CRA is a world leader in the production of aluminium, iron ore, lead, zinc, silver, copper, gold, coal, diamonds and salt.

For example, CRA's Hamersley Iron operations contribute

35% of all the iron ore produced in Australia.
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Hot air is getting politicians into trouble.

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John Hicks
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Cargo Cult Economics
Tom Quirk, Tim Duncan, Richard de Lautour
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Anton Hermann
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IPA News
The IPA has a new director.
very highly regulated society to a more deregulated one, where individuals and enterprises make more decisions and the State fewer. Australia and most other Western economies have, of course, been experiencing various forms of deregulation over recent years, albeit from a starting point that was much less dirigiste. While our general experience with deregulation has been favourable, it has clearly thrown up problems. When the reins are loosened there are some who, first up, do not know how to handle the new won freedoms. These initial transitional problems have caused some to argue that we should reimpose regulation, or at least move no further down the deregulation path.

In Australia and most Western economies deregulation has been taking place in the context of democratic political frameworks and economic systems that recognize (within limits) property rights. But in the Eastern 'Bloc' new legal, political and economic frameworks and systems have to be established, more or less from scratch. Indeed in the Soviet Union in particular there is no history of democracy and most historians argue that the Russian tradition is essentially one of centralized decision making. Moreover, according to one report President Bush told NATO in December that Gorbachev "is very weak in economic understanding and abysmal in his understanding of a market economy." Mrs Thatcher added that "They have no idea about cost or price. The difficulties are enormous."

It is easy to see, therefore, how moves away from planning and central administration in the Eastern 'Bloc' could result in the first instance in a serious deterioration of economic conditions. This could, in turn, lead to demands for curbs on new won freedoms and a return to greater central control. Indeed, some reports indicate that a substantial deterioration has already occurred in the Soviet Union and that Gorbachev is under considerable pressure to slow, if not reverse, the process of change.

An important reality, overlooked in much comment, is that until sufficient recognition is given by the Soviet and East European governments to property rights and the necessary associated legal and business procedures, private investment (whether domestic or foreign) will be tentative and little economic progress is likely. The opportunities for increased trade will also be limited. Equally, without a pricing system that adequately responds to changes in market demand and supply, resources will remain misallocated and living standards will suffer.

Further, it remains an economic truism that, over the medium term, a country can't increase its imports unless it can also increase its exports — and countries that continue with highly regulated economic systems that are not responsive to price signals are likely to remain limited exporters. China, so often painted as the potential saviour of Australia's trade problems, has exports that are even now not much larger than Australia's own inadequate efforts. The potential Chinese market is enormous but that potential can only be realized if the right economic system is put in place. The same applies to Eastern Europe.

There is a parallel point to be made about political relationships between East and West. Just as the scope for closer economic relationships will be limited until property rights are improved, so too will there be a need for caution in political relationships until some sort of track record on democracy is established. Gorbachev himself continues to assert that he is a communist, whatever that now means. But it is by no means far fetched to postulate that the Gorbachev attempt to reform will fail and that he will be replaced at least in the short term by a hard-line military/political regime. (In the longer term any replacement would have to revert to policies similar to those of Gorbachev.) Equally, the process of decolonizing the Soviet empire may well create a period of instability in international relations, with a risk of internal conflict spreading to international conflict as new countries and centres of power seek to establish themselves.

Australia is fortunate in being geographically distant from possible areas of conflict. Trade opportunities with the Soviet Union and Eastern Europe are unlikely to increase as some commentators are suggesting. But the four per cent of our exports that goes to the Soviet Union and Eastern Europe — mainly rural and mineral products — should not be seriously at risk. Australia cannot expect to be a major source of capital investment (let alone aid).

As for our defence expenditure, it is so small that there can be no case for following any cutting lead set by the USA and the Soviet Union. Indeed, while the prospect of global conflict is much reduced, the potential for regional conflict is scarcely changed and could even be increased if a regional power vacuum were to emerge. For Australia even to contemplate a defence effort below its present minimal level would require a far greater degree of regional stability.

