish the assets test.

The numbers in most categories of pensions rose sharply during the 1970s, with growing unemployment, an ageing population and increased marriage break-down.

The Hawke Record

On assuming office in 1982, the Hawke Government rapidly expanded social welfare spending in its first budget. However, it was soon realized that major social security problems had to be addressed as part of its overall budgetary strategy.

The problems inherited were in essence two: a sick economy with overly high levels of dependency of people of working age on Commonwealth income support payments (especially the unemployed and sole parents unable to obtain employment) and unaffordable policy commitments to a universal pension for aged persons made in earlier times.

Many wealthy retirees were adopting investment policies which enabled them to take advantage of the social security system through investments designed to yield growth and no or little income. The widespread practice of 'double dipping' — receiving both the age or service pension and generous superannuation benefits — was facilitated by the total absence of controls on retirees investing for growth rather than to receive a retirement income.

The Hawke Government attacked both problems simultaneously. To date, Labor's high growth economic policies have been very effective in reducing the number in receipt of unemployment benefits, although, in view of Australia's high level of foreign debt, this method of reducing welfare outlays may not be sustainable in the long-term.

The strongest area in the Hawke Government's action to date has been its willingness to act to reduce social welfare policy commitments through policy changes. Against a goal of implementing a needs-based welfare policy, Labor acted on both the policy and administrative fronts, even in politically sensitive areas. The measures implemented include:

- a virtual ten-fold increase in the effective rate of tax on lump-sum superannuation benefits;
- the abolition of pensions paid to persons aged 70 or more free of any income test;
- the reintroduction of an assets test to cover cases where persons have substantial assets but little income;
- major reforms to unemployment benefits for children aged less than 18;
- prevention of double dipping of sickness benefits and compensation payments;
- measures to define more appropriately income for purposes of application of the pension and benefit income tests;
- the application of a family income test to the payment of family allowances;
- the introduction of a compulsory system requiring the payment of maintenance by former spouses;
• the concentration of additional payments to families and persons renting in the private housing rental market on those with the lowest incomes (the family allowance supplement scheme); and

• major administrative changes including periodic review of eligibility of all social security recipients.

Space constraints preclude an examination of individual measures or precise estimates of revenue savings. My rough assessment suggests that the above package of measures has contributed well over $2 billion a year in net savings to the budget.

**TABLE 2: PEOPLE ON PENSIONS/BENEFITS ('000s)**

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Age Pension</td>
<td>1,182</td>
<td>1,417</td>
<td>1,354</td>
<td>-63</td>
</tr>
<tr>
<td>Invalid</td>
<td>219</td>
<td>277</td>
<td>388</td>
<td>111</td>
</tr>
<tr>
<td>Widows</td>
<td>129</td>
<td>164</td>
<td>143</td>
<td>-21</td>
</tr>
<tr>
<td>Supporting Parent</td>
<td>45</td>
<td>140</td>
<td>183</td>
<td>43</td>
</tr>
<tr>
<td>Unemployment</td>
<td>188</td>
<td>635</td>
<td>475</td>
<td>-160</td>
</tr>
<tr>
<td>Sickness</td>
<td>30</td>
<td>64</td>
<td>75</td>
<td>11</td>
</tr>
<tr>
<td>Special</td>
<td>7</td>
<td>21</td>
<td>23</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,800</td>
<td>2,718</td>
<td>2,641</td>
<td>-77</td>
</tr>
</tbody>
</table>

*Note: Figures as at 30 June*

*Source: Department of Social Security Four-Weekly Digest of Statistics*

The number of people in receipt of the age pension would be some 300,000 higher, if the Hawke Government had not changed the entitlement rules. Persons without assets and income are still covered by the comprehensive social security net. The bulk of the action to date, except possibly for the major changes to the system of payment of unemployment benefits for school leavers, has been entirely based on criteria of need.

While the Hawke Government has been able to reduce the number receiving age pensions and unemployment benefits, there has been a continued rapid growth in the number of invalid pensioners and supporting parents beneficiaries (Table 2).

The Government has belatedly recognized the need to reduce the rapid growth in outlays on invalid and sole parent pensions. Invalid pensions, despite recent reforms, are still experiencing the fastest growth in numbers as a result of social and medical pressures to assist people who are marginally attached to the workforce (as identified in the Cass Social Security Review). The definition of invalidity has been recently changed and further changes are inevitable to tighten medical criteria. The emphasis at present is to reduce the number of sole parent pensioners by expanding
education and training opportunities and to enforce maintenance assistance from former spouses.

Concluding Remarks

What about the future? The box lists further actions that the Government can take to reduce welfare dependency. Whether it will take steps along the lines indicated will be determined not only by fiscal imperatives, but by political considerations. On the one hand, the community seems more ready to accept restrictions on welfare benefits (witness the success of the Hawke Government to date). On the other hand, welfare lobbies, particularly the aged, may target vulnerable seats if a government attempts further major reforms.

The Government still needs to tackle major policy issues. The ageing of the population will force policy makers to look more closely at retirement incomes. (Age pensions account for approximately half the expenditure on all social security pensions and benefits.) The sooner we plan for the impending ageing of the population the more equitable and less disruptive the adjustment process will be. There is no requirement for Australians to save for their retirement. Indeed Labor's superannuation changes may have weakened the incentives for superannuation saving, especially for lower income Australians. (See my new book, Super Made Easy.)

A very worrying trend is highlighted in the recent Cass Social Security Review Paper No. 6 on retirement income policy. Data provided in this paper suggest that a considerable part of Labor's present budgetary gains have been achieved by a substantial lowering of the effective retirement age. Occupational superannuation schemes are tending to encourage early retirement. Given the long expectation of life, many early retirees will ultimately come back later in life to claim the age pension. Achieving short-run benefits whilst incurring substantial long-run costs is certainly not the best way to implement a social welfare program.

Superannuation savings can still be used for non-retirement purposes. While its provisions have been tightened up dramatically through changes to the pensions income test, the assets test can, as highlighted by Professor Fred Gruen, be avoided by purchasing an expensive home in retirement.

The superannuation nettle may need to be grasped even to the extent of removing lump-sum superannuation benefits entirely for all future retirement savings, except perhaps for the return of the employee's own contributions. Australia is the only country offering superannuation tax concessions that permit benefits to be taken in lump-sum form.

With people living longer, uncertain economic prospects and a major foreign debt to service, all of today's policies must be directed at minimizing current outlays and, more importantly, achieving policy commitments sustainable in the future.

The following are illustrative of the options which governments will have to consider as they attempt further to contain Australia's welfare bill.

**Age Pensions**
- removing lump sum superannuation benefits;
- forcing preservation of superannuation benefits until age 65 (presently age 55);
- tightening the assets test (possibly to include the family home);
- compulsory savings schemes for those without superannuation (a safety net scheme).

**Invalid Pensions**
- further reconsideration of what constitutes invalidity (indeed of whether there should be a separate invalid pension at all);
- the possibility of a special disability allowance (as raised by the Cass Review);
- greater emphasis on rehabilitation into the workforce;
- tighter assets test and emphasis on self-provision using compensation payments.

**Widows/Supporting Parents Benefits**
- Work test for parents with youngest child aged over nine;
- extending and tightening of provisions forcing former spouses to pay increased support;
- continuing emphasis on training/rehabilitation into the workforce;

**Unemployment Benefits**
- further tightening of administrative provisions
- a time limit in which pension can be received without a tighter work test;
- more co-ordination with tax office to prevent fraud and abuse.

**Sickness/Special Benefits**
- tighter medical tests and periodic review of all clients;
- extension of administrative reforms presently being undertaken in unemployment benefit system.

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1. Daryl Dixon's two books *Super Made Easy* and *161 Tax and Investment Strategies*, published by Information Australia, are available at leading bookstores ($19.95 each)
Education Without Honour

Warren Clarnette

Education Departments around Australia have issued guidelines on the teaching of values in schools. Many parents would be shocked, however, at some of the omissions on the approved values list.

No school has ever managed to teach facts in isolation from values. But for a long time this was not officially admitted. For example, until 1976 Victorian teachers were required to "avoid comment upon controversial political issues or upon religious matters in the course of their teaching."

The operative word here, however, is controversial. Values that might now be considered controversial were until fairly recently not seriously questioned in most schools. Until the early 1970s it was not considered controversial for children in government schools to be required each week to salute the Flag and recite a pledge of allegiance to Queen and country and of obedience to teachers and parents. But from the late 1960s, these and other values came into question. Uncertainty developed in schools about which values should and which should not be taught.

Teachers looked to education departments for guidance. In 1977, exactly one year after the publication of the statement above prohibiting Victorian teachers from involving themselves in the classroom with controversial matters, the Victorian Education Department reversed its policy:

"It is recognized that in teaching over a wide range of areas in the school curriculum teachers are faced with controversial political issues, religious beliefs and moral problems. It would be improper for teachers to avoid or refuse discussion of these matters. On the other hand the public must be assured that teachers will refrain from presenting as the only correct belief or practice their own personal preferences in these matters, and that they will refrain from deliberate acts or words which attempt to impose upon children or to use children for propagation of their own beliefs and opinions."

This change of policy, which occurred in other States as well, reflected an acceptance in response to the increasingly polemical character of social debate that values are inevitably transmitted from the earliest years of schooling. Professor Brian Hill of Murdoch University has commented that "anyone in a school is in the values education business." The Tasmanian Education Department states that "every teacher is a moral educator as are the whole school's environment and organizational climate." (Health Education Values Perspective, p. 7).

No longer is this view anywhere contested.

In justifying their policy of teaching values, State Education Departments also point to the vacuum of moral instruction created by the waning of the churches and the inability, or negligence, of parents. They see themselves as responsible for helping students to find order and meaning within the plurality of values generated by modern society. The National Curriculum Development Centre in Canberra states, "The development of morality and the capacity to discriminate amongst values and beliefs is both a crucial part of the overall development of the rounded person and a civic necessity."

Now that schools have officially admitted to teaching values, what values do they teach?

The Values They Teach

Departmental documents from New South Wales, South Australia and Tasmania are explicit in this regard. These States have produced remarkably similar arguments for the necessity of teaching values in schools and remarkably similar definitions of what should be valued. South Australia's can be regarded as typical. Children in that State are taught self-esteem, care for others, cooperation, social justice, honesty and respect for the environment.

The New South Wales department lists 30 separate values under headings relating to education, self and others, and civic life. The stated aim is to provide the basis for schools as learning institutions, as places of personal and social development and as prerequisites for "a cohesive, but dynamic, democratic society." (The Values We Teach, p.8) Tasmania's Health Education Project (begun in 1979), aims to enable students not only to understand the requirements of good health but to


Rev. Warren Clarnette is a Uniting Church minister and director of the IPA’s Church and Society Project.
develop such values as "a clear sense of their own worth, and...respect for others; sensitivity to, and an acceptance of, the feelings and needs of other people...responsibility for their own actions and (acceptance of) the consequences of those actions." (Health Education Curriculum Framework, pp. 12-13.)

In Queensland a parliamentary select committee on education in 1979 identified a range of common values which should be supported through the curriculum. Among these were truth, kindness, compassion, social justice, respect, nationality, tolerance, impartiality, consideration and responsibility. (Letter from Director-General.)

Western Australian authorities are currently reviewing values through the Personal and Vocational Education Curriculum Advisory Committee of the Secondary Education Authority. A "statement on values education" has been distributed widely. To date there is no departmental or ministerial statement on values policy for Western Australian schools, but an officer of the department has advised that the "basic values of a civilized society" are inculcated through the schools. These include tolerance for the views of others, the efficacy of the democratic political system and respect for others and their property.

The Victorian Government's education plan, outlined last November by the Minister for Education, Joan Kirner, contains eight objectives. The first objective has two 'common purposes': one, to provide "the highest possible levels of general education for all students"; the second, "the pursuit of social goals." On this point the Minister is more explicit. She says that all schools should promote "multiculturalism, redress of disadvantage, elimination of all forms of discrimination, high levels of participation in education and training."

A sample of other guidelines is instructive.

"Tasmanians also expect their education system to ensure that our young people have a real appreciation of those community standards and values which in time they will hold in trust for their own children." Minister for Education, Peter Rae, in foreword to Secondary Education: the Future, 1987.

"It is important that schools foster the common values of our community while being sensitive to the specific values of the various groups which make up the community." NSW, The Values We Teach, p. 4.

"Approaches to teaching and learning...should enable students to question and form values, ideas and opinions..." Victoria, Ministerial Paper No. 6, 10.1.

"Each school council should ensure that its program enables students progressively to: respect the rights of others to hold different points of view and to maintain their own beliefs and values...establish a sustaining system of personal beliefs and values..." Victoria, Ministerial Paper No. 6, 11.3.

Values Supermarket

The new philosophy of values emphasizes autonomy and tolerance. Students are to develop their own 'value and belief systems' as a result of reflection and decision rather than pressure to conform to an inherited deposit of custom and creed. This procedure has two important consequences: by placing children in the position of customers at a supermarket of values it invites them to make judgments for which they are ill-prepared, and it assumes that they should share in the shaping of their own education, including what they consider necessary to learn. Victoria's Minister for Education has referred to students, parents and teachers as 'partners in the process' of schooling: "The learner," she believes, "should participate in decisions regarding what is learned and when it is learned."

The vagueness of many of the statements and the
careful omission of any reference to tradition suggest that educators have no desire to invoke the values of the past. Perhaps this is due to the pressure of multiculturalism and an emerging mentality of apology for the nation's British ancestry. Whatever the case, values currently endorsed by State authorities suggest that a large-scale rewriting of social priorities is being attempted.

A list of the officially approved values in order of frequency appears in the box (above) with a comparative selection of 'traditional' values which do not appear in the official documents. Values, it should be remembered, however, must be embedded in rituals, customs and corporate memory if they are to make any real impact on the life of communities. For this reason it is impossible to regard a list of values as self-explanatory.

"Work", "honesty", "excellence", "respect for truth" can be understood only by reference to the ethos and organization of the schools in which they are promoted. Can it really be said that "work" and "excellence" are being encouraged when soft options are increasingly available in school curricula and when competitive assessment is no longer stressed. Are "work" and "excellence" consistent with Victorian Minister Joan Kirner's commitment to "scrapping any unhelpful differentiations which still exist between academic and non-academic students and learning"; her rejection of standardized testing; and her commitment to "introducing studies not previously considered central to the curriculum in Victoria — the study of labour, its importance, its contribution, its culture, its organization, its conflict and"

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**School Mottoes**

The values on which some of Australia's major schools are founded are embodied in their mottoes: honour, perseverance, loyalty and faith are common themes. Education Departments now appear to view such values as out-of-date.

<table>
<thead>
<tr>
<th>Veritate Et Virtute</th>
<th>Deo Patriae Litteris</th>
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<tbody>
<tr>
<td>(By truth and moral excellence)</td>
<td>(For God, for country, for learning)</td>
</tr>
<tr>
<td>Sydney Boys' High School</td>
<td>Scotch College, Melbourne</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Faber Est Suae Quisque Fortuniae</th>
<th>The utmost for the highest</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Each man is the architect of his own fortune)</td>
<td>Unley high School, Adelaide</td>
</tr>
<tr>
<td>Fort Street High, Sydney</td>
<td></td>
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</tbody>
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<table>
<thead>
<tr>
<th>Fortiter Et Fideliter</th>
<th>Fac Optima Bene</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Bravely and faithfully)</td>
<td>(Do the best things well)</td>
</tr>
<tr>
<td>The Kings School, Sydney</td>
<td>Brighton High School, Adelaide</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Utinam Patrius Nosiris Dignisimus</th>
<th>Fac fortia et Patere</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Let us be worthy of our forefathers)</td>
<td>(Do brave deeds and endure)</td>
</tr>
<tr>
<td>The Scots College, Sydney</td>
<td>Prince Alfred College, Adelaide</td>
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<tr>
<th>With one mind and strategy</th>
<th>Persevere and Advance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canberra High School</td>
<td>John Curtin High School, Perth</td>
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<table>
<thead>
<tr>
<th>Dieu Et Devoir</th>
<th>Savoir c'est Pouvoir</th>
</tr>
</thead>
<tbody>
<tr>
<td>(God and duty)</td>
<td>(Knowledge is power)</td>
</tr>
<tr>
<td>All Hallows' School, Brisbane</td>
<td>Perth Modern High School</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Strenue Ac Fideliter</th>
<th>Fide Et Labore</th>
</tr>
</thead>
<tbody>
<tr>
<td>(With zeal and loyalty)</td>
<td>(By Faith and toil)</td>
</tr>
<tr>
<td>University High, Melbourne</td>
<td>Hollywood High School, Perth</td>
</tr>
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<thead>
<tr>
<th>Honour the Work</th>
<th>Sicur Patribus Sit Dei Nobis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Melbourne High School</td>
<td>(May God be with us as He was with our forefathers)</td>
</tr>
<tr>
<td></td>
<td>Scotch College, Perth</td>
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</tbody>
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<table>
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<tr>
<th>Deo Domuique</th>
<th>Labore Et Honore</th>
</tr>
</thead>
<tbody>
<tr>
<td>(For God and home)</td>
<td>(With toil and honour)</td>
</tr>
<tr>
<td>Methodist Ladies' College, Melbourne</td>
<td>Perth Ladies' College</td>
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<table>
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<tr>
<th>Animo Et Fide</th>
<th>Achieve</th>
</tr>
</thead>
<tbody>
<tr>
<td>(By courage and faith)</td>
<td>Applecross High School, Perth</td>
</tr>
<tr>
<td>Carey Baptist Grammar School, Melbourne</td>
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</tbody>
</table>
co-operation with capital; the study of the role of women; multicultural and community studies; Aboriginal studies; technology studies; environmental education and health education. These studies are not to be seen as optional frills," she emphasizes, "but part of the centrality of learning for our future society."2

The tradition in many government schools has been to underline the importance of individual effort and self-improvement (see the school mottoes in the box). Sydney's famous Fort Street school has as its motto: "Each man is the architect of his own fortune. " Mrs Kirner's vision, by contrast, is deterministic: "The major determinant of achievement has been and is one of social class, race or gender rather than individual attributes such as diligence, potential or ability applied across a broad range of human endeavour."3 Such a fatalistic outlook discourages individual effort, as well as ignoring the reality that we in Australia live in a relatively open society.

Is not the success of Mrs Kirner herself — a working-class girl made good — a testimony to this openness? Clearly, some basic concepts familiar to earlier generations of Australians have been ignored or forgotten in the place where the majority of tomorrow's citizens spend their formative years.

Self-Esteem

'Self-esteem', one of the most frequently listed of approved values, illustrates much about the approved value system. Whereas values such as self-reliance, sexual restraint and patriotism imply conducting oneself according to external standards, self-esteem is purely a subjective state of being. It implies no agreement about moral standards or appropriate behaviour. People holding opposing values can all have a high self-esteem. Self-esteem is a concept of modern ego-psychology, of the 'I'm O.K., you're O.K." school of thought. It fits Christopher Lasch's description of modern society as a "Culture of Narcissism" in which feeling good about oneself — whether deserved or not — is the ultimate value. Its flaw lies in the fact that it takes subjective feeling as its only reference point. As long as one does not feel bad (guilty) about it, there is no inconsistency between maintaining a high self-esteem and behaving in an otherwise immoral fashion.

Today's educational values reflect and reinforce the vision of a society in which personal fulfilment, including the capacity for happiness, is paramount. This is to be achieved in a society which enjoys the maximum degree of community harmony while becoming increasingly diverse in both ethnic composition and moral and ethical standards. Needless to say, this society will be characterized by equality — of opportunity and outcome — in the distribution of the common wealth.

At the same time, educators claim no right or intention to direct students' thinking about ultimate values. As secular institutions, schools may help students to develop the ability to make moral judgments, but must not prescribe what those judgments should be. This is the only sense in which a secular school can be value-neutral, says Professor Brian Hill: "It is neutral towards the ultimate justifications enshrined in the religious and life stances represented in its sponsoring community, but it is not neutral towards the procedural values involved in the democratic process."4

Behind the benign pursuit of self-esteem and personal fulfilment, respect for others, social justice, compassion and kindness — to name a few of today's self-evident values — one can discern the fading of a collective purpose and the desiccated remainder of the impulse to altruism. Patriotism is out of fashion, perhaps because it intrudes on the pursuit of happiness, possibly because our past legitimacy as a people is being called into question.

Tolerance of diverse beliefs suggests breadth and humanity of spirit; it may also mask the inability to affirm that some beliefs are right and others wrong. (Can a society survive without a pool of shared fundamental values?) Social justice may demonstrate lively concern for fairness and decency; it is no substitute for commitment to the institutions on which the rule of law and the security of society ultimately depend. Co-operation and personal responsibility are no substitute for the creative power of self-effacing service.