The appropriate reaction to perestroika and glasnost is, then, both a tremendous sigh of relief and a rather perplexed "Well, where do we go from here?" Until we have a clearer answer to this question (and it is not likely to come soon), judgment should be reserved about the timing and extent of any benefits to Australia.
Poor, but Green

The cost to Australia of meeting a target on the reduction of greenhouse gases being considered by both the Labor Party and the Liberal Party would be $30 billion.

In June of 1988 over 300 scientists and policy experts from 46 countries (including Australia) met at an international “Changing Atmosphere” conference held in Toronto. The major outcome of this conference was a proposal that the world community adopt a goal to cut carbon dioxide emissions by 20 per cent (of 1988 levels) by the year 2005.

A number of countries have agreed, at least in principle, to try to meet this goal. In Australia both the Labor Party and the Liberal Party are seriously examining the possibility of complying with the Toronto proposal.

What would be the economic costs involved if Australia seriously tried to meet the Toronto goal? A recent study has tried to answer this question. Authored by six experts, including Professor Peter Swan of the Australian Graduate School of Management, University of New South Wales, and Professor Peter Dixon, Institute of Applied Economic and Social Research, University of Melbourne, this detailed study uses economic predictions based on the University of Melbourne ‘ORANI’ Australian economic model. The results of this study, sponsored by CRA, are startling.

Their main conclusion is that, to make the necessary changes to meet the Toronto target, Australia would lose $30 billion in national output; real wage levels would seriously decline; and possible large income losses would occur because of a drop in international prices for coal and gas.

These results, argue the authors, are based on conservative estimates, and are “premised on an optimistic view of how the necessary adjustments would be handled, particularly in the labour market.”

To achieve the greenhouse reductions would entail, among other things, the following:

- closing down a number of coal-fired power stations (and therefore coal mines), to be replaced by new gas-fired power stations;
- adopting costly measures to increase energy efficiency and conservation in electric power generation;
- raising electricity tariffs by at least 40 per cent;
- more than doubling the efficiency of new motor vehicles, resulting in a 25 per cent increase in auto prices;
- raising motor fuel prices by 60-120 per cent to reduce demand.

The authors conclude that to “meet the Toronto goal is certainly achievable” but only at the great costs as detailed in the report.

To this point, Sweden is the only country actually to give a legislative commitment to reaching the target. Given the current scientific uncertainty concerning the greenhouse effect (see “Is There Really a Greenhouse Effect?” in the last IPA Review), and the lack of agreement about its nature and possible consequences, it would clearly be rash for Australia to make any official policy commitment to the Toronto target without more fully examining the costs such a commitment would involve. A recent issue of the Commonwealth Treasury’s Economic Round-up made the same point, emphasizing the “importance of assessing the costs of proposed measures as well as their intended effects.” Moreover, since Australia contributes only one per cent of the CO2 emitted from the world’s consumption of fossil fuels, “the costs to Australia of unilateral action could be high, without producing the desired result.”

In the light of such considerations, the best policy would seem to be that of prudence, rather than one of reckless vote-chasing and image-enhancing.
DEBATE

Should we reintroduce the

The last man to be hanged in Australia was Ronald Ryan in 1967. Despite support for the reintroduction of capital punishment by individual members of Parliament — including the leader of the Opposition in Victoria, Alan Brown — none of the main political parties has a policy supporting it. The debate breaks out spasmodically, usually in response to a particularly brutal murder, such as that of nurse Anita Cobby in NSW in 1986. The latest Morgan poll shows that a slight majority (52 percent) of Australians favour the death penalty for murder. While it remains on the statute books in many American states the House of Commons in Britain abolished capital punishment in 1969 and has repeatedly rejected attempts since to reintroduce it.

YES

Justice  There are crimes of such gravity — brutal malicious killing, the rape and murder of children, treason, terrorism, the murder of police — to which no other response seems adequate. To fail to apply the death penalty in such cases is to leave justice undone. Mass murderers frequently turn their gun on themselves in implicit recognition of the horror of their actions and the need to atone for their guilt. We should insist that this natural sense of retributive justice is reflected in the law.

Threat to the Social Order  Brutal crimes are a violation of the moral order and a threat to the social order. Retributive justice functions to repair the social fabric. Without application of the death penalty in cases of extreme attack on the social order (which heinous crimes are) social solidarity would be weakened.