On close inspection the values acceptable to Australia's education system do not preserve or transmit the founding traditions of the nation. It remains to be seen whether they can be a solid enough basis for the opportunities of the next century. The schools are not wholly responsible for this. They reflect the confused state of contemporary morality, and a society unsure of its past and lacking a unifying ideal.

Thus the schools are caught in a no-man's land of moral ambiguity. On one hand they claim to uphold and transmit the values of the cultural tradition while fostering individualist attitudes calculated to disperse that tradition. On the other hand they are unable, under the terms of their secularist charter, to prescribe any values beyond those of a polite appeal to harmony in an increasingly diverse and volatile population.

3. Ibid
Late Correction: World War III Postponed

With few exceptions, the press greeted the election of Ronald Reagan to the White House in November 1980 with despair: here was a dim-witted, gun-toting ideologue who would take the world to the brink of nuclear war. Eight years later, most were hailing President Reagan for making the world a safer place.

"The United States is more prosperous, more secure and happier than it was when he arrived. He departs on the crest of national affection and popularity, having restored public confidence in the presidency itself." This was how the Melbourne Herald summed up Ronald Reagan's record on 19 January 1989. The Australian in its editorial of 16 November 1988 concluded that "Ronald Reagan is one of the most outstanding of modern presidents" and that "on foreign policy Mr Reagan was overall an outstanding success."

Tim Colebatch in the Age (19 January 1989), in the past no friend of Reagan's foreign policy, had to agree: "He promised peace, and it came. The World in January 1989 is safer and less tense than in January 1981. The Soviets have virtually given up the game of global domination and admitted that Marxism doesn't work..."

Brisbane's Courier Mail editorializing under the heading "Reagan's Legacy" on 19 January concluded that "the threat of cataclysmic nuclear war appears to have receded and the world's (and Americans') respect for the United States has been enhanced.

Hobart's Mercury under the banner, "Ronald Reagan the President of Peace," wrote: "the Soviet Union - Mr Reagan's evil empire - and the US are friendlier than at any time since imperial Russia fell to Communism. For this, Reagan may well go down in history as one of his country's greatest Presidents." Paul Sheehan, in the Sydney Morning Herald (23 January 1989) identified Mr Reagan as "one of the most popular presidents in American history." Gregory Hywood in the Financial Review (23 January 1989) saw Mr Reagan as restoring Americans' faith in themselves at a time when doubt surrounded their capacity for international leadership.

The Adelaide Advertiser although stubbornly sticking to its own view that: "...In many ways he was a poor President," had to admit, if grudgingly, that "history will salute Ronald Reagan as a fine president."

What They Said Before

The opinion when Mr Reagan first gained office in the White House, eight years earlier, was very different. As the Australian recognizes in its 16 November 1988 editorial, "when he first won the presidency it was fashionable among commentators to write him off as a trigger-happy cowboy or shallow Hollywood ham." In 1980 the Australian was one of the few newspapers not to succumb to this fashion. The Advertiser expressed forebodings on 22 January 1981: "The spirit of hope, invariably engendered by the start of a new presidency, is nevertheless on this occasion tempered, perhaps rather more than is usually the case, by doubts and misgivings."

Brisbane Courier Mail (22 January 1981) lamented that "a presidency of greatness and inspiration is beyond Ronald Reagan." The West Australian (20 January 1981) expressed misgivings about Reagan's capacity in foreign policy: "Mr Reagan emerges as a man with limited experience and a perspective of the world that would seem to allow disturbingly little room for manoeuvre in complex situations." Creighton Burns, in 1980 The Age's American correspondent (now its Editor in Chief), detected dangerous flaws in Ronald Reagan's...
view of the world: "If Reagan’s view of the world sounds deceptively simple (or dangerously simplistic), he offers no apologies." Yet at the same time, "Reagan seems to have little idea of how to translate personal values into public policy — and little interest in learning" (6 January 1980). The Age (6 November 1980), editorialized in a similar spirit: "Mr Reagan...represents a new sunbelt conservatism whose knowledge of the world is slight, and whose declarations on all problems, whether moral or social or international — including questions of war and peace — have invariably shown an inappropriate degree of certainty and dogmatism." And furthermore (22 January 1981): "If Reagan finds that he cannot live up to the visions of his campaign, it will be because the promises were grounded on mythology rather than reality." On 23 January 1981 the Sydney Morning Herald announced bluntly: "Governor Reagan could not start a war — President Reagan could." And on 20 October 1980 the Canberra Times reported: "Reagan's strategists concede that Mr Carter is landing telling blows with his constant portrayal of Mr Reagan as recklessly militaristic and too dangerous to be entrusted with the White House." The Melbourne Herald in its editorial of 6 November 1980 snirked: "The jokes about heading for the fallout shelter began about 30 seconds after the wire services used the word 'Landslide'...But who's laughing now?

Wrong and Right Instincts

We all make mistakes — and the mechanics of producing a daily newspaper in which complex events must be evaluated without the benefit of long reflection or hindsight make the press vulnerable to rash judgments. But how could the man whom Mike Royko in the Age (8 November 1980) called "the most limited, dumbest man ever elected to this great office" get it right while the best and the brightest in the nation's press got it so wrong? The answer is that Ronald Reagan, despite the jokes about the Hollywood ham, had a better grasp of the basic realities of international power than many in the media. Mr Reagan recognized that a US arms build-up and a more confident assertive attitude by the US, far from threatening the peace, would help secure it by forcing the Soviet Union to retreat to the arms negotiation table, whereas the attitude of appeasement during the Carter years invited Soviet expansion. Recognizing this did not require being a genius — which Mr Reagan certainly was not — but it did require having the right instincts — something which even the most intelligent media commentators can lack.

Research: Anthony Smith
Commentary: Ken Baker

Future Directions
"rotten values, good politics"

With the motto "It's time for plain thinking", the Liberal/National Coalition in December released its Future Directions manifesto. The document, which runs to over 100 pages, emphasizes a restoration of traditional values: strengthening the family, raising educational standards, upholding law and order, encouraging self-help within families, enhancing individual freedom and opportunity and creating greater incentives for people to work hard, save and invest.

Its vision of Australia, with a Coalition Government at the helm, also includes a stronger defence, promoting "the values of the Western democratic way of life", better protecting "the rights of the individual against the excessive power of the bureaucracy, unions and large corporations", creating a more flexible labour market and a nation in which "all Australians are proud of their diverse heritage but united by shared values, common beliefs and an overriding commitment to Australia and the Australian way of life."

- Mr Hawke initially pooh-poohed the document, dubbing it "Futile Diversions", and the bulk of the journalistic fraternity followed suit. It was dismissed by some as anachronistic, even reactionary, harking back to times better left buried.

But soon after its release, the more astute journalists and Labor Party advisers recognized the document's potential electoral appeal. Labor toned down its attack markedly, which according to Peter Costigan in the Canberra Times, was a good idea: "The smartest thing Labor has done for a while was to drop after one childish day its campaign to sneer at John Howard's pompously-named Manifesto of Future Directions."

Richard Farmer, former speech-writer for Bob Hawke, also warned against dismissing the document's potential electoral potency. He discerned "the clever way in which it has tapped into the beliefs of Australians about their society." Paul Kelly, in The Australian, published a telling criticism of his colleagues: "the indignant frothing and fuming by sections of the media this week about the Howard manifesto, merely shows they grasp nothing about what non-Labor politics has been about."

Other journalists sensed the direction in which the wind was blowing and modified their tune. The comprise position they reached was that Future Directions may have consisted of lousy content, but it would win votes. So much for their opinion of the average voter.
How the editorials and a selection of leading political correspondents rated the Liberal-National manifesto, "Future Directions"

<table>
<thead>
<tr>
<th>Editorial Source</th>
<th>Favourable Comments</th>
<th>Unfavourable Comments</th>
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</thead>
<tbody>
<tr>
<td>Sydney Morning Herald</td>
<td>&quot;...it is superficial and empty of policy content [but] nostalgia can be a potent political talisman.&quot;</td>
<td>Laurie Oakes (The Bulletin)</td>
</tr>
<tr>
<td>The Herald (Melbourne)</td>
<td>&quot;At the level of rhetoric and ideology, Mr Howard's blueprint for Australia has much to commend it.&quot;</td>
<td>Paul Malone (Canberra Times)</td>
</tr>
<tr>
<td>The Age (Melbourne)</td>
<td>&quot;...it is a sincere effort which should do Mr Howard no harm and may just do him a power of good.&quot;</td>
<td>Alan Ramsay (Sydney Morning Herald)</td>
</tr>
<tr>
<td>The Australian</td>
<td>&quot;...It contains values which are as relevant and as important today as they were 20 or 30 years ago.&quot;</td>
<td>Paul Kelly (The Australian)</td>
</tr>
<tr>
<td>Australian Financial Review</td>
<td>&quot;The ideal home featured as a logo...looks handsome but regrettably it is built on sand.&quot;</td>
<td>Derryn Hinch (The Sun (Melbourne))</td>
</tr>
<tr>
<td>The Advertiser (Adelaide)</td>
<td>&quot;...essentially an exercise in nostalgia.&quot;</td>
<td>Kenneth Davidson (The Age)</td>
</tr>
<tr>
<td>Courier Mail (Brisbane)</td>
<td>&quot;...promises are so vague and fuzzy as to be virtually worthless...does not seem likely to stir voters.&quot;</td>
<td>Michelle Grattan (The Age)</td>
</tr>
<tr>
<td>Canberra Times</td>
<td>&quot;The cynical reception...is well-deserved.&quot;</td>
<td>Mike Steketee (Sydney Morning Herald)</td>
</tr>
<tr>
<td>Mercury (Hobart)</td>
<td>&quot;...will strike receptive chords in middle Australia...&quot;</td>
<td>Mungo MacCallum (The Herald)</td>
</tr>
<tr>
<td>Daily Mirror (Sydney)</td>
<td>&quot;There is no doubt that the values espoused by the manifesto are valid and appealing.&quot;</td>
<td>Gregory Hywood (Financial Review)</td>
</tr>
<tr>
<td>Daily Telegraph (Sydney)</td>
<td>&quot;The quick reversal in reaction to the document from parts of the media and the Government reflects the fact that it is popular.&quot;</td>
<td>Robert Haupt (Sydney Morning Herald)</td>
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</table>
Exit Left  Australia has let George Negus down badly. In fact, he is so disgusted with it that he wants to take his partner, Kirsty, and their 16 month-old son, Ned, to another country. According to the report in People magazine, he has his heart set on Italy which, despite its chaotic politics, is still superior to Australia. "I find Australia socially neanderthal," he says. "It's a self-interested, materialistic country, and such a country is going to end up pretty boring. Italy may be in a permanent state of near-anarchy, but it's better than what we've got. I just don't like the political value system in this country," complains George. "You're considered a wimp if you believe in social change, social equity or anything other than economic pragmatism." So be it. Arrivederci, George!

No Awards For This Story  "Slave Labour" risk to 15 per cent workforce, screams the front-page headline of the Geelong Independent, immediately conjuring up images of chain gangs and guards wielding whips. How can this scandalous situation have developed in Australia (and how come the Geelong Independent scooped the story)? It's therefore a little disappointing to find out that the 15 per cent of the workforce the Independent is talking about includes nannies, housekeepers, cleaners, gardeners and other domestic workers — any employee, in fact, who does not work under an award. "If an employer chooses to pay them $100 a week and if the employee agrees, there is no comeback," reveals the Independent. "The State Department of Labor admits it is completely powerless to act." This is the sort of reasoning that would define married women as 'sex slaves'. As Richard Bell argues in a letter to the Independent, a simple definition of slavery would be "a person forced to work for another against their will." The only agency exerting compulsion over these employees was the government which taxed their earnings.

End of the World News  Some people complain about an excess of bad news in the papers. Bob Greaves of Mt Eliza, Victoria, thinks the papers publish too little bad news. Mankind is facing self-destruction from many quarters, he writes in a letter to the Age (there are too many people, for example, although it is not clear if Mr Greaves counts himself as one of the surplus). His proposal: "Why not do away with the sport and business pages and have a future disaster section instead? Then perhaps people will take note and react constructively."

Day of Judgment  A mock trial of Cain conducted in Venice by a panel of criminologists, historians, biblical scholars and magistrates, has found him not guilty of premeditated murder of his brother Abel. The nine-member jury, reports the Melbourne Herald, voted 5-4 in favour of Cain claiming that he had acted out of "inevitable human emotion, dictated by other reasons of a social nature." If the jury members turn their talents to redrafting the Ten Commandments, "Thou Shalt Not Kill" could be amended to include the clause "unless feeling peevish or pressured."

Consciousness Lowering  Gay Film Week opened with a flourish in February, one of its highlights being film-maker John Greyson's avant garde celebration of low life in the guise of high art. Annabelle Sheehan in FilmNews explains: "To rework and comment on the documentary form was one of the objectives of director John Greyson in making Urinal, a film about washroom sex. Urinal employs a number of narrative and documentary structuring devices including six mini-documentaries which parody documentary convention. The set-up borders on being difficult to accept. Several dead artists renowned as gay or bisexual are brought back to life in 1980s Ontario to carry out the 'mission impossible’ of investigating the policing of washroom sex...As a kind of essay piece it is...subtle and ultimately shifts the focus from investigating 'closeted gay men' to analysing 'the policing of sexuality in society.'"

Primitive Fantasies  The black man's burden is to be the object of the white man's fantasies, whether fear of the primitive and the instinctual or a longing to return to a Golden Age of innocence. Australia's Aborigines have been the object of both fantasies, but currently, among the educated, they are victims more of the latter than the former. David Callaghan's feature essay in Time Australia, "What Future the Aborigine?", fits this mould: '[Aborigines] are not simply closer to nature," he writes, "but closer to authentic humanity. Primeval people have a wisdom we have lost and are, in some sense, closer to God." Aboriginal culture was based on altruism in contrast to the 'invading culture': "When faced with a culture based upon 'possessive individualism', it must have seemed like an invasion of genetic mutants, a whole race of cheaters, and it is moral indignation that helps explain their resistance to this intrusion upon
their millenia of tradition." Such an attitude treats Aborigines as anthropological relics, to be maintained in a primeval condition.

**Advanced Engineering** Beware the long arm of the Feminist State! The following memorandum was circulated to teaching staff by the Equal Opportunity Officer at La Trobe University:

"The Senate Committee on Employment, Education and Training has called for submissions to its enquiry into priorities for reform in higher education. The Equal Opportunity Committee is keen to ensure that mature-age female students are not disadvantaged any further by government reforms.

"The Committee is aware that many married students are discouraged from studying by their spouses. If you have identified any students in your department who have deferred, discontinued or simply struggled on with their studies in the face of continued opposition from their spouses, the Committee would appreciate hearing from you..."

**Was Hitler an Australian?** A course called "The Politics of Genocide" has been introduced at Macquarie University. It focuses on the most horrendous cases of genocide — the Jewish Holocaust, the Armenian genocide, Kampuchea under the Khmer Rouge — and the treatment of Australia's Aborigines. The last was the theme of a project by students in last year's course who were asked to answer the question: did the treatment of the Aborigines amount to genocide? Their unanimous conclusion was yes. Not surprisingly, Aboriginal radicals, such as Gary Foley, are advocating the introduction of the course at other universities and even high schools.

**Bias is Public** The National Consumer Affairs Advisory Council has produced a booklet, *Privatization: the Consumer Perspective*, published by the Australian Government Publishing Service. Its first section surveys the topic, quoting the views of such luminaries as Ted Wheelwright, Hugh Stretton and Frank Walker (former NSW Minister for Housing). Indeed, all who are cited oppose privatization. If this seems biased to you, it did also to the authors, who admit: "The above information may seem biased, as it comes from opponents of privatization, however, most advocates of privatization have not addressed the responsibilities of the public sector." The NCAAC seems to have confused consumer advocacy with public sector advocacy, which, as many consumers who are not short of complaints about the service they receive from public enterprises will tell you, are two very different things.

**Fraudulent Case** Under the tear-jerking title, "When Mummy Goes to Jail", Jane Cafarella, in the *Age*, tells of the callousness of a society which sent a mother to jail for six weeks for defrauding the social security system of $29,000. (By my calculation this averages out at around $5,000 per week.) "There are those who would say that such women should have thought of the welfare of their children before committing offences," writes Ms Cafarella. "But it is far more complicated than that. Many female prisoners are not jailed for crimes against society, but crimes against themselves — crimes of self-destruction, such as drug offences — or crimes of poverty, such as social security fraud." (Why is defrauding the public not a crime against society?) Chris Mommet from the Western Region Sole Parents Group agrees with Ms Cafarella: "Sending women to jail isn't the answer...Most single parents who are sent there have defrauded the DSS because of need, not greed." But isn't this blaming the victim — the victims in this case being the law-abiding citizens who pay the taxes which these women have stolen?

**Animation** In Texas, a group called Earth First has organized a coalition to prevent the capture and killing of rattlesnakes. "Earth First," said a spokesman, "abhors and protests the obscene tradition of hunting and mass murdering a helpless and ecologically important creature." Last December, animal activists "liberated" seven live lobsters from a Chinese restaurant in Maryland, USA, and flew them to a new home off the coast of Maine. And in Australia an article by Bishop George Pell has drawn my attention to a comment made to the Tate Senate Committee enquiring into embryo experimentation by Professor Roger Short who argued that experiments had to be done on human embryos, rather than on gorillas or chimpanzees, because the higher primates, unlike humans, are an endangered species.
The State Governments should set targets for tax reductions.

Unlike the Commonwealth, the States have made no firm commitment to tax reductions even though substantial lump-sum stamp duties (payable on property transfers, registration of mortgages and motor vehicle transfers) have become a real drain on family incomes.

The States as a whole have reaped a tax bonanza in recent years, principally as a result of the property boom, and have not suffered greatly from the Treasurer's depredations.

In the three years to 1987/88, Commonwealth grants to the States for recurrent purposes have been reduced by five per cent in real terms, a loss of $1.6 billion compared with the sum they would have received if the grants had been increased in line with the inflation rate. But in the same period State tax receipts swelled by $6 billion, a cool 46 per cent increase or 15 per cent real.

Of course not all States benefited to the same degree. New South Wales and Western Australia were in front with a better than 60 per cent increase in tax revenue with South Australia having to make do on 36 per cent.

The reason for public anger at the rising burden of both Commonwealth and State taxation is apparent from the figures shown in the table, particularly the $11.4 billion of additional tax raised by all Australian governments last year, an extra load of $709 per head of population.

This was $5 billion more than had been estimated when budgets were framed. This clearly demonstrates the capacity of governments to provide real tax relief instead of allowing it to be dissipated in higher spending.

On the $11.4 billion extra tax take, the Commonwealth raised an additional $9.2 billion (budget estimate $5.6 billion) and the States between them an additional $2.2 billion (budget estimate: $900 million).

In the light of the huge over-runs on State estimates

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<tr>
<td></td>
<td>Revenue Increase</td>
<td>Per Capita</td>
<td>Revenue Increase</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NSW</td>
<td>372.3</td>
<td>67</td>
<td>925.8</td>
</tr>
<tr>
<td>Vic</td>
<td>239.4</td>
<td>57</td>
<td>530.5</td>
</tr>
<tr>
<td>Qld</td>
<td>59.1</td>
<td>22</td>
<td>325.5</td>
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<tr>
<td>WA</td>
<td>84.7</td>
<td>57</td>
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<tr>
<td>SA</td>
<td>88.0</td>
<td>63</td>
<td>147.3</td>
</tr>
<tr>
<td>Tas</td>
<td>39.4</td>
<td>89</td>
<td>46.6</td>
</tr>
<tr>
<td>NT</td>
<td>14.0</td>
<td>88</td>
<td>13.6</td>
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<tr>
<td>All States</td>
<td>896.9</td>
<td>57</td>
<td>2226.8</td>
</tr>
<tr>
<td>C’Wealth</td>
<td>5558.0</td>
<td>344</td>
<td>9212.0</td>
</tr>
<tr>
<td>Total</td>
<td>6454.9</td>
<td>400</td>
<td>11438.8</td>
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Source: Budget papers.

Les McCarrey is Director of the IPA States’ Policy Unit based in Perth.
of tax receipts last year, it is probable that the 1988/89 estimates of an additional tax take of $8.7 billion will again be exceeded.

It now seems likely that the States' additional tax take will again exceed $2 billion and that the total tax bill levied by all governments will rise by more than $10 billion this year, an increase of over $600 per head.

If State Governments could make a commitment to return the overall level of taxation to, say, the burden of three years ago — total State taxes would be, in aggregate, reduced by $4.1 billion or approximately $256 per capita. Cuts of this order would make a significant contribution to household incomes and would indicate that the States as well as the Commonwealth are prepared to contribute to the restoration of family incomes.

Windfall Receipts

The windfall tax receipts, combined with the sale of assets and drawing on cash reserves has enabled the States as a whole to increase spending notwithstanding the real reduction in Commonwealth assistance. Over the last three years the States have cut back on capital spending as borrowing authority was restricted, but recurrent outlays rose by 35 per cent or more than six per cent in real terms.

It makes nonsense of the Federal Government's fiscal policy stance if increased State spending negates it. Mr Keating's objective must be to achieve a significant real reduction in aggregate State spending to help take the pressure off interest rates and make room for tax cuts. It would help greatly if this were reinforced by further real cuts in Commonwealth own purposes spending.

The problem is that cutting grants to the States has proved an inadequate means of controlling State spending and achieving fiscal policy objectives.

Moreover, it is an increasingly less effective weapon as the importance of Commonwealth payments to State budgets diminishes. This year Commonwealth grants and advances to the States and Local Government will constitute less than 43 per cent of revenue available to this sector against 54 per cent in 1983/84 and 61 per cent ten years ago.

The impracticability of setting and achieving national fiscal policy objectives in a Federal system with co-ordination mechanisms that amount to little more than wielding a blunt axe at some 40 per cent of State revenues is glaringly apparent.

It certainly cannot be achieved at the annual Premiers' Conference haggle or through the now largely defunct Australian Loan Council. But it must be achieved if national economic and fiscal management are to rise above banana republic standards — and if we are ever to get those increasingly elusive tax cuts.

A National Council Needed

Surely the time has come to formalize the setting of fiscal and monetary policy parameters that are genuinely national in application in a way that binds all Australian governments, at least nominally, to their achievement. These issues are far too important and affect all Australians far too deeply for them to be submerged in the annual Paddy’s Market and discussions on such matters as the Australia Day holiday over one or two days at the Premiers' Conference.

Australia needs a National Fiscal Policy Council (there has to be a better name) comprising the Treasurers of all governments meeting regularly throughout the year to set and monitor fiscal and monetary policy targets and release them for public information and guidance.

Importantly, the Council should seek to bind the States to adhere to national fiscal policy settings when formulating their budgets.

Such a national focus on State spending and taxing policies would bring under scrutiny the, pump-priming policies of States such as Victoria and Western Australia. Those State Governments seem to be unaware that high spending policies and the priority placed on strong regional economic growth boost demand and contribute to the Balance of Payments problem and the growing burden of external debt. Their policies contribute directly to the high interest rates impacting on the citizens of those States.

Oh, and while the Council was at it, it could also tackle the national disgrace of the total lack of uniformity of definition and presentation of State Government budgets and accounts.
SEQEB’s Industrial Relations Revolution

Des Moore

SEQEB is leading the way in a new approach to industrial relations involving the replacement of awards with personal contracts containing no-strike provisions.

LATE last year, the then Senior Economist of the IPA, Jacob Abrahami, pointed out that, if other electricity authorities were to follow the lead of the South-East Queensland Electricity Board (SEQEB) in eliminating restrictive work practices and overmanning, electricity consumers around Australia could save up to $600 million per annum.\(^1\) Recent developments at SEQEB confirm the enormous benefits that are now flowing through to Queensland consumers as a result of radical changes in SEQEB’s industrial relations and illustrate how the exercise of union monopoly power is keeping up prices in other States i.e. unions in those States are, in effect, imposing a hidden tax on consumers,\(^2\) the proceeds of which are going to meet the cost of overmanning and lower productivity in the electricity industry in those States.

The benefits flowing from industrial relations changes at SEQEB are reflected in the announcement in August 1988 by the Queensland Government that there will be a freeze on electricity prices until February 1990. This announcement by SEQEB comes at a time when the average increase in electricity prices in other States has been about six per cent per annum.

### INCREASE IN RETAIL ELECTRICITY PRICES, 1986-88

<table>
<thead>
<tr>
<th></th>
<th>Average Annual Percentage Increase</th>
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<tbody>
<tr>
<td>Queensland</td>
<td>3.5</td>
</tr>
<tr>
<td>Victoria</td>
<td>4.3</td>
</tr>
<tr>
<td>South Australia</td>
<td>5.6</td>
</tr>
<tr>
<td>Tasmania</td>
<td>6.8</td>
</tr>
<tr>
<td>New South Wales</td>
<td>7.0</td>
</tr>
<tr>
<td>Western Australia</td>
<td>7.6</td>
</tr>
<tr>
<td>Six States</td>
<td>5.6</td>
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What would be the consequences if other States were able to hold their price increases to zero instead of the average increase of 5.6 per cent over the past three years? In the current year the savings to consumers could be over $400 million. This is one measure of the ‘tax’ that is being imposed on consumers outside Queensland by restrictive union practices and overmanning.

### NSW Commences Reform

Since the Greiner Government took office in NSW in March 1988 there has been little change in industrial relations on the electricity distribution side. However, considerable progress has been made in that State in the electricity generation industry. Over the six months to December 1988, staff there were cut from around 10,500 to just under 8,500, resulting in a considerable improvement in productivity. Sales per employee increased by no less than 28 per cent over this period. Although that has not so far been reflected in any general concessions on prices, it has allowed NSW to adopt a more competitive approach in the negotiation of individual contracts with larger firms. Once the inquiry into NSW electricity tariffs is completed around end March, some more general price relief could be forthcoming even though, according to the NSW Electricity Commission, the domestic consumer in NSW already has the cheapest electricity in Australia.

The fact that NSW has been able to achieve these improvements in productivity with a minimum of union dislocation to power supplies reflects the firmer approach which the new management team at ELCOM has been able to adopt under the Greiner Government, which has widened the Essential Services legislation and allowed managers to get on with the business of managing their enterprises and improving work practices with a minimum of Ministerial interference. In addition, there can be little doubt that the electricity unions have taken

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\(^1\) "Can Australia Cut $600 million from its Electricity Bill?", Jacob Abrahami, IPA Review, November-January 1987/88.

\(^2\) The concept of a hidden consumption tax imposed by unions is similar to the concept that tariffs constitute a hidden consumption tax, the proceeds of which are used to finance the additional costs imposed by having inefficient industries.

Des Moore is a Senior Fellow at the Institute of Public Affairs.
heed of the outcome of the SEQEB dispute in Queensland, i.e. NSW has been able to benefit from the Queensland example without experiencing the disruptions which that State experienced.

**The Commonwealth Reaction**

Incredibly, the Commonwealth has supported an attempt by the traditional union movement to have SEQEB employees brought under Federal Awards, a move which could threaten the major advances in SEQEB’s industrial relations. Thus, notwithstanding the fact that the Full Bench of the Conciliation and Arbitration Commission, and later the High Court of Australia, ruled in 1986 that it would not be in the public interest to grant a Federal Award for electricity wage workers, shortly after that ruling the union movement persuaded the Commission to re-open the question in respect of salaried employees. The Commission decided this even though it is clear that the majority of SEQEB employees do not want it (see below).

In such circumstances the Commonwealth should surely have intervened to oppose the move back to Federal Awards. In fact the Commonwealth Government’s intervention to support a Federal Award was on the remarkable grounds that the only tribunal equipped to deal with the dispute is the Conciliation and Arbitration Commission. The Commonwealth Government also argued that it was concerned to prevent the entrenchment of provisions, whether by legislation or otherwise, of: lack of union preference; lack of equal hours and conditions; lack of full appeal procedures; the imposition of increased hours of work; and the type of contracts of employment being introduced and the lack of genuine and meaningful consultation with unions and employees. It is difficult to imagine an approach more calculated to inhibit improvements in productivity and to punish electricity consumers.

**SEQEB’s Improved Efficiency**

Jacob Abrahimi’s article outlined the many changes in work practices, the reduction in overmanning, and the increased flexibility provided to management flowing from the passage of new legislation by the Queensland Government and the establishment of a new tribunal to take over the arbitration of industrial disputes in the electricity industry. He also pointed out that the great majority of employees — some 85 per cent of whom are former employees - appeared well satisfied with the new arrangements.

It is scarcely surprising, then, that Queensland has been able to effect major improvements in efficiency. Between 1984/85 and 1987/88 sales per employee increased by about 60 per cent and each employee now services 220 customers — an increase of 40 percent. Real controllable costs per unit sold - that is, costs excluding the cost of electricity purchased from the Queensland Electricity Board — declined by some 35 per cent between 1984/85 and 1987/88. These developments helped SEQEB to lower the rate of price increase (and now to freeze prices from February 1988 to February 1990). It is little wonder that, while other States and Authorities have been grappling with the traditional Catch 22 position of lower than predicted energy sales and higher tariffs, SEQEB pushed up annual growth in sales in 1987/88 to:-

<table>
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<tr>
<th>Percent Increase in Kilowatt/Hours</th>
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<tbody>
<tr>
<td>Domestic</td>
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<tr>
<td>Commercial</td>
</tr>
<tr>
<td>Industrial</td>
</tr>
<tr>
<td>Average</td>
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</tbody>
</table>

This is 20 per cent above the Australian average. What has happened is that industries are being encouraged to move to Queensland and SEQEB is now planning on the basis that one to two per cent of its future annual growth rate in electricity sales will come from business migration and relocations.

Nor is SEQEB stopping there. Its Quality Circles and Employee Involvement programs have been supplemented by an intensive program called Total Quality Management. This approach, which essentially involves training all staff to enable them to contribute fully and actively to continually satisfying customer requirements at the lowest possible price, will mean further savings in the next 12 or 18 months in the Board’s operating costs.

**Radical Changes in Industrial Relations**

The changes to industrial relationships made at SEQEB can only be described as revolutionary in the Australian context. The main features include:

(i) **Voluntary Employment Contracts**

By the end of 1988 37 per cent of SEQEB employees had concluded personal contracts with the Board replacing the traditional State awards and governing all the terms and conditions of employment on a permanent basis. These contracts include no-strike agreements but, unlike those concluded by the ETU in the United
Are white male heterosexuals acceptable?

Equal opportunity employment means not discriminating according to gender, race, sexual or political preference. But are some preferences more equal than others? This is the question Senator Jim Short put to the Victorian Equal Opportunity Commission after sighting (with disbelief) a job advertisement in the Geelong Advertiser. The advertisement and ensuing correspondence* are reprinted below.

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**WOMEN'S HEALTH SERVICE**

**BARWON & SOUTH WESTERN REGION**

is a community based women's organisation that is setting up medical and support services in the Barwon and South-West region.

**ADMINISTRATIVE WORKER**

We are looking for a part-time Admin. worker, 19 hrs. pw to work in the Women's Health Centre in central Geelong. Your job will be to develop and maintain the Centre's administrative system, including establishment of an accounting system. Experience in administrative and office work is essential, as is a feminist-based philosophy and an understanding of women's concerns and commitment to the health issues relevant to ALL women in our society. Salary in accordance with the Hospital Administrators Award, Admin. Officer Group 6.

Experience of the applicant will be somewhere between $200-$250 depending on skills and experience of the applicant.

**COMMUNITY HEALTH WORKER**

We require a part-time Comm. Health Worker, 19 hrs pw who would be responsible for the development and planning of service delivery. The work includes establishing relationships with other community groups and services and the profile of the Health Centre throughout the Barwon and South-West region. Other areas of work will be to identify health needs and areas of service development. The weekly rate will be somewhere between $200-$250 depending on skills and experience of the applicant.

---

**CHILD CARE WORKER**

8 hrs pw part time worker wanted. Some evening work included. We require someone who can provide quality child care for children of different ages, class and culture, who can work without supervision, has creative ideas and a feminist-based philosophy. Experience in working with children essential. Salary in accordance with the Day Child Care Workers Award.

The hourly part-time rate will be between $8-$11. The weekly rate will be around $370-$400 depending on experience of applicant.

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**PARLIAMENT OF AUSTRALIA • THE SENATE**

**SENATOR JIM SHORT**

**HONORABLE SENATOR FOR VICTORIA**

Ms Barbara Wertheim
Commissioner for Equal Opportunity
4th Floor
356 Collins Street
MELBOURNE VIC 3000

Dear Ms Wertheim

I wish to draw to your attention a copy of a job advertisement seeking applicants for Community workers for the Barwon and South Western Region's Women's Health Service. A copy of the ad which appeared in the Geelong Advertiser on 21 January 1989 is attached.

I would appreciate receiving your views on the ad, as soon as possible, in the light of the following:

(1) it requires as a requisite for the position a political philosophy;

(2) it appears to be highly discriminatory. The position for child-care worker singles out "koori, rural, differently abled women, lesbians and women from a non-English speaking background" as those who should apply for the position;

(3) it is a Government funded organization using Government funds provided by all taxpayers.

The Convenor of the Barwon Women's Health Collective, Ms Lou Sanderson, is reported in the Geelong Advertiser (27 January 1989) as saying that the Health Service has been granted a dispensation from the normal requirement that job advertisements should be open to both sexes. I would appreciate your comments on this special dispensation and why it has been allowed. I would also like to know how many other special dispensations have been allowed in Victoria, which Authority grants them, and to whom they have been given.

I look forward to hearing from you.

Yours sincerely

JIM SHORT
28 February 1989

Dear Senator Short

I am replying to your letter of 20 February 1989 in which you request my views on the advertisement of the Barwon and South Western Region's Women's Health Service. (Geelong Advertiser, 21 January 1989).

The following comments are made in response to the specific issues you raise in your letter.

(1) "It requires as a prerequisite for the position a political philosophy"

You are referring to the requirement that candidates have a "feminist based philosophy." Many people including myself, would not agree that "feminism" is a political philosophy. We would argue it is a belief in human rights similar to a belief in the right of free speech.

Over the years I have met hundreds of women who regard themselves as feminists. These women came from all sectors of society, including all the major political parties. The common belief they share as feminists was that they believed women had not yet achieved full equality with men. They believe that women have the right to decide how they want to live their lives. They believed that women as yet were not given as many options in life as men. Finally they want society to change so that women have equality.

Certainly Dame Beryl Deaurepierre and the National Women's Advisory Committee set up by the former Liberal Prime Minister Malcolm Fraser were working to achieve the goals I have just described. I feel confident Dame Beryl would find no difficulty in being described as a feminist.

It is unfortunate that the term feminist has come to have a negative connotation for so many people. Feminism is about achieving for women those human rights which are proclaimed in the Universal Declaration of Human Rights and in State and Federal Anti-discrimination Laws. It does not push women in any one direction. It merely wants to open gates to enable them to go in the directions they choose themselves.

(2) "It appears to be highly discriminatory. The position for child-care worker singles out 'koori, rural, differently abled women, lesbians and

women from a non-English speaking background" as those who should apply for the position."

I draw your attention to the fact that the advertisement is not closed to other applicants, it merely encourages people in certain groups to apply. It is not unlawful under the Equal Opportunity Act 1984 to welcome applications from the groups of women mentioned in the advertisement.

(3) "It is a Government funded organization using Government funds provided by all taxpayers."

I do not propose to comment on the funding policies of the Department of Health as in doing so I would be acting outside the authority of my legislative mandate.

However, I reaffirm all employers whether in the private, public or the community based sector are legally obliged by the Equal Opportunity Act to follow non discriminatory employment practices.

(4) DISPENSATION

In relation to the matter of a "dispensation", the Equal Opportunity Act 1984 provides for a number of exceptions.

Section 21 of the Equal Opportunity Act 1984 provides that certain forms of discrimination are not unlawful including:

(c) discrimination on the ground of sex or race or impairment with respect to persons of a particular sex or race or impairment in the provision of services for the promotion of the welfare or advancement of those persons, if those services can most effectively be provided by a person of the same sex or race or impairment.

Section 39 of the Act provides that the Victorian Equal Opportunity Act 1984 does not render unlawful:

"(f) the exclusion of any person from a bona fide program, plan or arrangement designed to prevent or reduce disadvantage suffered by a particular class of disadvantaged persons."

Over and above the numerous exceptions specifically defined within the Act, a temporary exemption may be obtained by application to the Equal Opportunity Board under Section 40:

"S.40(1) The Board may, by notice published in the Government Gazette, ..."

"(a) a person, or class of persons;

(b) an activity, or class of activity;

(c) the circumstances referred to in Section 21(5);

(d) any circumstances of a specified nature.

(2) An exemption under this section shall remain in force for a period, not exceeding three years, specified in the notice but may be re-examination by the Board be renewed from time to time by the Board for a successive period not exceeding three years.

The Equal Opportunity Board is responsible for the granting of a temporary exemption. I am unable therefore to give details of who has applied for and been granted exemptions. This information should be obtained from Mrs Margaret Rizkalla, President of the Equal Opportunity Board.

Having considered the matter carefully, I am of the opinion that the advertisement in no way breaches the Equal Opportunity Act 1984. Thank you for bringing your concerns to my attention and I am most happy to assist you.

Yours sincerely,

Barbara Wertheim
COMMISSIONER FOR EQUAL OPPORTUNITY
35% of all the iron ore produced in Australia.

For example, CRA's Hamersley iron operations contribute one lead, zinc, silver, copper, gold, coal, diamonds and steel.

CRA is a world leader in the production of aluminium, iron...
The 1 800 mm cold mill was upgraded to give better quality control of aluminium sheet products. The next stage of upgrading will enable the mill to handle bigger and wider coils, resulting in productivity and throughput increases.

The business unit received its first award under the National Five Star Safety Scheme. Emphasis is being given to multi-skilling and training to enable the unit to meet international competition in its markets.

During the year, a $1 million pilot can line was installed, which will accurately replicate the forming processes of the most modern can making equipment in commercial production. Testing and experimentation on this line will enable Rolled Products to develop can sheet to meet the more stringent individual requirements of its customers. These requirements arise from the trend by can makers to produce cans from thinner gauge aluminium sheet.

During 1987, Australian can makers and fillers elected to stay with the two-piece aluminium can rather than support a prospective steel can. The aluminium can’s economic, technological and ecological benefits and its strongly preferred position in the market place led to this decision.

Australia has one of the highest aluminium can recycling rates in the world, with over three million cans being returned every day. Last year about 22,000 tonnes of aluminium cans were recycled representing a national return rate of about 54%.

Comalco increased the amount it pays for recycled aluminium cans, from 60 cents to 75 cents per kilogram. Australian can collectors, including many community groups and charities, received more than $23 million for used cans in 1987.

The Foil Group produces foil for a large range of uses including insulation, household foil and packaging. Record sales and production levels were achieved in 1987. This group is pursuing a policy of import substitution by working closely with customers to provide highest levels of quality, service and delivery.

Nick Stump
Managing Director (to 4 December 1987)

Terry Palmer
Managing Director (from 5 December 1987)

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<thead>
<tr>
<th></th>
<th>1987</th>
<th>1986</th>
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<tr>
<td>External sales</td>
<td>233.2</td>
<td>207.5</td>
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<tr>
<td>Total assets</td>
<td>254.0</td>
<td>226.0</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>10.6</td>
<td>8.2</td>
</tr>
<tr>
<td>Employees</td>
<td>908</td>
<td>901</td>
</tr>
</tbody>
</table>

Comalco Extruded Products (CRA 67%).

The Australian-based extrusion operations achieved record sales volumes in 1987 but profitability, eroded by high metal costs and competitive extrusion prices, was down on the previous year. The market for our products in Australia and New Zealand has become more competitive with new companies and existing operators investing in new plant and equipment. Capacity in our industry far exceeds demand, so that our market share and profitability are continually under challenge.

To combat these competitive activities we have taken a very positive stance and introduced considerable change into our business. In January 1987 we merged Comalco Aluminium Supply, Comalco Wunderlich Windows and the Comalco Extrusions operations in Australia and New Zealand into the one business unit. Because Comalco Aluminium Supply and Comalco Wunderlich Windows are such large outlets for our extrusions, this linking will improve service levels to our customers and make us a more effective competitor.
Europe Matters More than Asia

It seems to have become part of Australia’s conventional wisdom, especially in media and government, that Australia is and ought to be part of the Asia-Pacific region and that our fate — especially our economic fate — depends critically on our trade and other relations with South-East Asia and the Pacific. The point was nicely illustrated by the Prime Minister’s recent swing through parts of Asia and the way in which Asian Studies and languages are being force-fed in our schools and universities.

There can, of course, be no serious dispute that we should be on the best possible terms with our neighbours. But to identify ourselves with them would be something else again. And to think that our strategic and economic fate will be decided by them is not far short of absurd. Among the factors which these views ignore is one of special interest: our traditional as well as economic links with an increasingly important European Community.

It would be foolish to ignore our ethnic and other traditional ties. Dr Charles Price, of the Australian National University, has shown that something like 75 per cent of the descent of present-day Australia is from the British Isles and most of the rest from Europe. We could not, even if we would, pretend to be something else. The Australian political system is very largely derived from British (and, to some degree, American) traditions and structures. The Law, and especially the Common Law and our forms of the administration of justice, have mainly British origins. Our literature has European roots and so have our art and music. The forms of organization of our museums, our orchestras, our universities, stem from a European tradition. And not least important, almost all our political and moral assumptions, and the standards by which we test ideas in all these fields, are derived from these same roots and not from the traditions of India or Indonesia or Japan. It would be remarkably foolish of us to ignore, or squander, such ties and the cultural, economic, political and perhaps above all psychological assets they bring with them.