Deterrence  While some criminologists and sociologists have argued against the deterrence value of capital punishment, recent econometric research provides statistical support for the view that the death penalty reduces the incidence of murder (see E.J. Mishan under Further Reading, below). Commonsense, moreover, backs this view. Death is the ultimate dread and the threat of execution, as Samuel Johnson said, concentrates the mind wonderfully.

Criminal Violence  Without the death penalty criminals become more brazen in their use of violent weapons. If the criminal has already embarked on a crime such as armed robbery which would earn him a long term in prison, there is little disincentive to resist the murder of a policeman who threatens to apprehend him unless the penalty for such an action is the loss of the criminal’s own life. The absence of such a disincentive also makes police more reluctant in their apprehension of potentially dangerous criminals.

Vigilantes  If public justice is seen to be inadequate, it will give rise to private revenge. The common perception that the legal system is too liberal is reflected in the popularity of the Dirty Harry and Death Wish series of films. Australia has experienced a marked increase in the incidence of violent crime over the last two decades. This has taken place against the background of a softening of penalties.

Recidivism  Imprisonment is no guarantee that on his release (or escape) a violent criminal will not re-offend. Only when a convicted murderer is executed can it be certain that he will commit no further murders.

Waste of Money  Keeping an evil felon in prison for a life sentence is a waste of taxpayers’ money which could be better spent on crime prevention.

Strict Test of Guilt  The application of a test for the death penalty more stringent than “beyond reasonable doubt” would eliminate the risk of executing the wrong man. (The Old Testament stipulates a minimum of two independent witnesses.)

Terrorism  In the case of terrorism capital punishment not only serves justice but eliminates the incentive for further terrorist action by the terrorist’s cohorts to free him from incarceration.
Risk of Killing the Wrong Man  The risk of sending an innocent man to his death is too great. In Britain, prior to the abolition of the death penalty, a man, Timothy Evans, was hanged on a charge of multiple murder only to be granted a posthumous pardon. Jailing rather than execution in such a case would have allowed the wrongly-convicted person to be freed and granted compensation, thus making at least partial restitution of justice possible. The death penalty, however, is irreversible.

No Deterrence Value  Capital punishment fails as a deterrent. In the USA, for example, where the death penalty exists, murder rates are rising. Alternative punishments such as life imprisonment (perhaps with hard labour) are equally as daunting to the potential offender, if indeed he bothers to ponder such matters (unlikely in the many murders which are crimes of passion). Certainty of capture and conviction is a more efficacious deterrent than the severity of punishment.

Barbaric  Capital punishment is a barbaric practice and to reintroduce it would be a retrograde step in the achievement of a more humane society. Amnesty International and other human rights organizations, including the United Nations, condemn it.

Mental Torture  The mental torture experienced by the condemned man during the long wait on death row is often more prolonged and more severe than the suffering experienced by the victim of his crime.

Encourages Violence  Just as police bearing arms encourages criminals to do the same, so the state utilizing violence would encourage violent practices in the society. In England, Baroness Birk, in describing the corrupting effects of capital punishment on the public, concluded “there could be no more effective means of adding violence to society.”

Reduce Convictions  Knowledge that a convicted man may be sent to his death would make juries more reluctant to bring in guilty verdicts, thus frustrating the state’s efforts to bring criminals to justice.

Precludes Rehabilitation  Ending a felon’s life precludes rehabilitation, which ought to be one of the aims of the penal system.

Immoral  Except in defence of its citizens, it is immoral for the state to take a man’s life. As the Archbishop of Canterbury, Dr Runcie, has said: “a right to take life as part of the judicial process is to give [the state] powers that are too God-like.” The Old Testament morality of “a life for a life” is no longer appropriate (and was rejected by Christ).

Imprisonment is Just as Effective  Certainly society should be protected from violent criminals, but secure long-term imprisonment is just as effective as the death penalty as a means of protecting society.

Further reading
### IPA INDICATORS

Change in relative unit labour costs (in a common currency) since 1987 for Australian manufacturers: up 18 per cent. For US manufacturers: down eight per cent. For Japanese manufacturers: down six per cent.