Economic Relations

The point may be of special importance in a period when our public discussion virtually ignores Europe’s growing importance to us. This is most easily demonstrated at the economic level. Official Federal Government figures suggest that between 1981 and 1987 Australian investment in Britain increased almost as fast as our investment in Japan: 740 per cent compared with 820 per cent; and our total investment in Britain is well over double that of our investment in Japan. During the same period there was actually a 37 per cent decline in Australian investment in ASEAN. Or again, during 1984/85 to 1986/87 our trade with the European Community grew by 66 per cent or just twice the rate of growth of our trade with ASEAN or Japan. During the same period our imports from Japan grew by 18 per cent, and from the European Community by 56 per cent. According to European figures, in 1986/87 Europe was our largest source of imports with 23.8 per cent of the total, compared with 21.9 per cent for the US and 20.9 per cent for Japan; and while Japan remained our largest market, taking 25.4 per cent of our exports, Europe was second with 15.8 per cent and the US third with 11.7 per cent. In the same year Europe was the biggest capital investor in Australia with A$5.76 billion, followed by the US with A$5.00 billion and Japan with A$611 million.

The Government has quietly recognized the facts which such numbers illustrate. Mrs Thatcher and Mr Hawke have agreed to have a trade and investment conference in London in June, through which Australia will seek to expand the possibilities of using London as an economic entry-port to Europe and Britain will explore further opportunities of using Australia as a base for economic activities in Asia.

But trade and investment figures, while significant, do not tell the whole story or even its most important
Britain, while not as powerful as she was, retains a special place in world diplomacy. As Winston Churchill remarked long ago, she stands at the intersection of three areas of world politics: Europe, the Commonwealth and the Atlantic relationship with the USA. For all the shifts in America’s global policies, and for all that Britain is now firmly embedded in Europe, that notion retains validity. No Australian Government for the foreseeable future will be able to disregard its implications.

It would be remarkably foolish of us to ignore, or squander, such ties and the cultural, economic, political and perhaps above all psychological assets they bring with them.

During earlier periods of the European Community’s history, the primacy of the United States and the Atlantic alliance in strategic and economic matters set the framework for all possible agendas for the Community. On the other hand, just because of that American supremacy the Europeans, safe within the alliance, could indulge their individualities, even eccentricities. But by the 1970s America’s willingness and ability to lead began to decline, global monetary stability came to an end, Europe and Japan — and, for a time, OPEC — grew in relative importance. In the 1980s the entire East-West confrontation began to decline as the centrepiece of world politics.

United European Market

By the mid-1980s at least two major streams of events began to change the game once again. One is the promise (or threat) that Europe will achieve a fully unified market by 1992. The implications are far-reaching. A unified market demands major legal and institutional reforms among the participants. It will demand, in fact if not in name, a common currency. It would therefore also demand something like a common political authority, at least in some important fields, and some common approaches to external affairs. If these developments occur as their proponents want, the political map of the world could be substantially changed.

It is too early to say whether success will come. Not by any means is every European government content with the erosion of national sovereignty which such developments would imply. Mrs Thatcher is strongly opposed to the idea of a common currency. Many people in several member countries are unhappy with the way in which European Courts can be used to shape domestic affairs in member countries. It would therefore be premature to predict the outcome of what is essentially a tug-of-war between national self-determination and the creation of a much larger but also politically and economically more potent force in world politics.

West Germany

One of the more interesting questions concerns West Germany which, by virtue of its economic supremacy in Europe and its geo-political position, has become critical to the entire exercise. In the 1950s and 1960s West Germany sought security as well as international recognition in the arms of the Western alliance. But much more recently, national aims and the real or apparent disappearance of external dangers are changing the German outlook.

Here is the second stream of new events: the Gorbachev diplomatic offensive. It has had several major effects. It has, in the mind of many Germans, quite removed the old fears of Soviet imperialism and aggression. It has created great temptations for West Germany to make profits as well as diplomatic gains by investing money and technology in the Soviet economic reform program. It has therefore also created new hopes for a general understanding with "the East", as part of which even German reunification might, just possibly, move into the realm of the feasible. It has moved the prospect of German neutralization and denuclearization from something to be feared into the category of something to be sought; and diminished, for very many Germans, the worries about moving to some extent away from the Western alliance.

It would be quite wrong to suggest that this last point is generally accepted by West German opinion or by the major West Germany political parties. But German politics may be fragmenting, small groups are making gains and so are nationalist and neutralist views, even a general dislike of foreigners.

In sum, a united Europe would be the single largest, cohesive market in the world and could develop, in fairly short order, into a superpower at several levels, including the scientific and technological one. Alternatively, a fragmented Europe, especially one which contained a neutralist-minded Germany, could become a major source of instability and tensions which would affect the entire global balance of power. For all these reasons, events in Europe are likely to be far more important to Australia’s general welfare, and even our security, than are current events in Kampuchea or Indo-China or even the South-West Pacific.
Australia’s Greatest Economic Mistakes

Tim Duncan

This is a study of human fallibility in government; of grandiose plans that flopped, of short-sighted decisions with long-term costs, of woolly-minded reforms with unintended consequences. It is a tale for optimists: for those who believe that, in overcoming our current economic difficulties, we might actually learn something from wrong turns taken in the past.

Everyone makes mistakes. Most political comment pivots around error; but these are contemporary mistakes. It is harder to rifle the past in search of error, and this is how it should be. Retrospective wisdom can lead to cheap judgments that do great dishonour to the past and those who lived it. There is an understandable reluctance to accuse generations of the dead of idiocy and folly.

Defence to the complex historical contexts of decisions is admirable and proper. But the temptation is to go the other way, especially in times like ours that promote cultural relativism to the point where it is more convenient to explain things away than to explain them. The result has been a reluctance of critically minded people to think historically about why the Australian economy is still stagnating, or to undertake broad reflection on why the obvious reform paths are so difficult to take. Presumably, if nobody made mistakes in the past then there is no point in ascribing any current problems the country has to anything beyond the incompetence of the present players. Many are understandably happy with this, but the logic is flawed. Does a mistake cease to be a mistake upon the instant that it happens and is consigned to history?

It is legitimate to talk about error in Australian history, just as moral failure is a legitimate theme. But the warning should be sounded: an obsession with historical error, just like an obsession with moral failure in history, is an expression of destructive intellectual alienation. What follows is a discussion in a different, livelier spirit.

Thanks are due to those who participated in the discussion from which much of the below is drawn. They include David Kemp, Mike Porter, Terry McCrann, Ray Evans, John Fogarty, Ed Shann, John Hicks, Keith Trace, Tom Quirk and David Clark.

Unforgivable Idiocies

Restricting uranium mining Because it continues to astound foreign visitors, because it has cost Australia $5 billion in export sales and will cost billions more, the decision to restrict uranium mining deserves top billing. There was nothing pre-determined about it. Rather, in a fit of apocalyptic fervour the nation confused electricity generating with nuclear war and thus made an idiotic mistake. No other uranium producing economy has volunteered to inflict similar damage upon itself. This has nothing to do with other nations being more or less responsible and altruistic. Rather, other nations fathomed the difference between the bomb and the power plug. We didn’t.

Dr Tim Duncan is a senior staff writer with Business Review Weekly.
Non-standard gauge railways This is the classic Australian mistake. It was the darling of the school history textbooks for decades and served as a useful means to demonstrate official folly in action to generations of students. What's more, this was a mistake that has never been forgiven, hence its time-worn ring. Many have tried to explain it away, saying that nobody knew the Colonies were going to federate, that each railway system was naturally self-contained, and that incompatible railway systems would not have mattered had coastal shipping been more efficient. But that just does not wash.

The 1974 Budget and Wage Cases The numbers speak for themselves. By the second half of 1974 average weekly earnings were increasing at a 37 per cent annual rate while prices hit a 19 per cent annual rate. For the year as a whole average weekly earnings were 28 per cent above 1973, which amounted to a real increase of 12 per cent. Unemployment more than doubled from 2.1 per cent in May 1974 to 4.8 per cent by May 1975. Commonwealth total budget outlays increased in real terms by 19.9 per cent during 1974/75, on top of a real 5.6 per cent increase the 12 months before. Some portfolio examples: Social Security and Welfare rose by a real 22.6 per cent, Education spending rose by a real 59 per cent (on top of 70 per cent the previous year), and industry assistance shot up by a real 51 per cent. Stalwarts have manfully tried to rationalize this unforgivable idiocy, whilst a generation of politicians of both parties have tried to beat government back to the size it was. So far both stalwarts and the politicians have failed dismally.

The High Court Decision on External Powers In a famous decision, the Tasmanian Dams Case (1983) — in which the World Heritage Convention was used by the Commonwealth to usurp a State's right to control its own forests and rivers — the High Court voted, in effect, to dissociate the Constitution from itself. The intent was to give the Commonwealth greater powers over the States, according to the letter of international treaties and conventions the Commonwealth has signed. The result was to give foreign governments powers over the Commonwealth, since the Commonwealth has to convince the representatives of foreign governments that its designs over the States meet the letter of the relevant treaties. Already this has led to extraordinary scenes, including the splendid sight of Senator Graeme Richardson, in the name of trees, prostrating himself before various Manchu Courts around the globe. Stunned observers have even spotted Gough Whitlam, the man who did away with recourse to the Privy Council on the grounds that it was an affront to our national dignity, arguing before those foreign courts on Richardson's behalf.

Simple Mistakes with Dreadful Consequences

The Purchase of the Victorian Telephone Exchange Company This plucky little flower was formed as the Melbourne Telephone Exchange Company in 1878, only two years after Bell invented the phone. In 1887 the Victorian Government ate it up, thereby consigning telecommunications to the public sector for the next hundred years. There was no concern that government should intervene to protect the public from the depredations of a private monopoly. Rather the Victorian Government nationalized the telephone company to protect its own telegraph monopoly from competition. As the Postmaster General to blame for this mistake, F. T. Derham, put it at the time: "The Government would have been grossly to blame for neglect of duty in allowing a private company to establish a business on a large scale to seriously interfere with the telegraph revenue." The result was a century of over-manned and inefficient telegraph service, together with a century of monopoly attitudes to consumers, limits on the range of services available, lagged technical innovation, and covert taxation of business through the phone bill.

The Bank Holiday of 1893 On Sunday, 30 April 1893, Victoria's newly elected Patterson ministry made perhaps the most tragic mistake any government in Australia has committed. Faced with the impending failure of the National Bank and the collapse of the remaining Victorian-based banks, it resolved to have the Governor declare a five day bank holiday.
AUSTRALIA'S GREATEST ECONOMIC MISTAKES

Australasian Insurance and Banking Record dryly put it, "... the principle being unconsciously adopted that in order to put out a fire the right thing is to shower petroleum upon it." The result was the collapse of all the Victorian banks as the run burst through the minute the banks reopened. Neither Victoria, nor Australia for that matter, has ever fully recovered, because it mortally discredited economic liberalism. After 1893, a solid consensus developed favouring the taming of capitalism through protection, wage regulation and social credit. This consensus was locked into the future with Federation and the constitutional sanction of the Arbitration Court. The result is that Australia in 1989 is still grappling with institutions and attitudes rooted in 1893. Although the banks were facing a sharp shock once British depositors left the Australian capital market in force during 1892, total collapse and the resulting freezing of the savings of ordinary people was not inevitable. In NSW the reverse policy was taken. The notes of tottering banks were proclaimed legal tender, the banks were kept open, and the distress of depositors of failed banks was relieved by the issue of Treasury notes, payable in gold. Unfortunately, the Victorian banks dominated the Colonies, and so did the Victorian crash.

Navigation Act of 1912  The idea was simple: to extend to the merchant marine the same working and wage conditions that arbitration guaranteed employees in other industries. Technically, foreign shippers could still ply the Australian coast provided they conformed to the required work rules and wage rates, but except for the odd exceptions in the 1920s none did after the Act came into operation. One cabinet member in 1912 defended the Act on the grounds that the industries of Australia were for the people of Australia. So we got what we deserved: a moribund coastal shipping industry favoured by in effect 100 per cent quota protection. Even the groaning State monopoly railways ate into its market, but the liner coastal trade was killed off by road in the 1950s when trucks were allowed to compete openly with rail for freight. Having destroyed sea cargo transport, the legislation now acts as a brake on downstream ore-processing within Australia. Inefficient coastal commodity transport deters miners from uniting Australian ore with Australian energy. The mistake was in the legislation itself. Its framers were actually aware of the dangers of cutting out foreign ships from the Australian coasts but thought that the legislation left the market open to foreign competition. They were wrong.

Soldier Settlement  After World War I many of the veterans who had survived the trenches were packed off to small plots of "Land Fit for Heroes" in the Mallee and the Wimmera and left to rot. This was perhaps the worst episode of the closer settlement disease that afflicts Australians every couple of decades. In respectful memory of the soldiers' sacrifice, Mildura, the Ord River fiasco, the Gippsland dairy industry, and 'Dad and Dave' should all be considered to be variants of the Soldier Settlement mistake. The mistake was institutionalized in the form of various official Boards, which give petty officials powers to shoot chickens, confiscate eggs, hijack milk trucks, lay siege to silos and generally behave like rustic Führers. The Soldier Settlement mistake is currently being made by politicians who are busy converting State Departments of Agriculture into marketing bodies for cut flowers and macadamia nuts. Like their forebears they refuse to admit that it does not rain much in most of Australia, the consequence being that Australia's comparative advantage is in extensive land use rather than intensive land use.
Canberra  One has only to read Nugget Coombs’ Trial Balance, the memoirs of one of Canberra’s most superior mandarins, to understand that Canberra should never have been allowed to happen. Coombs recalls meeting a businessman with brains as though he were in Marble Bar on the day it rained. Canberra institutionalized distance between government and the people. In unsullied and subsidized isolation its bureaucracy bred both a contempt for the legitimate self-interest of private enterprise and nurtured an insufferable caste of cocktail circuit social engineers. Canberra as a mistake resulting from colonial pig-headedness is a sort of ‘Son of Non-standard Gauge Railways’. Its single defence is that famous argument about having a national capital out of the range of battleship guns and beyond a day’s march from the coast. In deference to the state of military knowledge at the time, that one should wash — which is just enough to tip Canberra out of the running for ‘Unforgivable Idiocy’ status.

Uniform taxation  It seemed like a logical move for any government to make during war-time, but it outlasted the emergency. John Curtin’s 1942 decision to give the Commonwealth the first claim on income over the States created in that instant a politically irresponsible second-tier of government. The Commonwealth realized the error when Fraser tried to hand back the taxing powers, but the States cunningly ducked their responsibilities. The States had become spenders luxuriating in the absence of direct political accountability to the taxpayers whose funds they received, and they wanted to keep things that way. Accordingly, State parliaments evolved into powerful, unchecked lobbies promoting increases in government spending. On the Commonwealth side, the backbench was under pressure for appearing to tax without spending anything in return and became a potent force advocating increases in direct Commonwealth spending. Economists hooked on macro-economic management will object to the idea of uniform taxation as a mistake, since it suggests that the fiscal policy lever be removed from their models. The reply might be that economists would have done the nation a greater service had they retained the institutional focus of their classical forebears and concentrated more on resource allocation efficiencies, market distortions and micro-economic analysis.

Evatt’s 1954 Attack on the Groupers  On 5 October the federal parliamentary leader of the Opposition, Dr H. V. Evatt released a statement alleging that the ALP had fallen under the influence of an organized, outside force grouped around the Catholic newspaper, *News Weekly*. Evatt had resolved to bring the matter to the ALP Federal Executive in order that action be taken at the forthcoming Hobart Federal Conference. He had kicked off a sectarian powderkeg within the ALP in such a way that Labor politicians were forced to take one side or another. The result was a split in the ALP that kept a generation of Labor politicians out of power and kept the ALP itself well to the left of the political mainstream. The nation paid dearly for this when the Whitlam Government was elected in 1972 with neither experience in administration nor interest in the economic health of the country. To this day, nobody knows why Evatt made his first attack, nor why he pursued the Groupers to the point where Labor was crippled as an effective party. The best explanation is that Evatt had already begun to lose his marbles.

More Complex Mistakes with Unintended Consequences

Arbitration  The 1904 Commonwealth Conciliation and Arbitration Act was a product of the alienated mood of the 1890s. A new and flexible society, Australia was able to create institutions with tremendous ease and an institution to regulate the relationship between employers and workers promised to put a halt to the bitter industrial confrontations that shocked the Colonies prior to Federation. That was one thing. But Justice H. B. Higgins, Arbitration’s chief promoter, introduced a key mystical element by attempting to strike a just price for labour. The result was to force a large part of the Australian economy into non-tradeables, since protection was required if industry was to afford the regulated labour price. Another consequence was that
Why We Need a Flatter Income Tax

John Freebairn and Des Moore

All income groups would benefit if the Government directed its tax reform program towards a flattening of the tax scale.

ENORMOUS community expectations have been raised for lower personal income tax rates beginning in July of this year. While the government has given a general endorsement to the ACTU's proposal for a reduction of $20 per week combined with a wage increase averaging $30 per week, important questions still have to be settled. These proposals raise two major issues — how any tax cut should be financed and where any cuts should be made. Present indications are that the Government is proceeding down the wrong track on both counts.

Where we are in Personal Income Tax

Looked at in isolation, the case for a cut in personal income tax seems overwhelming. Personal income tax receipts as a share of national income have jumped from 12.7 per cent in 1982-83 to 14.8 per cent in 1988-89. To an important extent, this increase in the burden of personal income taxation reflects 'bracket creep': with a progressive income tax schedule and inflation, taxpayers find tax rising faster than their incomes. In fact, with the present rate scale a 10 per cent increase in personal income results, on average, in about a 16 per cent increase in tax payments.

An ever-increasing number of taxpayers is thus facing high marginal tax rates. Since 1982, the proportion of taxpayers facing a marginal tax rate of 40 cents in the dollar or more has doubled to be no less than 50 per cent today. This is having adverse effects on incentives to work and to save, resulting in lower growth in national income.

In fact, the rising tax burden has been the major reason for the falls in real disposable incomes which a majority of Australian families have experienced in recent years. As an example, the average tax rate for a single person on average weekly earnings has increased from 23.0 per cent in 1982-83 to 25.6 per cent in 1988-89.

Real pre-tax wage rates have also fallen, of course. Those families which have gained increases in pre-tax household incomes have done so mainly via either increased employment or higher investment incomes.

Overall, then, we have a picture of high and rising personal income tax burdens whether that be measured in terms of total revenue, average or marginal tax rates. It is scarcely surprising that many Australians see lower tax rates as the key to meeting their expectations of higher real after-tax incomes. A major difficulty, however, is that without an increase in national productivity (or the terms of trade) a person's real tax burden can be reduced only by redistributing the burden from one group to another or by reducing public sector outlays. But growth in national productivity has been slow and we cannot rely on a continuing improvement in the terms of trade.

Would Tax Cuts be Responsible?

Tax cuts mean increased household disposable income, a substantial part of which in turn flows-on into increased consumer expenditures. Thus, to the extent that personal income tax cuts are not matched by a combination of increases in other taxes and/or reduced government expenditure, the resultant larger budget deficits (or smaller surpluses) result in higher national spending than otherwise.

In the current context the ACTU has proposed - and the Government has accepted in principle - that, in order to reduce wage costs, workers accept a lower increase in wages than otherwise in return for a tax cut. For example, a $20 per week tax cut for taxpayers facing a marginal tax rate of 40 cents in the dollar (that is, people with annual taxable incomes between $19,500 and $35,000) would be equivalent to a $33 per week wage increase. Details of such proposals can become complex, and there is always a question as to whether any lower...
than otherwise wage increase that is proposed would be sustained in the market place. This is particularly pertinent at the present time, when some types of labour are in short supply.

The key point, however, is whether the proposed overall increase in household disposable incomes can be regarded as responsible. For example, if the ACTU proposal for a $30 per week wage increase and a $20 per week tax cut was implemented as follows:

- Two instalments of general wage increases, one in September 1989 and one in March 1990, plus some 'supplementary' increases for lower paid wage earners; and
- Tax cuts averaging $20 per week for lower and middle income earners effected in two stages, one on 1 July and one on 1 January 1990,

there could be an increase in average household disposable income in 1989-90 of between 11 and 13 per cent. Allowing for inflation of seven to eight per cent, that would provide an increase in real disposable income of four to five per cent.

Even if the economy was not over-heated — as it presently is — such an increase in incomes would likely result in an unsustainable increase in consumer spending and in imports. Before too long, monetary policy would probably need to be sharply tightened, and unemployment could then be expected to rise.

The external debt problem, combined with the current over-heated nature of the economy, requires a tightening of fiscal policy and maximum restraint on growth in real personal disposable incomes. In the present circumstances the Government should not contemplate any net addition to real household disposable incomes from the 1989-90 Budget unless there are matching reductions in real public expenditure, in particular from areas which are of benefit to middle and upper income groups.

In short, the ACTU claim for a $20 a week reduction in the tax burden faced by lower and middle income workers is clearly excessive unless accompanied by quite large expenditure reductions. To effect such a cut by, say, increasing the tax-free threshold (from its current $5,100 level to $9,445) or by reducing the lowest tax rate (from its current 24 per cent to 10 per cent) would cost around $8,000 million.

This is not to suggest that tax cuts cannot be economically responsible in present circumstances. Some commentators at the time of the 1987 election made the elementary mistake of asserting that a tax cut would result in an increase in demand and, given the high elasticity of demand for imports, this would blow-out the current account deficit. But, provided tax cuts are financed by public sector expenditure cuts, the likelihood is that there will be no net increase in aggregate demand and, hence, no increase in the demand for imports.

**Why Tax Cuts (of the right sort) Are Needed**

None of the foregoing is meant to imply that the Government should not proceed with tax cuts. On the contrary, the large distortions and 'deadweight' costs (see box) imposed by the present income tax system make reductions a major priority. Significantly reducing the various distortions in the tax system has the potential to increase national income by at least one percentage point per annum. This means, for example, that an economy growing in real terms at three per cent per annum rather than two per cent per annum would cause average weekly earnings to rise from their current level (of around $480) to a year 2000 level of $684 rather than $608. Thus, provided tax cuts are financed in a responsible manner

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**REDISTRIBUTIONAL EFFECTS OF TAX CUTS**

Considerable care is required in evaluating the redistributional implications of tax reform options. The common and simplistic procedure of comparing one year snapshot pictures of relative disposable incomes or average tax rates can be highly misleading. First, current incomes are not a good measure of normal income for many people. In particular, many taxpayers with low taxable income in any one year have low income for temporary reasons, such as unemployment, sickness or a 'bad' small business year. At the same time, many with high incomes have them for temporary reasons, such as a second job, overtime or a 'boom' small business year.

Second, many of those on low incomes are at the beginning of their career and can normally expect to earn higher incomes as they gain skills and experience, while at the same time many high income earners are towards the twilight of their career. Thus, in a longer term context, many apparent losers from the snapshot picture actually are winners and vice-versa. Third, changes in the tax system can induce changes in behaviour and in remuneration levels which alter a snapshot assessment. Fourth, in any event, redistributional objectives are more effectively met by targeted direct income grants, such as the family assistance scheme, than by reducing income tax burdens at lower income levels since higher as well as lower income groups are beneficiaries.
they should be proceeded with.

But it is important to get the right sort of personal income tax cuts. In particular, we need to give maximum emphasis to cuts that will encourage saving and investment - and also more socially productive saving and investment. This argues strongly for changes directed more towards a further flattening of the tax schedule than to reducing rates at the lower end of the scale or increasing the tax-free threshold. Higher income households are responsible for the greater part of national savings, although even lower income families save mostly in times when their incomes are temporarily high. Thus, reducing higher tax rates will have a greater impact on reducing distortions to save rather than to consume, and on the choice of savings and investment options, than reducing tax rates at lower income levels.

At first glance, tax induced distortions to the labour versus leisure choice might suggest focusing the tax cuts at lower income levels where we find relatively more part-time workers and married women who have higher elasticities of work response than full-time males earning higher incomes. However, in practice, the first impressions are counter-balanced by the facts that some part-time workers and many women also earn higher incomes and that the deadweight loss is proportionately greater at higher tax rates. Thus taking into account all factors affecting the measure of deadweight costs of taxation points to lowering high rates more than low rates.

### Distortions in the Present Tax System

Economists use the concept of "deadweight losses" to measure the economic waste caused by the tax system. Deadweight loss occurs when tax alters relative prices and causes people to change their decisions in ways that result in a lower level of national income and welfare than would occur in a non-distorted world without taxes. The foregone income is called a "deadweight loss". A key objective of any tax system must be to reduce such losses to a minimum.

Income taxes alter the relative returns from various activities. First, taxes reduce the return from work and market-produced goods and services. But the return from leisure and home-produced goods and services is unaffected. Taxation therefore causes us to consume more leisure and non-market-produced goods and services (such as home repairs), and to devote less time to paid work than is socially optimal. Second, income taxation penalises savings relative to consumption. The reduction in the return from saving induces households to consume more today than is socially desirable. Third, the effective tax on income taken as wages and salaries is greater than that on income taken as superannuation and as fringe benefits (such as cars and concessional interest loans), leading to remuneration packages being artificially biased towards fringe benefits and superannuation. Fourth, in practice, different effective tax rates are placed on different savings options (for example, owner-occupied housing versus financial deposits versus real estate versus shares, etc.) and on different investment options (for example, industrial plants of different operating lives, buildings, inventories, incorporated versus corporate structures, debt versus equity finance, etc.). As a result, taxation leads to choices of portfolios of saving and investment being determined partly by tax minimisation considerations and only partly by their intrinsic economic returns. In consequence saving and investment is less effective in stimulating economic growth. In all cases these different effective tax rates are made even more variable by higher personal income tax rates.

Some will protest about the supposed adverse redistribution effects of a flatter tax schedule. However, we stress it would be more effective to meet the needs of lower income groups through increases in the Social Security system (e.g. the family assistance scheme) than via the income tax system. Critics also pay too great a regard to the short-run effects of a flatter tax schedule and take too little account of the beneficial effects over time. First, many of those on low income who are apparent losers will, in fact, become longer-run winners as their careers develop and return higher incomes, and as the reasons for a temporarily low income are reversed. Second, some of the apparent winners on high incomes will become much smaller gainers as their favourable temporary circumstances alter. Third, to the extent that lower income groups receive relatively greater percentage increases in pre-tax wages, for example via fixed dollar wage increases, this would, over time, modify the first round story. Fourth, some of the benefits of a more efficient and faster growing economy will flow through to higher absolute real after-tax incomes for those at the lower end as well as the higher end of the income profile. In the example quoted above, concerning the effect on incomes of a higher growth economy, it is worth noting that a one per cent increase in the annual growth rate will result in an increase of some $4,000 p.a. to the person on average weekly earnings by the year 2000.

Accordingly, we take the view that first priority
should be to reduce the top marginal rate to, say, 40 per cent. The accompanying table has two sets of options, ranked in order of priority, costing around $2 billion and $4 billion respectively in 1989-90. The $2 billion revenue cost options reflect an assumption that governments are unlikely to reduce their expenditures. If governments are willing to reduce their outlays, the $4 billion revenue cost options become eligible for consideration, in which case a top rate of 40 per cent becomes a serious option. The table shows the estimated revenue cost and the implications for a person on average weekly earnings relative to the current tax schedule.

In conclusion, at this stage, the Government is indicating that it proposes to finance tax cuts by reducing the budget surplus that would otherwise occur in 1989-90. In present circumstances that seems inappropriate, if not dangerous. Even if the economy were not overheated, Australia’s external debt situation requires an increase in government saving.

The Government has also indicated an intention to concentrate tax cuts on lower and middle income groups. However, a proper evaluation, including taking account of longer-run effects, indicates that first priority should be to flatten the tax scales. Such action, combined with the removal of other distortions in the tax system, has the potential to add significantly to the growth potential of the economy, and therefore benefit all income groups.

### Illustrative Tax Reform Options for 1989-90
for different Aggregate Revenue Costs

<table>
<thead>
<tr>
<th>TAX REFORM OPTION</th>
<th>AGGREGATE REVENUE COST</th>
<th>IMPLICATIONS FOR PERSON ON AVERAGE WEEKLY EARNINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($ million)</td>
<td>Increase in take home pay ($/week)</td>
</tr>
<tr>
<td><strong>A. Revenue Cost of About $2 billion</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Flatten tax schedule (change fourth bracket to $19,500 to $40,000 at marginal rate of 38 per cent, change last bracket to 45 per cent on income above $40,000.)</td>
<td>2,006</td>
<td>3.06</td>
</tr>
<tr>
<td>2. Index tax brackets by seven per cent, i.e. increase all brackets by seven per cent (retain current rates).</td>
<td>1,968</td>
<td>5.37</td>
</tr>
<tr>
<td>3. Increase tax-free threshold (from $5,100 to $6,150; all other brackets and rates unchanged).</td>
<td>2,078</td>
<td>4.83</td>
</tr>
<tr>
<td><strong>B. Revenue Cost of About $4 billion</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Flatten tax schedule (change fourth bracket to $19,500 to $40,000 at marginal rate of 35 per cent, then 40 per cent on income above $40,000).</td>
<td>4,171</td>
<td>7.66</td>
</tr>
<tr>
<td>2. Index tax brackets by 15 per cent, i.e. increase all brackets by 15 per cent (retain current rates).</td>
<td>4,080</td>
<td>11.51</td>
</tr>
<tr>
<td>3. Increase tax-free threshold ($5,100 to $7,150; all other brackets and rates unchanged)</td>
<td>4,017</td>
<td>9.44</td>
</tr>
</tbody>
</table>

*Note: All comparisons are against the present schedule ($0 to $5,100 - tax free; $5,101 to $12,600 - 24 per cent; $12,601 to $19,500 - 29 per cent; $19,501 to $35,000 - 40 per cent; $35,001 and over - 49 per cent.*
What 17 Year-Olds Know

~ Susan Moore

In 1986 a US federal agency, the National Endowment for the Humanities, funded a national test in history and literature for 8000 Year 11 pupils. The function of this test, the first of its kind ever given in America, was to assess general knowledge in both subject areas through straightforward, factual questions in a multiple-choice format. Pupils of diverse racial and ethnic backgrounds from public and private schools in every US region were tested by NAEP (the National Assessment of Educational Progress). An impressively sound and thorough report on their performance, What Do Our 17-Year-Olds Know?, by Professors Diane Ravitch of Columbia and Chester E. Finn, Jr., of Vanderbilt, was published last year by Harper and Row. It is not easy to acquire here.

In the broad field of History, scores on questions about notorious individuals or groups like Hitler or the Ku Klux Klan, well known features of US or European geography relevant to historical events (eg the Mississippi River, Italy, the USSR), or inventors such as Edison or Bell, were high. Over 80 per cent of the pupils tested made these simple identifications correctly. But in response to questions about major dates in American and European history, the US Constitution, civil rights, scientific discoveries, labor and industry, international affairs, colonialism, territorial expansion, and other major topics of historical interest, a majority of pupils were at a loss.

In the Literature testing program results were similar. Easy questions on Biblical events like the Flood, characters from childhood stories such as Cinderella or Robin Hood, well-known quotations from literature and life ("To be or not to be"..."The Lord is my shepherd"..."I have a dream"), or classical works of American Literature like Huckleberry Finn - were answered correctly by 4 out of 5 pupils. But well over 55 per cent failed to recognize other key figures and episodes from the Bible (the Prodigal Son, the story of Sodom and Gomorrah) or from classical literature and mythology (the significance of Helen of Troy). An equal number were unfamiliar with important works of English and European prose (Pride and Prejudice, Crime and Punishment, Pilgrim's Progress, Lord of the Flies), major poems and poets (Canterbury Tales, Yeats or Eliot or Blake), plays by such dramatists as Ibsen and Shaw, and epics like The Divine Comedy.

In an effort to interpret these results, NAEP assessors gave all pupils a battery of questions about their family backgrounds, reading, study habits, schooling, and out-of-school activities. Some of their findings - eg, boys did better in history even though girls read more - are surprising enough to require further inquiry. Others are predictable: those pupils who read the most outside of school, who spent more time on homework and less on part-time jobs, who took advanced science and maths courses, and whose parents were well-educated, did better in both the history and the literature tests. But none of the data collected explains why, during an era marked by a tremendous explosion of knowledge, so many students knew so little about their own cultural heritage.

Sifting through the statistics, Ravitch and Finn express grave concern about the implications of student error. Because a significant number of pupils could not identify major events and persons in the history of the West, they wonder aloud about whether this generation of young people knows enough of the past to "make sense of what they see and hear", to "discern patterns in trends and events", to "relate their experiences to universal themes that have been explored by great writers through the ages", and to "compare their own experiences with those of previous generations"? Then they consider what can be done to improve the performance and the prospects of future generations.

Virtually all of the immediate remedies for cultural ignorance proposed in What Do Our 17-Year-Olds Know? are as pertinent to Australia as to America. Besides urging people who are not directly involved in schooling - eg, community leaders, businessmen, professors in the Humanities - to take a greater interest in the school curriculum, Ravitch and Finn recommend basic reforms in teacher training, textbook publishing, school programming, and teaching. At the top of their list of priorities is the suggestion that schools be required to teach "a solid core curriculum of history and literature to all students", and to have their pupils "demonstrate satisfactory attainment of substantial amounts of historical and literary knowledge, concepts, and skills before moving on." The emphasis in assessing pupils, they argue, should be on "important knowledge" rather than "content-free skills."

Also stressed by Ravitch and Finn is the importance of allowing only those "who are well-educated in history or literature" to teach these subjects in schools. Although they do not say so directly, it is obvious from their recommendations ("History teaching should be enlivened by...") that they believe dry, unimaginative teaching which fails...
to give either of these subjects its compelling human dimension is a major cause of poor pupil performance. Another major cause is widespread school reliance on texts written by people with little or no skill as storytellers. To improve the situation, they suggest, outstanding teachers should be enlisted by the media, libraries, museums, and civic organizations to create stimulating programs and materials which can be appreciated by adults as well as children.

Of course, as Ravitch and Finn point out, a lifetime is too short for reading "every important book" or learning about "every significant event." But, at the very least, 11 years of schooling should enable students to distinguish fine literature from dross, to see the vital connections between the past and the present, and to acquire a secure foundation of knowledge from which to build.

SAMPLE QUESTIONS ON HISTORY AND LITERATURE
(answers by students, percentages)

When was the Civil War?
- Before 1750 3.7
- 1750-1800 22.6
- 1800-1850 38.4
- 1850-1900 32.2
- 1900-1950 2.5
- After 1950 0.6

Who was the leader of the Soviet Union when the US entered World War II?
- Yuri Gagarin 10.2
- Marshall Tito 5.9
- Joseph Stalin 53.6
- Nikita Khrushchev 30.3

Which nation was NOT invaded by forces of the Soviet Union after the Second World War?
- Hungary 14.6
- Czechoslovakia 15.4
- Afghanistan 14.5
- Israel 55.4

From 1890 through 1910, there was a large increase in the number of immigrants coming to the US from:
- western and northern Europe 40.9
- eastern and southern Europe 37.6
- west Africa and north Africa 11.1
- the Near East 10.4

The controversy surrounding Senator Joseph R. McCarthy focused on
- investigations of individuals suspected of Communist activities 42.6
- agitation to secure civil rights for Irish immigrants 15.1
- leadership of the movement protesting the war in Vietnam 29.4
- leadership of the movement to improve veterans' benefits 12.9

What is Magna Carta?
- The Great Seal of the monarchs of England 15.9
- The foundation of the British parliamentary system 30.6
- The French Declaration of the Rights of Man 16.6
- The charter signed by the Pilgrims on the Mayflower 36.8

In the Bible, King Solomon was famous for his:
- courage 27.9
- frugality 5.4
- eccentricity 5.7
- wisdom 61.0

What is the novel 1984 about?
- The destruction of the human race by nuclear war 47.9
- A dictatorship in which every citizen was watched in order to stamp out all individuality 35.5
- The invasion and ultimate takeover of the earth by creatures from outer space 8.0
- A man who went back in time and changed history 8.6

The Return of the Native, Tess of the D'Urbervilles, and The Mayor of Casterbridge were written by
- Sir Walter Scott 34.1
- Thomas Hardy 24.4
- Oscar Wilde 21.1
- Robert Louis Stevenson 20.4

Aesop is best-known for having written
- fables 65.3
- dramas 13.2
- proverbs 10.4
- epic poetry 11.1

Julius Caesar by Shakespeare is a play about Caesar's
- discovery of and escape from a plot to kill him 22.1
- ultimate triumph in the Gallic wars 11.2
- death and the fate of his assassins 48.0
- love affair with Cleopatra 18.8

Which mythical Greek hero demonstrated his bravery and cunning during his long journey homeward after fighting in the Trojan War?
- Theseus 22.1
- Achilles 23.7
- Odysseus 49.8
- Telemachus 4.4

Who is the Spanish knight who attacked windmills, thinking they were giants?
- Sancho Panza 21.4
- Don Quixote 47.9
- El Cid 15.8
- Zorro 14.9
Conservatives and Conservation

Colin Howard

Conservatives need to start addressing the rational elements in the conservation debate.

It is both curious and serious that in the English-speaking world the conservative wing of politics, in paradoxical neglect of the potential of the word 'conservative', has allowed the conservation issue to be conceded by default to the left. Indeed, to the far left. This is as true of Australia as anywhere. Fortunately it is now true also that under the redoubtable leadership of Mrs Thatcher the importance of the lost opportunity has come to be recognized by the British Government and that this is not likely to be overlooked by conservatives elsewhere.

In Australia the course of recent events has been different. We are now into the third term of a government which assumed office with traditional left-wing credentials and has remained in office by moving steadily to the right on all issues of domestic importance. So far as conservation is concerned it has shown no disposition to develop a coherent policy of any description, tending instead to try to please everyone all the time under the callow banner of pragmatism.

The major and most unfortunate consequence of the failure of conservatives to recognize years ago that conservation questions are natural vote-winners for their side of politics, and also that such questions would become remorselessly more prominent, is that conservation has fallen into a monumentally confused political wasteland. This is a serious matter because some of the issues raised seem to have the potential to assume the proportions not merely of a national but of a global disaster.

Political Confusion

The extent of the political confusion which is hindering clear thinking can be appreciated by asking oneself why it is that the mining of uranium, the use of nuclear power in warships and elsewhere, the maintenance of American bases in Australia, the destruction of rain forests, Antarctica, the greenhouse effect, and the perennial question whether kangaroos are a pest or a rarity all tend to be protested about by exactly the same group of people, collectively called Greenies. Some of these questions, particularly the greenhouse effect, the destruction of the rain forests and possibly Antarctica and nuclear waste disposal, raise genuine conservation issues. Others, like the mining of uranium, the engineering use of nuclear power, American bases and world peace, have nothing whatever to do with conservation and serve only the purpose of giving habitual demonstrators something to demonstrate about.

Confusing the two leads to such ironical but unhelpful consequences as the dilemma which now faces the Greenies in choosing between the continued use of fossil fuels, which is threatening the ozone layer, and acceptance of the industrial use of nuclear power which does not. The absence until very recently of any coherent conservative interest in conservation properly so called has meant that, like American bases and nuclear power, it has fallen by default into the political armoury of the left, and in general the far left. The far left is, of course, in any country a fertile source of protest about anything and everything, frequently regardless of the law of the land or anyone else's reasonable opinion.

It is a political disaster that serious conservation issues should have been allowed to drift into such hands and in consequence to have seriously hindered conservatives from taking them up. Not everyone wants to be identified with ranting protests about animal liberation or nuclear powered warships if what they are really worried about is the greenhouse effect. Neither is it reassuring to reflect that when it comes to hard politics, which is where sensible conservation policies will have to be hammered out, the political grouping which has made such matters its own has its foundations in an ideological and intellectual muddle of monumental proportions.

Although it is fortunate that Mrs Thatcher, who is the most sensible and effective conservative leader that the English-speaking world has seen for many a long year, has woken up to the dangers of this situation, and is causing her government to respond to it, she cannot look after...
all of us. Unfortunately for Australia one looks at the moment in vain for anyone on the conservative wing of politics apparently capable of following her example. Indeed no one in the present Opposition seems to be even thinking about the matter. Yet the need and the opportunity are glaringly obvious. Several recent issues of *The Economist*, which is strongly market oriented and probably the most influential current affairs journal in the English language, have explored ways in which conservation problems can be overcome reasonably straightforwardly by making it commercially advantageous to conserve instead of waste or pollute. Reward by results instead of endlessly prohibiting people from doing things. Nothing could be more compatible with conservative free-market principles.

It is both intellectual bankruptcy and bad economics to suppose that the preservation of essential natural resources can be achieved only at the expense of jobs or that Australia has to submit to ever-increasing international interference and centralization of power in Canberra in order to tackle the problem. It is not too much to say that intelligent policy development of conservation issues in a conservative political framework could become not only an election winner but a leadership winner as well.