*OECD Economic Outlook, December 1989.*

<table>
<thead>
<tr>
<th>Country</th>
<th>Change in defence expenditure</th>
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<tr>
<td>Soviet Union</td>
<td>Average increase per year three per cent.</td>
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<tr>
<td>United States</td>
<td>Average decrease 11 per cent per year.</td>
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Number of products (excluding exemptions) now manufactured in Australia containing chlorofluorocarbons (harmful to the ozone layer): **NONE**

*Aerod Association of Australia.*

Aviation accident rate per 100,000 hours in the United States 1972-78 (prior to airline deregulation): 14.03. 1979-87 (after airline deregulation): 9.46.

*National Transportation Safety Board.*

Number of conservation groups in receipt of Federal Government grants: 50. Number five years ago: 36.

*Senator Graham Richardson, media release, 23 December 1989.*

<table>
<thead>
<tr>
<th>Number of conservation groups in receipt of Federal Government grants</th>
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<td>50</td>
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Estimated emission of methane (the most important 'greenhouse gas' after carbon dioxide) from coal mining and fossil fuel combustion: 40 million tonnes per year. Estimated emission of methane by the world’s cattle: 100 million tonnes per year.


### IPA REVIEW, Autumn 1990


Victorians who have been in receipt of government WorkCare benefits for more than 12 months: \(18,600\)

Percentage of those who are off work as a result of soft tissue injuries (strain, muscular complaints, RSI) and psychological problems: \(80\%\)

Unfunded liability (debt) incurred by WorkCare in Victoria:
\(\$5\) billion


ABS Cat. No. 6325.0.


Weekend Australian, 4-5 November 1989.


Countries with the most sheep: Australia, 172 million; Soviet Union, 142 million; New Zealand, 65 million. (European Community, 89 million.)

Australian Rural Times, 7 December 1989.

Average weekly hours worked by a person employed in agriculture or one of its service industries: 45.3. Average weekly hours worked in community and recreation services: 32.6. National average for all industries: 35.8.

ABS Cat. No. 6203.0, November 1989.
Parliament Degraded

Anthony D. Smith

The amount of legislation which comes before Parliament is increasing at an alarming rate. But the conventions which allowed full debate and scrutiny of proposed laws and regulations and which kept governments accountable are in decline.

The institution of Parliament is a central pillar of Australia's democracy. As a representative body, Parliament reflects the wishes and aspirations of the electorate. As a legislative body, it not only makes law, but also reviews the actions and initiatives of the government of the day — by acting as a check on the power of the Executive.

But are Parliaments in Australia functioning as they should? At the end of last year a debate erupted in the letters columns of the press between Wal Fife, Leader of the Opposition in the House of Representatives, and Kim Beazley, Leader of the Government in the House. Fife claimed that the Government was using its powers to truncate debate on important Bills in Parliament, although Beazley disputed this.

In fact Fife only touched on some of the areas of concern over the functioning of Parliament. A full list would include the misuse of Question Time, important Ministerial Announcements made outside Parliament, declining Sitting Time in some State Houses, the use of the Guillotine to push through legislation, and the use of unparliamentary language.

**Question Time**

Of 45 minutes duration in the House of Representatives, Question Time has long been regarded as the most significant part of every parliamentary day. It is one of the few opportunities members without portfolio have to question the performance of the government — thus fulfilling the principle that government is answerable to Parliament. Governments have been virtually made or broken in Question Time: it was significant in the destruction of the Whitlam Government — providing the Fraser Opposition with a valuable forum to expose the Loans Affair.

The standard of Question Time depends a great deal on the Speaker. Where the Speaker is not prepared to enforce the relevant standing orders, governments are able strategically to waste time through verbose replies, long on rhetoric promoting the government but short on relevance. A key measure of how well Question Time functions is the number of questions which are asked and answered. In the Canadian Lower House 40 questions are regularly asked in 45 minutes; at Westminster, 70 questions are commonly asked in an hour. In the Federal Parliament in Australia, the number of questions asked per day has declined to under 12. Figure 1 depicts the steady fall since the mid-1970s.

![Figure 1. Question Time](image)

This picture is also true for the Victorian Legislative Assembly, where the number of questions without notice has declined from an average of 18.1 in 1981 to only 8.7 in the year ended 1989 (see Figure 2).