![Economizing on Pollution](image)

What can an economist teach an environmentalist? Two sorts of things, which are often confused with one another. The first thing an economist can do is to try to set the environmentalist's goals for him: to show him how, for example, to put a price on clean air or clean water. This does not go down well: environmentalists expect cleanliness to be free. The other approach is to let ecological goals (such as how much carbon dioxide to release into the air) be set by politicians — informed by scientists — but then to let market forces work out the best way to achieve them, rather than forcing solutions on polluters by law. This, too, makes some environmentalists suspicious. It should not.

The market approach to cleaning up the world has a simple aim and no hidden big-business agenda. The idea is merely to find the most efficient way to spend each anti-pollution pound or dollar (America spent some $65 billion on pollution control in 1984) — even if that means introducing what at first like licences to pollute. After a few half-successful experiments, the idea is reaching maturity. Two American senators, Senator Timothy Wirth (a Democrat from Colorado) and Senator John Heinz (a Republican from Pennsylvania) sponsored a study [known as Project 88] of some 13 environmental problems — from the depletion of the ozone layer to the inefficient exploitation of America's wetlands. The Environmental Defence Fund and other green pressure groups in Washington have endorsed it; its ideas are creeping into the language of the President-elect's advisers. And if Margaret Thatcher reads everything her aides press upon her, its ideas may soon by voiced with a British accent...

[Project 88 proposes that] marketable emission-permits could help to reduce local air pollutants, such as carbon monoxide and ozone. Since 1970 the EPA has been unsuccessfully trying to set limits and deadlines for these substances (and, more successfully, for others). About 100 urban areas still violate the EPA's standards, but it lacks the manpower and the clout to do much about it. Stricter rules, as proposed by Congress, do not seem to be the answer...

Project 88 suggests that an expanded system of marketable emission-permits should be written into the Clean Air Act. Polluters would be given permits specifying an allowable amount of discharge. Some companies might sell surplus permits to other firms; others might buy extra permits. Permit amounts could then gradually be reduced until the EPA's limits are met.

Thus suppose that a firm legally belches out 10 tonnes of hydrocarbons per year. It gets 10 permits in 1989 but knows it will get only nine in 1990. It can either scale down its emissions, or try to buy an extra permit from another firm which can scale down more easily. So any firm that wants to emit more next year, or does not want to emit less, will have to pay for the privilege. In highly polluted areas the price of a permit will be higher, because there will be a surplus of permits in places where firms find it easy to reduce emissions.

The system would be flexible: it does not need to anticipate the growth or emergence of pollution-control technologies, but can leave that job up to the polluters — in the knowledge that they have an incentive to pursue it. In one respect this is a mixed blessing. Regulators will have to learn a completely new job, which could make them resist their new roles as permit policemen (they will need to ensure, for example, that fines for permit violations are enforceable and higher than the permit prices). Many environmentalists, too, are likely to resist the idea because it does not sound punitive enough. They are more used to waving a big stick at evil polluters, rather than relying on the invisible hand of the market.

Cultural Questions Could Realign Australian Politics

Ken Baker

Six leading columnists, united against socialism, divide on cultural issues.

Commenting on the American election results, the distinguished British weekly, the Economist, criticized Mr Dukakis's advisers for being "too slow to spot the importance of cultural issues: patriotism, guns and crime."

Australian politicians have also been slow to spot the importance of cultural issues, preferring instead the safer, less emotional territory of economic management and structural reform. Even an important cultural issue like education is still often debated only in terms of bureaucratic structures, administrative reforms, class sizes and funding, rather than in terms of the intellectual and moral content of what is imparted in the classroom.

But things may be changing. Last year saw the eruption of heated debates on immigration, multiculturalism, the Aboriginal treaty, AIDS, and (among some ethnic communities) the War Crimes legislation. The release of the Liberal/National manifesto, Future Directions — with its emphasis on a return to traditional values — also marks a turning point in political recognition of the importance of cultural values.

The impact of the cultural debate, once it gets going, should not be under-estimated: it may well realign Australian politics, splitting old alliances and forming new ones. Cultural issues probe sensitive areas of the psyche. People might argue about the relative defects or merits of the J-curve or of floating the dollar, but it is unlikely to bring them onto the streets or strain friendships in the same way that, say, the abortion debate can. Cultural issues arouse strong feelings; they test moral convictions; they strike at the most fundamental questions of politics — allegiance and identity.

It is partly for these reasons that some politicians (and others) are nervous about bringing cultural issues to the forefront of public debate. The emotions and divisions they could arouse, (as evident in the debate on multiculturalism and immigration) could damage the body politic. Such issues should be approached with care. On the other hand, the tendency to exclude cultural questions from the political arena has merely handed their control over to unelected interest groups and bureaucrats. The alternative to public debate is that teachers' unions exert undue influence on the school curriculum, scientists determine the future of embryo experimentation and homosexual groups direct public policy on AIDS education and testing.

An indication of the cultural debate's potential to divide is given in the chart overleaf. This sets out the results of a survey of six of Australia's opinion leaders, whose media columns are read weekly by hundreds of thousands of Australians. The questions range from censorship to bio-ethics; from multiculturalism to education; from capital punishment to republicanism; from cigarette advertising to conservation. The questionnaire did not seek the reasons for particular opinions, although some respondents chose to qualify their answers.

Differences of opinion are not necessarily interesting. It would come as no surprise, for example, if the survey merely demonstrated that B. A. Santamaria and, say, Phillip Adams do not see eye-to-eye. What is striking is the extent of disagreement among commentators, all nominally located on the same side of the political fence. All six respondents share an opposition to socialism; all have attacked the burgeoning of the welfare state; all are critical of the New Class influence in government, the universities and sections of the media, particularly the ABC. Yet, of the 27 questions on social and cultural matters put to these commentators, a unanimous response was gained on only three. John Hyde and B. A. Santamaria disagreed on 17 of the 27 questions. P. P. McGuinness and Michael Barnard agreed on only eight.

What is happening here? All the respondents are thinkers of some calibre whose opinions, no doubt, derive from a careful weighing-up of moral principles and practical considerations. It is possible to identify, however, some philosophical bases of division. Most relevant is the tension between classical liberalism and conservatism. The liberal creed that individuals should...
be permitted maximum freedom to pursue their own interests as long as they do not inflict harm on others is apparent in many of the views particularly of John Hyde and P. P. McGuinness (prostitution, censorship, drugs). B. A. Santamaria and Michael Barnard, on the other hand, tend towards the conservative pole, stressing the state's obligation to enforce public morality. Characteristically, the liberal tends to see the potential for good in scientific innovation, for example the IVF program, while the conservative is more likely to see the potential for evil.

A second basis of division is what might be described as the conflict between cosmopolitanism and nationalism. Those who oppose a reduction in Asian immigration support multiculturalism and Japanese real estate investment, but dislike the idea of compulsory national service and of school pupils being required to "salute the flag and affirm loyalty to Australia as part of their weekly routine," tend towards cosmopolitanism (Greg Sheridan). Those who hold the opposite views on these questions (Michael Barnard) veer more towards nationalism.

Third, and overlapping somewhat with the liberal/conservative distinction, is that between the economists and the moralists. In matters where the market and traditional morality conflict (Sunday trading, for example), the economists (John Hyde and P. P. McGuinness) tend to defer to the market. Central to the language of the free-market economist is deregulation — unleashing man's productive powers; central to the language of the moralist is regulation and restraint. When the conceptual framework of the free-market economist spills over into social issues, the result is libertarianism.

The Implications

A central cause of the rising importance of cultural questions in Australia is the successful discrediting of socialist economics over the last 10 years. Deregulation, privatization, balancing the budget and reducing welfare dependency are now items on the agenda of both the Labor Government and the Opposition. Certainly there are disagreements about the pace of social change and some areas of reform (principally labour markets, union power and corporate statism). But a convergence of economic philosophy has undoubtedly occurred. Indeed, differences of economic philosophy within parties are now greater than differences between parties.

A consequence of this is that the Coalition is beginning to turn to cultural values, as evident in the Future Directions document, as a means of sharpening the differences between the parties. There are some risks in this strategy for the Coalition parties. A traditional alliance exists between economic liberalism and social conservatism in Australia and this alliance still holds sway among Liberal and National Party voters. But it is increasingly subject to strain from a younger generation of Liberals who, while converted by the economic debate of the last decade to pro-free-market views, are less comfortable with social conservatism. They are enthusiastic on issues of individual rights and liberties, but less impressed by the conservative's concern with social cohesion, national identity, public morality and the preservation of customs. On moral issues, like economic issues, they tend to favour deregulation.

This strain between economic liberalism and social conservatism could in part be bridged if the economic costs of the breakdown of traditional values and institutions were more effectively emphasized. The growth of welfare dependency cannot really be understood without understanding the decline of family obligations; the origins of the debt crisis cannot be fully analyzed without talking about the shift to a consumerist culture; the lack of competitiveness and productivity in the Australian economy cannot be discussed without examining changing attitudes to work.

But if the cultural debate holds risks for the Coalition parties it holds even greater risks for Labor. There is a growing chasm between the university-educated New Class Labor functionaries, whose values are left-wing, and the ALP's traditional blue-collar supporters, who on questions of morality are generally conservative. David Knight, writing in Australian Left Review, and certainly no friend of conservatism, acknowledges this problem for Labor in his review of Future Directions:

"Blue collar conservatism is something which the left and Labor Party don't like to acknowledge publicly, but Liberal Party insiders believe it holds the key to the Lodge. The values of blue collar conservatives are not limited to blue collar workers — small business, country people and women have more than their share..."

"The key ingredient is that it plays on actual fears about the pace and direction of social change. These cover new teaching methods in schools, the increase in property crime and drug abuse, increased divorce rates, and the dissolution of the World War Two 'Australian identity..."

The problem for the Labor Party is that it is hamstrung by its Socialist Left whose members, while purporting to champion the cause of the working class, in reality have nothing but contempt for the cultural values of the working class. Labor in Government is held together not by ideology but by power. Whether it could withstand the strain of a heated debate on key cultural questions outside of power is doubtful.
<table>
<thead>
<tr>
<th>Question</th>
<th>B. A. Santamaria</th>
<th>John Hyde</th>
<th>Greg Sheridan</th>
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<tbody>
<tr>
<td>Should Australia become a republic?</td>
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<td>Do you support capital punishment in any circumstances?</td>
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<td>Should governments provide tax and/or welfare incentives for families to have more children?</td>
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<td>But it should remove the current disincentives</td>
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<tr>
<td>Should professional child-care be subsidized/tax deductible?</td>
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<tr>
<td>Should the level of Asian immigration be reduced?</td>
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<tr>
<td>Is multiculturalism a good public policy?</td>
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<tr>
<td>Should Japanese real estate investment in Australia be more tightly controlled?</td>
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<td>Is there sufficient censorship of pornographic material?</td>
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<td>Should sex education programs in schools discourage homosexuality as an acceptable lifestyle?</td>
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<td>Should State Governments institute a core curriculum in secondary government schools?</td>
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<td>Should marijuana and heroin be decriminalized?</td>
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<tr>
<td>Should we trade with the Soviet Union?</td>
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<td>Do you approve of world series one-day cricket?</td>
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<td>Should governments subsidize any of the Arts?</td>
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<tr>
<td>Should abortion be available on the request of the mother?</td>
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<tr>
<td>Do you support the current War Crimes legislation?</td>
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<tr>
<td>Should IVF programs be stopped?</td>
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<tr>
<td>Have the rush of takeovers been, on the whole, good for Australia?</td>
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<tr>
<td>Should The Last Temptation of Christ have been banned?</td>
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<tr>
<td>Should laws restricting commercial activity on Sundays be completely abolished?</td>
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<tr>
<td>Should prostitution be legal?</td>
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<tr>
<td>Should the government provide subsidized media channels for minority groups?</td>
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<tr>
<td>Should pupils be required to salute the flag and affirm loyalty to Australia as part of their weekly routine?</td>
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<td></td>
<td>But I can envisage times when it may be necessary e.g. 1942</td>
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<tr>
<td>Should Australia have a form of compulsory military service for young men?</td>
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<td>Should cigarette advertising be permitted on television?</td>
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<tr>
<td>Should homosexuals be permitted to join the armed services?</td>
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<tr>
<td>Would you like to see fewer environmental restrictions on the activities of the forestry industry?</td>
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</tbody>
</table>

IPA Review, March-May 1989
<table>
<thead>
<tr>
<th>Sam Lipski</th>
<th>Michael Barnard</th>
<th>P. P. McGuinness</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>The Bulletin / Editor, Jewish News</em></td>
<td><em>The Age, Melbourne</em></td>
<td><em>Australian Financial Review</em></td>
</tr>
<tr>
<td>But only if, and when, the overwhelming majority of the population agree to it</td>
<td>Not under a Whitlam-esque vision, anyway</td>
<td>It is for all practical purposes already a republic</td>
</tr>
<tr>
<td>Except in the case of mass murder, e.g. terrorists convicted of destroying a plane-load of people</td>
<td></td>
<td>But very rarely. For heinous crimes on a very high standard of proof of guilt e.g. flagrant delicto</td>
</tr>
<tr>
<td>Certainly tax deductible, but also subsidized in ways which directly benefit parents not commercial organizations</td>
<td>Although with qualifications</td>
<td>But welfare/tax provision should be made for children of low-income families</td>
</tr>
<tr>
<td>But like a lot of good public policies it has been abused on occasion</td>
<td></td>
<td>As also non-professional. Child-care should not be monopolized by ‘qualified’ professionals</td>
</tr>
<tr>
<td>I think all foreign investment in real estate should be more tightly controlled. I would not single out Japanese - indeed, I object to it being singled out.</td>
<td>For the time being, yes. Could we make 'Asian' Afro-Asian/Latin American?</td>
<td>But composition debatable</td>
</tr>
<tr>
<td>Alright, I give in. What vital clue is provided by this question?</td>
<td></td>
<td>But in sense given by Sir Ninian Stephens in his NPC speech of 25 January</td>
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<tr>
<td>But not all of the Arts</td>
<td></td>
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<tr>
<td>But not all</td>
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<td></td>
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<tr>
<td>I do not support abortion on demand but it should be available in those cases where the health of the mother is endangered, cases of rape, etc</td>
<td></td>
<td>But with restrictions, especially after third month of pregnancy</td>
</tr>
<tr>
<td>Some elements of them should be. But I am not opposed to the basic idea.</td>
<td>On balance, yes</td>
<td></td>
</tr>
<tr>
<td>But I understand, and sympathize with those who were deeply offended by it on religious grounds</td>
<td>But if forced to a firm conclusion, I'd probably say No.</td>
<td></td>
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<tr>
<td>There should be outlets for minority groups but genuinely available to all - once set-up the group(s), not the government, should keep them going</td>
<td></td>
<td></td>
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<tr>
<td>We did at school. It is a retrograde step for many schools to have dropped it</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Why military? And why only young men? If the question was &quot;a form of national service for young men and women&quot; I would favour it as a compulsory scheme</td>
<td></td>
<td>But a well-paid voluntary army</td>
</tr>
<tr>
<td>I assume this is based on the homosexuals declaring themselves. I would oppose any interrogation or investigations</td>
<td>With certain qualifications</td>
<td>But not encouraged to engage in sexual activity with colleagues</td>
</tr>
</tbody>
</table>

*P. P. McGuinness has since moved to *The Australian.*
New Wave Dumps
Traditional Geography

Graham Miller

Geography is the latest victim of the politicization of the secondary school curriculum.

In an article in The Bulletin (3 December 1985) Dr Tim Duncan describes a "radical left bid to hijack geography courses" and points out that the vacuum created by so-called school-based curriculum development has given extremists in strategic positions much greater influence over what is taught in schools.

New Wave Geography, Parts 1 & 2 edited by Rob Stowell and Lyn Bentley, published by Jacaranda in 1988 for the Geography Teachers' Association of Victoria, is already in our children's school bags, in classrooms, libraries and bookshops. It represents a manifestation of the influence Duncan has described, in which "values education", "social action" and "political literacy" are being used to politicize geography courses in Australia.

The books are presented so as to appeal immediately to a wide range of students at the junior secondary level. With vivid use of colour, interesting graphics, eye-catching layout, clear photographs, comic strips and artwork, they carry a message which will be readily consumed in many schools.

The list of topics includes

Book 1: endangered animals, migration and refugees, homelessness, food distribution and production, Antarctica, our ageing population, the relationship between health and wealth, and facing the future.

Book 2 deals with: nuclear power and the arms race, unemployment, forests and their conservation, pollution, multinational companies, the role and rights of women, human rights.

Missing or enmeshed in a political context are the traditional topics which built up a body of facts and developed the necessary skills which enabled students to understand the delicate balance of the world environment. The physical processes like land-building, erosion, weathering, and plate movements, the history of our planet including the study of rocks and fossils, the world distribution of people, their activities and needs, investigations of weather and climate and the development of skills in map reading and data analysis all contributed to students' enjoyment of geography as a meaningful and interesting study.

This type of geography stood well as a basis for our understanding of how geographers work and also as a foundation for continued enjoyment of the shapes and dynamics of the world around us.

In the preface Stowell and Bentley describe the books as "an attempt to encourage young people to apply the approaches and skills used by geographers to the study of significant social and environmental issues. In so doing the series aims to reflect both current thinking within the subject and developments in the broader educational community."

To gain some insight into this reversal of attitude and philosophy, it is appropriate to refer to the Geography Teachers' Association of Victoria's journal, Interaction, December 1988, for a reprint of Stowell's address to the 22nd Annual conference of the GTAV, in which he describes dramatic changes in the subject-matter and teaching of geography.

He sees geography teachers as "having a significant role to play in providing social and environmental change." He states further that "through our geography

Graham Miller, formerly a teacher and principal in State secondary schools, is now an educational consultant.
lessons we can encourage young people to question existing conceptions of social and human-environment relations and critically assess alternative visions of the future."

He sees the need for students to be "exposed to programmes that not only inform them about the operation of decision-making processes, but which provide them with the necessary skills to influence decision-makers." One of his suggested outcomes for student activity comprises "operative projects that involve the students themselves in altering an unsatisfactory situation." Student activism again?

As for the teachers, he exhorts them to emphasize political rather than values education, and to accept that controversy is a feature of the geography curriculum. In a reversal of the traditional stand preferred for teachers at school level, he asserts that "when dealing with controversial matters, geography educators cannot be neutral..."

He also highlights the need to establish democratic administrative structures in our schools, with the values of the school reflecting the values that geography teachers are trying to foster in their classrooms!

Presumably with these objectives in mind, New Wave Geography has been compiled and promoted for distribution amongst a largely unsuspecting school community.

Those who have real concern for the education of the young must ask themselves if this is the most appropriate, beneficial, stimulating and encouraging learning experience for our young adolescents.

**Errors of Fact**

The books contain numerous errors of fact. For example, it is claimed that the highest grain yields per hectare are achieved in the delta areas of South-East Asia. The 1985 Handbook for the United Nations' Food and Agricultural Organization lists figures for USA, Japan and Australia which are more than double the yields quoted for Vietnam and Thailand. Again, the authors assert that Japan and Germany are continuing to search for oil in Antarctica — an interpretation of geological research which is not in accord with the current understanding of that activity. It is also quite ridiculous to list rabbits and foxes as endangered animals in Victoria just because people hunt them for sport!

In the study of health in the developing world (book 1) the map purporting to show the global distribution of the disease Marasmus appears to be so wrong that no useful conclusions may be drawn from it.

Again, contrary to what is stated on page 63 of that volume, the "Green Revolution" actually helped significantly to alleviate hunger. Conclusive documentary evidence is available to demonstrate that in the Indian States, where the Green Revolution was concentrated, the population at large experienced improvements in living standards. To state that it was the people in the "rich countries" who were the ones who really benefited from the Green Revolution is quite absurd since the advanced countries already produce more than their own food requirements. After all, are we not told (page 61) that the USA had to dump wheat in the ocean?

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**Gloom and Doom**

The material presented in New Wave Geography generates feelings of depression not only about human endeavours to date, but also about prospects for the future. The consistent theme seems to be one of impending disaster. Fear is the emotion which is played upon and anxiety is generated in areas which are really beyond the comprehension of the students and outside their range of experience.

It is consequently a matter of extreme concern that so much of the approach of New Wave Geography is negative in its outcomes. There is far too much "gloom and doom". This is illustrated in the unit, "Facing the Future" (Volume 1) where on page 133, using a device described as a "futures wheel" students are led to consider the consequences of change, in this case the consequences of doubling the human lifespan. Virtually all of the 22 consequences are pessimistic — pressure on natural resources, compulsory contraception by government authority, more poverty, higher taxes, pressure on natural resources, fear of over-population, more frustration among youth, poorer promotion prospects for younger people, legislation of euthanasia, social conflicts arising over right to have children, over-crowding and erosion in parks, resorts, etc, and so on.

This future scenario, like the doom-laden Club of Rome predictions of a decade or more ago, fails to recognize the dynamism of societies such as ours in responding to change, generating checks and balances and improving the lives of individuals.

Young people need encouragement to gain confidence in themselves, their heritage and their future, yet the underlying message permeating New Wave Geography is that the Western heritage is one of exploiting humanity and despoiling the environment. The students are encouraged instead to expiate their guilt by becoming involved in student activism and dissent!
Later in the same unit the statement is made that non-returnable containers use much more energy than returnable containers. In truth, returnable containers use more energy to manufacture than do most non-returnable containers and even in the case of aluminium cans the net energy usage of a returnable system compared with the non-returnable system is higher when transport costs of returning empty containers, the energy used in washing and the fact that more than 50 per cent of aluminium cans are recycled, are all taken into consideration.

It is also wrong to claim that loose biscuits or other foods sold in bulk are cheaper than the same items pre-packaged. When labour costs and loss of bulk food through spoilage are taken into consideration, pre-packaging conclusively has economic advantages.

### Student Activism

Lists of activities occur throughout *New Wave Geography*, some of which cross the boundary separating education from political activism. The section on nuclear power, for example, invites (incites?) students to "prepare a written submission to the council explaining your reasons for wanting to declare your local area a nuclear-free zone", "design and produce some posters that can be displayed around the school to identify why it has been declared a nuclear-free zone" and contact the Australian Nuclear Free Zones Secretariat inviting a representative to the school to speak. As an adjunct to learning about Antarctica students are asked to invite a representative from Greenpeace or the Australian Conservation Foundation to speak to them, but needless to say no one from the mining industry or the Government to put an alternative point of view.

The chapter on homelessness reproduces a cartoon headed "Why There's Not Enough Housing" with a fat, cigar-smoking capitalist explaining to a destitute man that building cheap houses for mass consumption is not good business. Yet in Australia home ownership is around 70 per cent — one of the highest proportions in the world — a fact nowhere mentioned in the chapter. Students are conditioned to view solutions not in terms of less government regulation of the labour market or reduced union power which would lower housing costs — but in terms of increased government intervention. The chapter ends with a section "Helping the Homeless" in which students are asked to choose between six competing proposals for government funding.

### Omission of Facts

Of even greater significance is the frequent omission of facts which would support conclusions which are clearly opposed to those which the authors desire. For example, in the unit on tourism, no reference is made to benefits arising from cultural exchange, property development, balance-of-payments effects, or taxes collected from tourists. Again, when dealing with multinationals, the analysis entirely overlooks the economics of their influence — the tendency to equalize wage differences around the world, enhanced access to new technologies, increased tax revenue, greater employment and usually the fostering of good relations with the workforce. The text lists some causes of Third World food problems, yet it makes no reference to the most likely causes — excessive taxation of agricultural products, overvalued exchange rates, lack of government subsidies, State farms, corruption and government regulations, for example.

In the discussion of the greenhouse effect in Volume 1, simplified statements such as "Forests improve air quality by taking in carbon dioxide and returning great quantities of oxygen to the atmosphere" deal inadequately with the whole problem. The net removal of carbon dioxide from the air by green plants in sunlight is not necessarily maximized in rainforests (in which low light levels and decay occur) or in unmanaged natural forests. However, it is maximized when plant material is produced at the greatest possible rate. This can and does occur in plantations and in managed or harvested forests provided that the plant material produced is not reconverted to carbon dioxide by burning, decay or in respiration which results from the consumption of the plant material as food. As a consequence, the use of timber in a non-degrading way becomes a significant means of removing carbon dioxide permanently from the atmosphere, thereby reducing the global greenhouse effect.

Incidentally the greenhouse diagram on page 44 makes no mention of the thermal expansion of the oceans, the most significant cause of sea level elevation if there is a rise in global temperature.

The discussion of energy generation by nuclear fuels omits significant considerations when determining our options for energy production. For example, no data are presented which reveal the number of millions of tonnes of carbon dioxide poured annually into our atmosphere by coal-burning power stations in Australia alone.

While the environmental effects of this activity are not discussed, nuclear power generators are presented as being frightening polluters. The statement that no "totally safe way" of storing nuclear waste has yet been discovered gives no acknowledgement of the success of
Synroc, a CSIRO development which in testing to date has been extremely successful in stabilizing nuclear waste materials.

The unit on nuclear power deals hardly at all with the peaceful uses of nuclear energy. Opening with a full-page picture of a mushroom-shaped cloud with the words "Nuke Off" printed over it, the aim of the unit is clearly to convince students of Australia's contribution to the arms race by its mining and export of uranium. Moreover, its view of the arms race presents the United States and the Soviet Union as morally equivalent — including one cartoon portraying them as Tweedle Dum and Tweedle Dee and another depicting each digging a grave for mankind.

The bias of the books continues to be displayed in the recommended references for further student study which include works by George, Lappé, Collins and other radical writers. The references in reality comprise little more than vitriolic anti-Western rhetoric from writers who are noted for their anti-Western views and effusive praise of the Vietnamese, Cuban and Nicaraguan regimes. The radical magazine, New Internationalist (which adopts a consistently left-wing stance), is recommended frequently throughout New Wave Geography, together with other highly politicized agencies such as Action for World Development, Australian Council for Overseas Aid and Community Aid Abroad, whose publications display blatant errors and ignorance of Third World economics.

Yet the authors make no reference to the most significant resource for any study of Third World countries. This is the World Development Report, published annually by Oxford, which is regarded as the essential unimpeachable authority on development data.

An Unacceptable Philosophy

It is very difficult to visualize how students who are given data which is incomplete, erroneous or biased can ever learn to arrive at logical conclusions or develop reasonable attitudes.

The philosophy behind New Wave Geography appears to be running quite counter to the State Board of Education, Victoria project on specifying outcomes for student learning at Years 7-10.

Bruce Wilson, Manager of this project, writing in Directions — Years 7-10 (October 1988) a publication of the State Board, states "During these years (7-10), young people should gain key knowledge, the ability to do certain things, shared values and experiences and a framework which links these elements into a whole. On this basis, they will choose courses or jobs, vote, take up interests, judge right and wrong actions and make decisions about relationships and ways of living. All members of society need a comprehensive foundation for such decisions...much of this foundation consists of knowledge and skills."

In further describing values inherent in outcomes of learning, Wilson identifies those which are appropriate to particular areas of learning — those characteristic of the forms of thinking and action within the area and which are essential to the full understanding of the area.

He chooses Science as an example, which he says "proceeds on an assumption of the values of honesty, integrity and objectivity. It is essential to a full understanding of Science that such values are taught."

Is it not also appropriate that such values should underlie the teaching of geography or indeed history, social studies and English?

In our education system we clearly have only a limited time to present to each child the core of essential learning to which all young people are entitled. Consequently, basic knowledge, essential skills and the understanding of shared social and moral values must emerge as a result of a carefully planned and developing educational program. By the end of Year 10, the last common educational experience for students in Victorian schools, young people must have acquired a sound basis for effective participation in society. If there are still gaps in their learning, there is no guarantee those gaps will ever be filled.

All of these issues should constitute major concerns to those who are involved in school-based curriculum development. While governments and systems have produced broad principles upon which to establish balanced curricula (for example, in Victoria Ministerial Papers 1-6), and further sharpening of focus has been provided in terms of student outcome statements (State Board of Education, Victoria, project), it is clear that school communities must ensure that their chosen curricula do achieve wide acceptance in terms of both philosophy and sound educational practice.

To fail in this task is to place in jeopardy the entire process of school-based curriculum determination.

It is in this context that New Wave Geography represents an unacceptably biased and pedagogically dubious resource for the teaching of geography. Its use in classrooms provides an opportunity for the almost surreptitious distortion of learning outcomes. Parents and others who are genuinely concerned about how and what young people learn should subject the books and their underlying philosophy to very close scrutiny.
Attitudes are the Problem

In the revived movie classic, *Ninotchka*, made at the height of Stalin's murderous purges in the late 1930s, is a famous scene in which Greta Garbo, as a stern party functionary, announces, "There are now fewer, but better Russians." This was on her return from Moscow to Paris where she is met by a group of nervous colleagues from the Soviet Embassy who asked her, "How are things in Moscow, Comrade?"

I was reminded of this by the reaction of some employers and the Federal Opposition to the prospect of fewer but bigger unions in Australia.

In a few years' time there is likely to be at least 10 unions with a membership of more than 100,000 each, twice the present number. The movement for fewer and bigger unions is gathering pace. The latest, the National Union of Workers (NUW), has 100,000 members and is the result of a merger of the Storemen and Packers' Union and the Rubber Workers.

While the prospect of bigger unions has alarmed some employers and the Federal Opposition, some union leaders see in it some kind of a panacea. But small is not necessarily beautiful, no more than big is inevitably better.

Both supporters and opponents of amalgamations have focused on the wrong issue. Both assume that industrial relations will be improved by changing the structure of unions. In my view, the principal reason for our poor industrial relations is not structural, but attitudinal. If by some magic Australian unions were restricted to one enterprise, as proposed by the Federal Opposition, it would make no difference if present attitudes remained.

The Australian Broadcasting Corporation has an enterprise union to which most of its employees belong, the ABC Staff Union. It is not noted for its co-operation with management and the Government. If many of the enterprise unions envisaged by the Federal Opposition turned out to be like the one in the ABC, Australian industrial relations would be in an uproar.

Each proposed union amalgamation should be considered on its merits. Some will be for the good and others not. Japan, which has hundreds of unions based on an enterprise, is often cited as a model for us to follow. But Australian and Japanese attitudes are very different and what works there does not necessarily work here. By contrast, in West Germany, which, like Japan, has stable industrial relations, there are only 19 unions. Some of these have more than a million workers employed in many different enterprises.

In Australia, if the Builders' Labourers' Federation (BLF) with its present leadership and policy became the biggest union in the building industry, that would be a disaster. Far better to have more unions in the building industry than only one like the BLF. On the other hand, the reduction from 23 to three unions in ship-building has helped save it from collapse. This is especially so because the three remaining unions have pledged to do what they can to save the industry.

These examples show that we have to look beyond the size of the unions and whether they are based on a single enterprise or industry if we are to change. We have to look to attitudes.

Unfortunately, some unionists still view industrial relations in terms of class conflict: they fail to recognize that the success of an enterprise is in the interests of both employer and employee and that all have a stake in the achievement of national prosperity. Such unionists allow political ideology to direct their decisions, rather than concern for the interests of their fellow workers and the nation.

For too long unions were hostile or indifferent to industry problems such as cost and efficiency. Some now realize that, unless these questions are tackled in cooperation with employers and governments, unemployment will mount and Australia will become a poor country.

Laurie Short, 50 years a unionist, was the National Secretary of the Federated Ironworkers' Association from 1951 to 1982.
ISSUES IN EDUCATION

Leonie Kramer

Technology and the Arts

Business people, scientists and technologists have become wary of the concept of a liberal education. They see its purveyors as feather merchants, vague impractical wafflers at best, and at worst ignorant, blinkered ideologues, hell bent on recruiting students to their own campaigns.

It’s not only the scientists and technologists who are sceptical about the humanities. John Passmore has recently spoken strongly about the concerns many of us within the humanities have about our disciplines. He is quoted as saying that in the humanities "people are tending to develop very wild ideas, a mish-mash of intellectual theories, such as quasi-Marxist ideas, or certain new philosophical schools, which they don't really understand. They don't pick up the criticisms of the theories they are adopting so they tend to swallow them whole. The result is very disheartening." Passmore also drew attention to the trend towards specialism — perhaps one should say over-specialization. I believe this to be a serious problem, partly caused by an attempt to ape the scientists by claiming a piece of territory and exhausting its resources. Narrow specialism is, in fact, at odds with the real nature of the humanities, whose educational purpose is to broaden, not limit students’ knowledge and understanding, and thus, eventually, the knowledge of the whole community.

Furthermore, people outside the humanities think of them as lacking in rigour and authority, and offering soft options for inferior and lazy students. It pains me to say that there is a good deal of truth in the soft option theory. But that does not justify writing off the humanities as a whole.

What needs to be done is very difficult, but not impossible. In the schools, colleges and universities we need to develop demanding courses in general education — that is to say, in the humanities and sciences. There is not space to develop all the arguments for such a program, or in defence of the humanities component in it. Suffice it to say that there are three principal reasons why the humanities must be restored to their central position in education. The first is that they provide a broad perspective on and understanding of the whole of human intellectual achievement. The second is that each of the major subject areas equips students with complementary and transferable intellectual skills. The third is that the more sophisticated our technology becomes, the more we need the substance and skills provided by a rigorous program in the central humanities subjects — history, literature and philosophy.

Problem-Solving

Let me take an example of what the humanities can provide by way of intellectual skills. It must be obvious to everyone by now that technology alone cannot solve the problems of modern advanced societies. All problems, whether environmental, medical, economic or social, need to be considered in the context of our past, of ethical and religious convictions, and need to be clearly delineated in language which non-technical people can understand. Each of the humanities has its own approach to problem-solving. So one learns different methods of dealing with issues from history, literature and philosophy. This is a complex subject, but in very general terms, history deals with the interpretation of the past by the analysis of documents and recorded facts, and with the troublesome borderline between fact, opinion and speculation; literature also deals with interpretation but through close inspection of language, and the analysis of different modes of writing. Philosophy encourages the making of difficult distinctions and the recognition of logical fallacies and unsound arguments. Together, these disciplines — even at a practical level — teach indispensable transferable skills.

Having said this, however, we need to recognize that knowledge of our heritage and the acquisition of

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intelligent skills are not the sum of our educational needs. Attitudes are important — attitudes to work, to individual freedoms and responsibilities, to the welfare of citizens and of the state. Concerns about the attitudes of young people to work have led to the development of courses with titles such as "The World of Work". But it is questionable whether this is the best way to go about explaining why work is important, and what the individual worker can contribute to the success (or failure) of a business enterprise. Attitudes to work can be and are established within the schools; so if a teacher is lazy, inattentive to detail, undemanding, afraid to correct mistakes, and most important of all, unable to confess to ignorance, it is likely that student will catch the infection and fail to realize that high standards are essential, that quality must always be the goal, and that individual effort is necessary. Our task is to see to it that the curriculum, syllabuses and text books are of the highest quality, so that in the course of schooling, students will come to learn what is expected of them, and to aspire to the best.

The study of history would be immeasurably enriched if students were led to understand how, since pre-historic times, technology has changed the course of human lives.

Sir Noel Foley, former Chairman of Westpac, has made the wise observation that technology should be taught in the context of history. Once one says this, one is beginning to build a bridge between technology and the humanities. History has been one of the victims of the so-called broadening of the curriculum and students can avoid it altogether if they work within a system which provides a large number of options. To introduce technology into say, the social studies area of the curriculum would mean displacing something already there. This can only be for the good if the things replaced are some of the soft options which are educationally unsound and tend to encourage attitudes which do not enable students to tackle work with enthusiasm. The study of history would be immeasurably enriched if students were led to understand how, since pre-historic times, technology has changed the course of human lives. They would also surely be enthused by the many examples of inventiveness in technological development. The arts do not have a monopoly on creativity — a fact which seems to be little understood.

But there is an even more important reason for encouraging the establishment of technological studies in the curriculum. I can best make this point by quoting from a letter I've just received from a social studies teacher:

Over the years social studies in secondary schools has shifted from the once-compulsory disciplines of history and geography to the present mish-mash known as social studies...

The opportunity to 'make up your own curriculum' has been gleefully taken up by the less academically competent students in particular. The obvious motive behind this emasculation of public education is to allow students to do less of the subjects they don't like, i.e. those they have to work in, and more of the 'fun' subjects. This might encourage them to stay on at school a little longer, boosting retention rates, a politically hoped for consequence.

This philosophy is patently obvious with the proliferation of 'hobby' subjects in Years 11 and 12, with the result that traditional subjects, especially in the social studies area, most notably history, are battling to attract students including the capable ones...

More students may be staying on to Year 12 but they are not necessarily being educated in the broadest sense. Knowledge, i.e. that derived from the study of a broad range of traditional subjects in the arts, humanities, sciences, maths, etc, is now more than ever the domain of the privileged few.

In the fight to attract more students in Years 11 and 12, instead of providing the same courses at a lower level of difficulty to cater for and attract the average to below average student to stay on at school, a host of "mickey mouse" and "hobby" subjects were dreamed up. The result is a kind of educational apartheid.

This teacher's experience could be multiplied many times. It reminds us that many students are undernourished in their school years, not through any fault of their own, but because they are offered, and encouraged to take, soft options, supposedly because they do not want or cannot cope with anything more demanding. Can you imagine anything more exciting than a properly designed course in history/technology? Such a course could be adapted to cater for the whole range of abilities, so that students who have more aptitude for manual skills than for conceptual thinking could have the balance shifted in their favour.

I use this specific example because I believe it points the way to a thorough reappraisal of educational programs in all the sectors. When do we begin to take action?
The Top Ten Conservative Books

Bill Muehlenberg

Central to the discrediting of socialism has been the mounting of a coherent rigorous assault on its intellectual foundations. Here are ten modern classics which have been at the forefront of the challenge to the left.

IN 1948, the American conservative thinker, Richard Weaver, wrote a book entitled *Ideas Have Consequences*. It may well be that the major battle of this age is the war of ideas. While such ideological warfare has been waged for centuries, its effects today are much more immediate and far-reaching. Unfortunately, it often appears that this conflict is a lopsided affair.

Many of the radical counter-culturalists of the '60s are now in important positions in the mass media, or have received tenured professorships. While the events of the '60s have passed, the mind-set of the '60s has to a large extent remained, at least amongst Western intellectuals. Thus, we still find the "blame America first" mentality; the myth of moral equivalence; naivety concerning socialism; the anti-capitalist mentality; and the muddled thinking of the radical feminists, the greenies, the no-nukers, and the homosexual lobby. It is on these and many other battle fronts that intellectual and ideological warfare is being waged.

A key means of winning this war of ideas is to be equipped with the appropriate arms and ammunition. The level of munitions in the arsenal of the left is vast and widely available. However, there does exist a good selection of effective and powerful weaponry available to the forces of conservatism. It is essential for those who align themselves with conservatism to become familiar with these resources.

It is with this in mind that I present here what I consider to be 10 of the best books recently written which directly rebut many of the premises and fallacies of leftist. This is not a list of the ten best conservative titles ever written. If it were, such classics as *Reflections on the Revolution in France*, *On Liberty*, *The Wealth of Nations*, *The Federalist Papers*, and *Democracy in America* would, of course, be included. It is instead a collection of books especially pertinent to the ideological climate of today.

While half of the 10 books deal with economics (since the economic realm is a key area of difference between conservatives and the left) other books deal with important issues, such as Marxism/communism, 20th century history, democracy and its prospects, and the history and philosophy of conservatism.

Many more topics could have been covered, and many other books mentioned. But if conservatives were to read only these 10 books, they would have more than ample ammunition to take on their intellectual antagonists of the left in most of the major areas of debate in contemporary thought.

**Political Pilgrims: Travels of Western Intellectuals to the Soviet Union, China and Cuba 1928-1978** by Paul Hollander (New York, Harper Colophon Books, 1981.) In the 1930s it was people like George Bernard Shaw, H. G. Wells, and Thomas Mann who travelled to the Soviet Union and came back with glowing reports of communist society. Today the fellow-travellers are off to Nicaragua and other socialist utopias. Their praise of these socialist states is usually coupled with denunciation of the West. Why is it that so many Western intellectuals have demonstrated such credulity and naivety concerning some of the world's most barbaric tyrannies, while condemning their own democratic societies? In this well-documented and well-written book, Hollander studies just such questions. He explores in detail the journeys and testimonies of these intellectuals, and examines their estrangement and alienation from their own countries. The double standards of left-liberalism — denigrating

Bill Muehlenberg is the author of a forthcoming volume, *An Annotated Bibliography of Conservative Thought*, to be published by IPA.

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pluralism and democracy, while lauding tyranny and dictatorship — are clearly laid bare in this important work. A fascinating study of what Muggeridge termed the "liberal death wish." Hollander, a native of Hungary, is currently a Fellow at the Russian Research Center of Harvard.

The Capitalist Revolution: Fifty Propositions About Prosperity, Equality and Liberty by Peter L. Berger (New York, Basic Books, 1986.) Berger is a professor at Boston University, a leading neo-conservative (radical turned conservative), and a world-renowned sociologist. In this volume, he analyzes the "economic culture" capitalism creates, and how capitalism relates to fundamental human values. He demonstrates how capitalism is the best economic system thus far devised for raising the standard of living of the masses. He also shows the close connection which links capitalism and political democracy and individual freedom. Many of today's maladies — alienation, inequalities, etc. — are the products, not of capitalism per se, but of modernization and industrialization in general. At once a vindication of capitalism, and an indictment of socialism, this volume is one of the best treatments of capitalism and culture ever to have been written.