The Federal Speaker has considerable power. He can sit down a Minister if a reply to a question is not relevant. Section 145 of standing orders demands that Anthony Smith is a student of politics at the University of Melbourne and a Research Officer at the IPA.
PARLIAMENT DEGRADED

relevance has been in the standing orders for donkey's years and the House itself...[has] always chosen not to define relevance. So...it is pretty stupid for them to expect that the Speaker all of a sudden becomes the arbiter of what is and what isn't relevant.”

In contrast to McLeay, Kevin Rozzoli, Speaker of the New South Wales Legislative Assembly has little difficulty with the definition of 'relevance'. Rozzoli applies a 'rule of thumb' that Ministers' answers should not exceed five minutes. Answers, he has ruled, should be “brief, sharp and to the point.” Speaker Rozzoli told *IPA Review*:

“I believe that the rule of relevancy is the overriding rule of all debate and that whilst a Minister is entitled to answer an interjection, it must be brief and he then must return to the relevancy that is demanded of the question — if he does not I will ask the Minister to resume his seat.”

Rozzoli has been prepared to act on this, even against members of his own party. Unlike his Federal counterpart, Rozzoli has sat down a number of Ministers for drifting from the terms of the question, and he has actually ruled several answers to be “Ministerial Statements” which in turn allows the Leader of the Opposition equal time to respond after Question Time. He has even ejected a Minister from the House for refusing to take his seat — the first time in 80 years!

In New South Wales the average number of questions is always lower than in other Parliaments as a result of a peculiar system which allows suspensions of standing orders to be moved only during Question Time.

Federal Speaker Leo McLeay: “I reject completely the proposition that I cannot be fair because I am a member of the Labor Party.”

“answers be relevant to the question” and Section 144 forbids answers to “announce Government Policy.” In 1987-88 eight answers in the Federal Parliament’s Question Time exceeded 1,800 words — or 20 minutes in duration — almost half of Question Time.

When *IPA Review* spoke to Leo McLeay, the Speaker of the House of Representatives, he rejected criticisms that Question Time is in decline. “Oppositions always criticize Question Time; governments always believe that Question Time is functioning the way it should...Some days you have less questions than might be desirable, but then the length of questions has got considerably longer as well and when a person asks a question that has four or five points in it, it would be patently absurd for a Minister to answer yes, no or maybe.” In 1986 the Standing Committee on Parliamentary Procedure recommended that Question Time be extended to allow 16 questions to be asked each day — a proposal aimed at providing a solution to the problem of time wasting. Leo McLeay was the author of that recommendation. He says he still supports it, while, at the same time, maintaining that Question Time is functioning well.

On the problem of keeping answers relevant to the question, McLeay argues that he cannot be expected to interpret standing orders on relevance if the House refuses to give him guidance. “The standing order about

![Figure 2. Question Time](image)

**Victorian Legislative Assembly**

**Average No. of Questions**

**Per day**

Each square represents one question.

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Accordingly, there are occasions when more than half of the allotted time is taken up with debate rather than questions and answers. The number of questions being asked in the NSW Legislative Assembly is still low an average of about eight questions per day. Yet at least Rozzoli has been prepared to acknowledge the problem and take action.

**Government Outside Parliament**

The ever-growing media influence on politics, together with the recent proliferation of press officers and media units, has had a significant effect in reducing the authority of Parliament. The use of press officers quickly convinced government Ministers that the press was a better medium from which to control the flow of information. Ministerial announcements — which by convention belong in the House — are now more frequently delivered at pre-planned press conferences, allowing the media rather than the Parliament to ask the questions.

While not the first to do this, Paul Keating has effectively legislated through press release by making government decisions retrospective from the time of announcement. In some instances the legislation is passed months later. The most notorious case occurred in September 1988 when legislation was introduced to tax non-cash business benefits, more than three-and-a-half years after the original announcement and starting date.

**Sitting Time and the Guillotine**

Parliaments in the United States and the United Kingdom consider business for most of the year while our Houses of Assembly spend the majority of time out of session. Both Houses of the British Parliament sit for an average of 170 days a year, and last year, in the United States, Congress sat for 283 days, and the State House of Nevada for 151 days. Yet in Victoria, the Legislative Assembly sits for an average of only 50 days, and the Legislative Council only 39. In Western Australia in 1983-4, the Legislative Assembly considered business for a total of 631 hours, compared with only 358 hours in 1987-8 (a comparable period).

The significance of this lies in the fact that Parliament’s ability to scrutinize government decisions has diminished because sitting time has not kept pace with the massive increase in government business. In the 20 years to 1983, 16,631 new Acts were passed in Federal Parliament and 32,551 Statutory Regulations. Comparing the decade of the 1970s with the 1960s, the number of Acts passed rose by 40 per cent and Statutory Rules by 62 per cent. The trend in the States has been in the same direction.

The resultant shortage of time has compromised the Parliamentary process. Governments keep Parliament sitting late, often through the night, in order to complete the business on the notice paper. During such sessions debate on legislation is severely restricted through the use of the guillotine. The result has been the enacting of poorly drafted legislation which has effectively succeeded in escaping the rigours of the democratic process.

A snapshot of the last week of sitting in the Victorian Legislative Assembly clearly illustrates this point. The House sat day and night with debate on all legislation either guillotined or severely restricted courtesy of a deal between the leadership groups of both major parties. Debate on legislation for the proposed Very Fast Train — a project that affects all Victorians and is of concern to most members of Parliament — was limited to only 53 minutes.

The danger involved in such a practice was aptly exemplified by two pieces of poorly drafted legislation which were bulldozed through the House by an anxious Government strapped for time. The Environment Protection Bill would have allowed the EPA to ban the manufacture or sale of “any single-use disposable
product" — a definition so broad that the manufacture and sale of newspapers could have been banned. Similarly the Control of Weapons Bill would allow police to search anyone they suspected of carrying "any dangerous article."

Late night sittings have become an annual event in Victoria, despite the words uttered by Premier Cain following his election victory in 1982: "We are absolutely determined to cut out those late night sittings when people are not able to contribute and I think the result is a loss of respect for the institution by the public."

In 1989, however, Mr Cain preferred to sit Parliament through the night rather than sit into any part of December. The reason, he said, was that members (after sitting for only 50 days of the year) "get grumpy."

Mr Cain's Federal cousins also have a high propensity for unrestrained use of the guillotine. The guillotine — a procedural motion that declares legislation urgent, and places a time limit on debate — was originally intended to be a mechanism to pass legislation when an event had occurred outside the control of government. Unfortunately this conventional view has been replaced by the new maxim which renders Bills urgent as a result of the Government's mismanagement of the House.

In its seven years, the Federal ALP Government has guillotined more legislation than in the entire period 1901-1983. In aggregate terms it has restricted debate on 221 Bills, compared with 17 under the Fraser Government in a comparable period. The most disturbing fact is that Hawke's guillotine-happy approach to Parliamentary democracy is getting worse: in the last two years Hawke has guillotined 36 per cent of his legislation. These figures completely obliterate the previous Australian record holder in the field of 'debate restriction,' Gough Whitlam, who guillotined 59 Bills in his Government's three eventful years.

What Governments fail to realize is that debate on legislation often can bring forward useful and worthwhile amendments — irrespective of the size of the Government's majority.

**Parliamentary Language**

Another feature of Parliament which has undergone considerable decline is the standard of language used in our Houses of Parliament. The standard of parliamentary language is exclusively the responsibility of the Speaker. It is true that members can ask for abusive remarks to be withdrawn — however the Speaker is charged with the responsibility of preserving the institution, and if necessary working to improve standards in the House. Kevin Rozzoli has stated that he was far from satisfied with parliamentary standards when he came to office. According to Rozzoli, he has almost entirely eliminated bad language, "but there is still a long way to go" as far as standards go. When asked about the use of abusive terms such as 'harlots', 'sleaze bags', 'frauds', 'pigs', and 'scum', all words which have been used by Treasurer Keating in the Federal Parliament, Speaker Rozzoli stated that he would demand that such words be withdrawn if used in an insulting fashion.

**How it works at Westminster**

In Britain the Speaker resigns from his/her political party upon assuming office. The Speaker will remain is the chair until such time as he or she wishes to retire. In his/her electorate the Speaker, by convention, is uncontested, and faces the electorate as "Mr Speaker seeking re-election." The convention also requires that the Speaker resign from the House upon resigning from the Speakership. It is convention that has allowed every Speaker for more than a hundred years to retain their seat in Parliament, and accordingly retain the speakership — irrespective of the election result.