The Gulag Archipelago, 1918-1956 by Alexander Solzhenitsyn (Three volumes. New York, Harper and Row, 1973-1978.) Marx once stated that religion is the opiate of the masses. It can be stated with more truthfulness that Marxism is the opiate of the intellectuals. And perhaps no other book has done so much to shatter the intoxicating spell of Marxism than this. The number of individuals who have forsaken their love-affair with Marxism and communism as a result of reading this book must number well into the thousands. Solzhenitsyn, clearly the most well-known and influential of the Soviet dissidents, has written in these 1,500 pages a majestic picture of life under Soviet communism. The horror, repression, cruelty and barbarism which Solzhenitsyn, and millions like him, endured are vividly and forcefully portrayed. But this is not just a story of suffering and misery; it is also the story of hope and moral strength which fills the human spirit even during the most difficult of times. An epic undertaking in literature, history and autobiography. Solzhenitsyn was expelled from the Soviet Union in 1974, and now lives in Connecticut where he is involved in writing a multi-volume history of the Russian Revolution.

Equality, the Third World, and Economic Delusion by P. T. Bauer (Cambridge Massachusetts, Harvard University Press, 1981.) The Western World is responsible for Third World poverty; underdeveloped nations are exploited by Western multinationals; America and the West are wealthy only at the expense of the Third World. These and related theories, by and large traceable to Marxism/Leninism, continue to be accepted by most Western intellectuals today. In this fine volume the Professor Emeritus of Economics at the London School of Economics admirably lays them all to rest. Bauer's argumentation — scholarly, lucid, incisive, and devastating — dispels most of the foolish ideas circulating concerning the Third World, development and global economics. These essays are among the best writings available criticizing dependency theories, Marxist economics, foreign aid, and Western guilt manipulators. One simply cannot be conversant today in development economics without reading P. T. Bauer.

A History of the Modern World by Paul Johnson (New York, Harper and Row, 1988.) This is a monumental history of the past six decades, full of details, insight, erudition and brilliance. The overriding theme of the book is the spirit of the modern era, characterized by its abandonment of any kind of absolutes, replaced by relativism, especially moral relativism. A moral and religious vacuum has ensued. "The history of modern times is in great part the history of how that vacuum has been filled." The horrors of Hitler and Stalin are but two examples of attempts to fill this vacuum. Johnson expertly covers these topics, and numerous others: the depression, decolonization and the emergence of the Third World, experiments in social engineering, the radical '60s, Vietnam, South Africa, the Space Age, etc. A remarkable volume by a leading English journalist and historian.

Wealth and Poverty by George Gilder (New York, Basic Books, 1981.) This was one of the most important and influential books published in 1981. While dealing specifically with the American economic scene, the principles and insights presented here have universal application. In Wealth and Poverty, Gilder effectively and comprehensively demolishes welfare state and zero-sum thinking. He demonstrates how the free market, not government intervention, can best reduce poverty while
creating wealth. Not only is capitalism the best practical answer to the problems of poverty, but it is the most compelling moral solution as well. Giving, not greed, is the major ingredient of capitalism, argues Gilder, as the true capitalist invests time, talents and money today for returns which may or may not be received in the future. This book is one of the finest expositions and defences of "supply side" economics. Gilder is Program Director of the International Center for Economic Policy Studies.

**The Conservative Mind: From Burke to Eliot** by Russell Kirk (New York, Avon Books, 1953, 1973.) Probably no other individual has so well served as a spokesman for what may be termed "traditional conservatism" as Russell Kirk. The author of numerous volumes, this is clearly his most important. A blend of philosophy, political science and intellectual history, this volume, as the subtitle indicates, traces the development of conservative thought from Burke onwards. All the major figures of British and American conservatism are competently discussed: Burke, John Adams, Alexander Hamilton, Coleridge, Randolph, Calhoun, Macaulay, Hawthorne, Disraeli, Newman, Babbitt, Santayana and others. (Except for de Tocqueville, Continental thinkers are not covered here.) A fine analysis and exposition of the evolution of the conservative mind. Many books have been written on conservatism, but this is one of the best in laying out what conservatism is, how it developed, and what its influence has been.

**How Democracies Perish** by Jean-Francois Revel (Garvan City, New York, Doubleday, 1984.) "Democracy may, after all, turn out to have been a historical accident, a brief parenthesis that is closing before our eyes." Thus Revel begins this masterful and eloquent volume. Democracy, that great experiment in human freedom, is by its very nature fragile and delicate. Its very strengths can easily be turned into weaknesses. Internal weaknesses, coupled with external threats, make democracies very vulnerable indeed. Revel demonstrates and documents the naivety democracies show toward external enemies sworn to their destruction, and the guilt-tripping perfectionism they tend to fall into. He ably shows how democracies, which are hard to produce but easy to destroy, need to be maintained and sustained from within, while being defended from without. A rousing call for democracies to awaken from their slumber and alert themselves to the nearness of their possible demise. A superb book. Revel, a French commentator, has written a number of books, including *The Totalitarian Temptation* and *Without Marx or Jesus*.

**The Spirit of Democratic Capitalism** by Michael Novak (New York, Simon and Schuster, 1982.) What moral and pragmatic justification can be made for capitalism, and for socialism? Why are so many intellectuals anti-capitalist? Does the capitalist West exploit the Third World? Why did North America and South America, both rich in natural resources, develop so differently? What is liberation theology? Is it theology and does it liberate? What have the churches said about capitalism? These and many other questions are superbly covered in this fine book. Perhaps no other intellectual of today has written so widely and profoundly on the moral defence of capitalism as Michael Novak. A former socialist, and now a leading neo-conservative, Novak has produced a steady stream of books vindicating democratic capitalism. Here he expounds and defends the three-part concept of democratic capitalism: a democratic political system; a free market economic system; and a moral/spiritual cultural system. Capitalism, argues Novak, can be justified empirically, philosophically and theologically. And that is what Novak does so convincingly and trenchantly in this valuable book: Novak is a resident scholar at the American Enterprise Institute in Washington, DC.

**Witness** by Whittaker Chambers (New York, Random House, 1952.) This outstanding book reads like a finely crafted novel; full of intrigue, melodrama and pathos. But it is in fact the thrilling autobiography of Whittaker Chambers. The life of one of America's most famous communists turned anti-communist is here powerfully set forth. In riveting detail *Witness* describes how Chambers and the communist Fifth Column operated in America; his long-time relationship with Alger Hiss; his eventual break with communism; his decision to expose communist infiltration in government; the infamous Hiss/Chambers espionage case; his lonely struggle against tyranny and materialism. The introduction to the book alone — in which he describes his conversion to Christianity and turn against communism — is worth the price of the book. Chambers' life reflects in microcosm the monumental struggle of the 20th century: freedom versus tyranny, Christianity versus atheism, democracy versus communism. A remarkable testament of a remarkable man. Chambers, who joined the Communist Party in 1924, and repudiated it in 1937, died in 1961. This book, long out of print, has recently been republished by Regnery Gateway.
Paul Johnson is one of Britain’s foremost conservative writers, one whose political views have undergone a significant change since the 1960s. Formerly editor of the left-wing New Statesman, Johnson now writes for the Spectator and other conservative publications. His recent book, Intellectuals, is a thought-provoking and disturbing exposé of the lives and careers of some of the leading dramatis personae so beloved of the Left. According to Johnson the influence exerted by the ideas of Rousseau, Marx, Ibsen, Tolstoy, Bertrand Russell, Sartre, Brecht, Norman Mailer and so on have definitely not resulted in happier, freer, and more prosperous lives for humanity.

Johnson asserts that the writings of Rousseau—that "interesting madman"—laid the foundations of the modern totalitarian state. In claiming that "Virtue is the product of good government. Vices belong less to man, than to man badly governed", Rousseau unwittingly "prepared the blueprint for the principal delusions and follies of the 20th century." Like many other intellectuals whose ideas have changed the world, the private Rousseau was a very unpleasant person. His five children were abandoned in infancy to the ‘care’ of foundling homes. None survived more than a few months. His treatment of women was appalling (a characteristic shared by all male intellectuals in the book) and he was well-known among his contemporaries as deceitful, vain, ungrateful, cruel, hypocritical, rude and “full of malice.”

Karl Marx, whose message about the so-called injustices of capitalism has had such an enormous impact on the world, emerges as an anti-Semitic, snobbish racist who seldom washed, lived off Frederick Engels and allowed his family to live in such squalid conditions that his young son caught gastro-enteritis and died. Marx’s strident criticisms of capitalism and factories were made from a position of personal ignorance. Johnson points out that, “so far as we know, Marx never set foot in a mill, factory, mine or other industrial workplace in the whole of his life.” Marx and Engels also falsified evidence, systematically misused sources and ignored changes in working conditions and improvements in wages which did not suit their thesis.

While Marx railed against the exploitation of the working class he subjected his own servant to a regime as severe as that which he fulminated against in his writings. Unlike industrial workers, who received some payment for their labour, this servant received not a penny. To add insult to injury she bore Marx an illegitimate child in 1851 which he refused to acknowledge. The boy was permitted to enter the house — but only by the back door; he could only speak to his mother in the kitchen.

In the decades following the end of the Second World War the thoughts, writings and personality of Jean-Paul Sartre occupied a central place in the development of “a challenging doctrine of individualism in which each human being is seen as absolute master of his soul.” His promotion of existentialism appealed seductively to the disillusioned of Europe. During the 1950s and 1960s, as his reputation and influence grew, Sartre became highly skilled in the art of self-promotion.

By this time he had also established a relationship with fellow philosopher and doyen of feminism, Simone de Beauvoir. In fact, as his many affairs clearly show, Sartre was the archetypal ‘male chauvinist pig’. Johnson describes Beauvoir as “this strong minded and brilliant woman [who] became Sartre’s slave...she served him as mistress, surrogate wife, cook, manager, female bodyguard and nurse...In all essentials, Sartre treated her no better than Rousseau did his Therese; worse, because he was unfaithful.” This is an extraordinary indictment of

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a woman whose book, The Second Sex, is regarded as a major feminist manifesto. Her miserable and destructive relationship with Sartre begs the question: How could such a committed and intellectually gifted feminist spend so much of her adult life ministering to the needs of such a horrible man?

The more insidious nature of Sartre's beliefs and teachings is evidenced by his patronage of the founder of modern black African racism, Frantz Fanon; his support of repression in the Soviet Union and claim that "there is total freedom of expression in the USSR" and his tutelage of the notorious Pol Pot. During the 1950s Pol Pot and several other Cambodian middle-class intellectuals absorbed Sartre's sinister doctrine of 'necessary violence' as they studied in Paris. In 1975 several million of their fellow Cambodians were to have the misfortune to experience at first hand the legacy of Sartre's teachings.

The final chapter of the book dissects 20th century writers. Entitled, "The Flight of Reason", it analyses the careers and writings of Norman Mailer, James Baldwin, Kenneth Tynan and Noam Chomsky. During the 1930s left-wing publications were reluctant to publish information about the Stalinist atrocities and later in the 1960s much was again hidden with respect to the real events of Mao's "Cultural Revolution." Chomsky's extraordinary rationalization of the Communist massacres in Cambodia makes chilling reading.

Johnson's intellectuals are an unlikeable lot. Most have claimed to love humanity - but their deeds and exhortations suggest a loathing of and contempt for their fellow-man. Many were grotesque self-publicists who set out to dominate and control the lives of others with their meddling schemes of social engineering. Finally, far from being led by Johnson into an unthinking criticism of all intellectual writings, the strength of his book lies in its warning not to take intellectuals and their self-proclaimed concern for mankind at face value.

Left, Right, Left

_Stirring the Possum (a political autobiography)_

_by James McClelland: Viking. RRP $29.99_

"Diamond Jim" McClelland was a fledgling Labor Senator, Minister in the Whitlam Government of the early 1970s, (Manufacturing Industry; and then Labour and Immigration); a rich and competent solicitor; a judge of the New South Wales Industrial Commission, the chief (and first) judge of the New South Wales new Land and Environment Court; and President of the Royal Commission into British Nuclear Tests in Australia. He now writes a regular column for the Sydney Morning Herald.

In the early 1970s, while "Diamond Jim" McClelland was a fledgling Labor Senator, I entered a crowded lift in the Commonwealth Parliament Offices in Martin Place, Sydney. He was in the front of the lift's crowd, having got on on the floor above. As I squeezed into the lift with the Democratic Labor Party Senator, the late Jack Kane, and Terry Tobin, QC, I greeted him: "Hallo Jim. And what wing are you flying on today - the left of the right?" To this rather "smart-arse" remark, Jim coloured slightly and mumbled, not too discourteously.

"Smart-arse" or not, the greeting was an accurate one. Raised as a devout (right-wing) Catholic, he discovered sex ("the real goad to my rejection of Catholicism was undoubtedly my developing sexuality"); left the Church, became a Trotskyist, joined the Australian Labor Party in Melbourne as part of their tactic of entrism, became active in the Party after the war, working effectively with the right-wing ALP Industrial Groups. He gained pre-selection and his Senate seat through the right-wing NSW machine. He then joined the left-wing of the Parliamentary Caucus and gained a Ministerial position, and swung back to the right in order to retain that Ministerial spot. Now, as he says of himself on page 238 of his delightfully written and interesting book: "As a man of the left myself I felt embarrassed by his (Tony Benn's) routinist, unthinking banality."

It is this phrase "as a man of the left myself", which has stunned and, in some cases, angered "Diamond Jim's" political acquaintances and friends.

Perhaps the most scathing public attack on _Stirring the Possum_ has been Rodney Cavalier's book review in the _Financial Review_. Mr Cavalier, another "man of the

*Peter Kelly is a journalist and the Director of Public Affairs for the Federated Ironworkers' Association. The opinions in this review are those of the writer and not in any way those of the Federated Ironworkers' Association.*
left" and former prominent Minister in the previous Labor Governments in New South Wales, wrote: "Neville Wran knew exactly what man was James McClelland. We require no better evidence than McClelland himself in a reference to Wran that is as apt as it is unwitting ‘...in retrospect, I can see that he was careful never to drop his guard in his dealings with me.’"

As outlined in his political autobiography and discussed widely in political circles — chiefly because of his ceaseless and bitter campaign against his former friend, Sir John Kerr, and his entertaining but mainly self-indulgent column in the Sydney Morning Herald — Jim McClelland’s political views change according to the circumstances in which he finds himself and according to his ambition of the time. This is not to say that he has always acted as a cynical political opportunist — far from it. It is as though he is, possibly unknown to himself, a political chameleon.

One suspects that he has shaded his political autobiography to please his (and his wife’s) present peer group and dinner companions. He has omitted much from his book that would paint him as a man who owes his material success, and most of his career, to the political right-wing. Take only one omission; he was the honorary solicitor to the conservative (now) Australian Association for Cultural Freedom: What other actions has he omitted?

Rodney Cavalier again: "The scale of errors and omissions in matters where simple checking is available, prepare you for the portrait of a man that is as close to fiction as any memoirs one will ever read. Of theme there is none. If there is any pattern, it is the changing fashion of political involvement and the flexibility of ideas and allegiances to match...but the scale of political somersaults of James Robert McClelland warrant consideration.” And boy, does he give it some!

Thirteen years after the sacking of the Whitlam Government by Jim McClelland’s long-time friend Sir John Kerr because of its continued inability to gain Supply, one hoped in Stirring the Possum for an explanation that would attempt to justify "Diamond Jim’s” vendetta against the former Governor-General. There is none. All there is is a sourness and a tortuous, and unconvincing, argument explaining why it was unnecessary for Kerr to sack Whitlam when he did.

The truth of the matter is that the former Senator can never forgive Sir John Kerr for ending his political career just when it was at its height. Whatever the position one adopts as to the constitutional propriety of the Kerr action, it is perfectly understandable that those who lost their jobs (and there were many) would be angry. But thank God they don’t all carry on as “Diamond Jim” does.

For all its autobiographical omissions and its self-indulgence, it is a good book worth buying.

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ED10 HSC Literature Texts in Australia, Dr Susan Moore

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* Extracts published in IPA Review. ** Published in full in IPA Review.

Papers can be obtained for $6 each ($4 for subscribers) except where marked otherwise. Credit card orders can be placed by telephone; contact Tracey Seto on (03) 614 2029 or write specifying code (eg ED1, EP2) and/or title of the paper to the Director, IPA, 83 William Street, Melbourne, 3000.
Education Conference

UK Cabinet Minister to Attend

A major conference looking at options for reform in secondary education is to be held by the IPA Education Policy Unit.

Mr Kenneth Baker, Secretary of Education in Mrs Thatcher's Government, will be a keynote speaker at the conference.

Professor Chester Finn, formerly Assistant Secretary of the U.S. Department of Education, will also be speaking at the conference.

Chester Finn is the joint author of the recently published book *What do our 17-year-olds know?* about which Susan Moore writes in this Review. This important book was the first national assessment of history and literature in the US.

Other speakers at the conference will include Dr Terry Metherell and Dame Leonie Kramer.

The conference, entitled "Education: Pathways to Reform", will be held at the Darling Harbour Conference Centre in Sydney on Wednesday May 10.

Dame Leonie Kramer, head of the IPA Education Policy Unit, said the conference would be looking at the various approaches to reforming secondary education being carried out in Australia. It would also look closely at the U.S. and British experience. "We are delighted that Mr Kenneth Baker and Professor Chester Finn are able to attend," Dame Leonie said.

Details of the conference can be obtained by contacting Kathy Thompson on (03) 614 2029.

Pacific Defence Research Institute Established

A new Institute is being established to undertake research into defence and foreign policy issues affecting the Pacific region.

The Pacific Defence Research Institute (PDRI) will be funded equally by Australian subscribers to the IPA and by private American foundations. The Institute will be centred in Sydney.

It will operate under the general direction of the IPA and will have its own Advisory Board, whose Chairman will be Sir William Cole, former head of the Department of Defence.

IPA President, Charles Goode, has also announced the director of the new Institute. "The PDRI is very fortunate", Mr Goode said, "in being able to appoint Professor Owen Harries as its head". Professor Harries, formerly a senior foreign policy adviser to the Fraser Government, is currently editor of the leading US foreign policy journal, *The National Interest*. "His international standing as an expert on defence and foreign policy will ensure that the new Institute makes a significant contribution to debate on defence matters in the Pacific region", Mr. Goode said.

PDRI will have particular regard to the need for long-term conceptual thinking about the growing political/strategic importance of the Asia Pacific region.

What Type of Tax System?

Eric Mayer, Managing Director of National Mutual, led a discussion on tax reform at a meeting of the IPA Young Professionals Group in February.

The seminar was attended by over forty young business men and women. Eric Mayer analyzed the tax reforms which had been carried out in recent years by the Federal Government and looked at options for further changes.

Convenor of this IPA group, Cliff Smith, indicated that the function had created great interest and further seminars were being planned to discuss issues of public importance.
Democracy in Chile?

The foundations for a stable democracy are being established in Chile according to Dr Jose Pinera, one of Chile's leading economists and a consultant to BHP.

Dr Pinera was speaking at a seminar for academics and business economists organized by the IPA. He argued that Chile was recording exceptionally high economic growth rates and that the results of liberalizing economic relations were benefiting all sections of society.

"Concentrations of power and privilege in Chile are being broken down by privatization and other free market policies. This will help provide a stable basis for the return to democracy at the end of this year," according to Dr Pinera.

New Publications from the IPA

Wealth and Poverty

One of the major questions of our time is how far governments should go in redistributing income in order to reduce poverty. What are the economic and moral issues? Have the attempts in recent years to reduce poverty been successful? These and other related issues are examined in a challenging Policy Issues by Reverend Warren Clarnette and Des Moore.

A Treaty with the Aborigines?

Should the Australian Government sign a treaty (or compact?) with the Aborigines? Should it be merely symbolic or should it involve substantial reparations, including land? Is a treaty legally and politically feasible? Will it divide or will it unite Australians? Bob Hawke and John Howard have written especially for this publication. Other writers include: Galarrwuy Yunupingu, Bob Liddle, Roberta Sykes, Hugh Morgan and Geoffrey Blainey.

Industrial Relations
The Accord and the Alternative
(IPA Economic Policy Unit, Paper No.4)

In this paper, IPA Senior Fellow, Des Moore, argues that the Accord has in fact served Australia badly and that basic changes are needed to make the present industrial relations system more flexible and Australia more competitive.

HSC Literature Texts in Australia
(IPA Education Policy Unit, Paper No.10)

Dr. Susan Moore, IPA Research Fellow, surveys literature texts for final year secondary school courses around Australia. She analyses the shortcomings of some of the texts.
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