In Question Time a predetermined roster operates which allocates discussion for specific portfolios to specific days — thus Ministers are aware in advance on what day questions will be asked on issues relating to their portfolio.
On the other hand, Leo McLeay feels that standards of language in the Federal Parliament are reasonable. In contrast to Rozzoli, McLeay was unsure as to whether he would regard the above-mentioned terms as unparliamentary, claiming: "you have got to look at the context these things are said in."

Possible Solutions

With so much of Parliamentary conduct within the bounds of responsibility of the Speaker, it is worth considering possible reforms to the Speakership. Unlike the system in Britain (see the box on Westminster), Speakers in Australian Parliaments are — and remain — members of the victorious political party. Hence the fortunes of the government and the Speaker are intimately linked: the Speaker's survival depends on his party providing him with a seat in the House, and on that party remaining in office. Such a system cannot guarantee impartiality at all times. At best, it depends on the character of the Speaker concerned — or in some cases on the character of his party. In the 1970s, Speaker Cope, in trying to enforce order, was forced to resign when Prime Minister Whitlam refused to allow the leader of the House, Fred Daly, to remove a Minister who was named. The risk is that by maintaining party membership a Speaker diminishes respect for his office.

Leo McLeay states that he "rejects completely the proposition that he cannot be fair because he is a member of the Labor Party." He goes so far as to advocate active involvement in the party, “a good insurance against going the way of Speaker Cope.”

In contrast, Speaker Rozzoli has instituted a de facto divorce between himself and the party apparatus. He does not attend meetings of his Parliamentary party, and when he addresses meetings in his electorate he refrains from commenting in a political sense on events — preferring to limit his utterances to matters concerning his role as Speaker.

A former Speaker of the House of Representatives, Sir Billy Snedden, also refused to attend party meetings in order to preserve impartiality and

There is... a strong case for increasing the length of Question Time.

towards the end of his term proposed as one of a series of reforms to the position that Speakers not be allowed to retain party membership (see box on Snedden).

Speaker Rozzoli tends to agree with Snedden. He states that "the only way of securing independence and impartiality is to have a permanent independent Speakership," to safeguard the Speaker from "pressures that might be applied by his party" and from any moves to topple him, "just because he has earned the displeasure of the Government."

If the fortunes of the Speaker and the party were not so inter-linked, the Speaker might be more prepared to enforce rules of relevance and to apply discipline.

An expansion of the Speaker's authority may also be justified. If guillotine motions for Bills clearly not 'urgent' could be ruled out of order by the Speaker, much of the excessive debate restriction would be eradicated.

There is also a strong case for increasing the length of Question Time, perhaps by as much as 30 minutes. The current length of only 45 minutes is hard to justify when Question Time is universally recognized as the most important part of every Parliamentary day. A stricter reading of the rules of relevance is also required to reduce the deliberate time-wasting which currently prevails.

Leo McLeay argues that the introduction of new mechanisms, such as Parliamentary committees, help fulfil the function of Parliamentary scrutiny performed by Question Time. This is true, but is no justification for the degradation of Question Time.

Finally, an end to the public funding of over-sized government media units, as advocated by Mark Birrell in the last IPA Review, would help put the business of government back into Parliament, rather than have it treated by government as an issue of media management.
How to Increase National Output by $75 billion

John Hicks

The enormous potential gains to Australia from microeconomic reform are yet to be realized.

Following its election in 1987, the Labor Government put considerable emphasis on microeconomic reform to:

"improve efficiency and to remove constraints on improved performance in the private and public sectors. That, ultimately, is the basis of the improved living standards to which we all aspire."  

Yet, despite this rhetoric and apart from deregulation in the financial market, only limited results are in evidence because of entrenched interests inhibiting and stalling the process of change. Treasurer Keating indicated his frustration when, in responding to a question at a conference of economists, he complained that every 'galah' was talking about microeconomic reform. Major structural adjustment thus remains as a key agenda item for the next government and for the next decade. The platforms of the major political parties will be keenly scrutinized in the forthcoming election to ascertain which party is likely to make faster and more effective progress.

Further effective structural reform must address three areas: labour market rigidities, industry protection, and the imbalances and inefficiencies created by monopolistic practices and the production and pricing inefficiencies associated with major public sector enterprises. In each case major reforms have already been identified which, if implemented, would produce a rich harvest of additional economic growth — annual national output (in 1989 dollars) could be increased by at least $75 billion (i.e. by about 23 per cent or $4,000 per head) above what it would otherwise have been by the year 2000.

The increase in economy-wide output resulting from microeconomic reform will accrue as a result of:

- Improved productivity — which will essentially expand Australia's 'effective' resource base.
- Exposure to foreign competition — which provides Australian industry, particularly within the traded goods sector, with access to cheaper (imported) products.
- Changes in domestic pricing policies — which will encourage a more efficient use of scarce resources.

Increased Labour Market Flexibility

According to the OECD, Australia's recent productivity record with respect to labour has been markedly inferior to that of the industrialized countries generally and our total productivity performance, while superior between 1973 and 1979, has dropped back to the OECD average.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Factor</th>
<th>Labour</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973-79</td>
<td>1.2</td>
<td>0.6</td>
<td>2.0</td>
</tr>
<tr>
<td>1979-88</td>
<td>1.0</td>
<td>0.9</td>
<td>1.1</td>
</tr>
</tbody>
</table>

*Total factor productivity measures output per unit of factor input and is similar to multifactor productivity as defined by the ABS.

Source: OECD (1989)

Notwithstanding the Government's claim that there has been considerable 'restructuring', ABS figures show that all measures of productivity growth have deteriorated since 1984/85. This cannot adequately be explained by Australia's rapid employment growth during the 1980s. While rapid employment growth will often be associated with a deteriorating labour productivity performance, it need not be. When it is, one would also expect output per unit of non-labour factors to be enhanced. This has not been Australia's recent experience, suggesting that the deteriorating labour productivity performance is, at least partially, explained by...
HOW TO INCREASE NATIONAL OUTPUT BY $75 BILLION

by the same factors. There is some evidence to suggest that relatively sluggish business investment (at least up to 1986/87) and the associated ageing (and obsolescence) of our capital stock — in conjunction with our relatively inflexible labour market — are to blame.6

Acknowledging that relatively stagnant labour productivity within each industry in recent years is a major problem in the Australian economy, the Business Council of Australia (BCA) advocates more flexible procedures for wage setting, work practices, dispute settlement, contract agreement etc. In particular they highlight the advantages of moving toward enterprise level bargaining which could be expected to raise our productivity performance by 25 percent if:

- firms are able to adjust their work methods and patterns as the needs of customers, available technologies and the skills of employees change;
- there is a higher degree of common purpose and caring in enterprises;
- workplace disputes can be settled more amicably and in a more orderly way, and if;
- fair remuneration is linked to performance.7

The likely output consequences of this improvement:

Increase in Output: $56.2 BILLION8

Industrial Adjustment

In Australia high levels of protection9 have fostered a highly diversified industrial structure with limited growth in international trade. The high levels of protection in the domestic market have encouraged Australian industry to produce a large variety of goods rather than to specialise in particular activities and thereby lower production costs by exploiting scale economies. They have also stifled innovation and research and development expenditure and contributed to poor labour relations by protecting workers from the full consequences of their industrial demands. In addition, the sectoral dispersion in rates of protection has distorted relative prices and attracted resources into sectors in which Australia enjoys no comparative advantage.

In the second half of the 1980s the Australian Government introduced a range of measures which sought to address these difficulties. However the OECD10 reported that the effective rate of assistance to manufacturing had only fallen from 22 per cent in 1984/85 to 19 per cent in 1986/87 and is expected to be still around 14 per cent in 1992/93. In his report to the Government, Professor Ross Garnaut makes the proposal to scrap all protection his most central recommendation.11

The problems confronting the Australian economy surely require a more rapid reduction to a much lower level of protection than current policy allows for. However, the Prime Minister's initial reaction indicated a reluctance to commit his Government to adopting the report's proposal that all tariffs should be abolished by the turn of the century. Subsequently, the Minister for Trade has signalled that he will oppose the key recommendation of the Garnaut report and a spokesman for the Prime Minister has stated that it was unlikely any decisions would come before the next election.

The Institute of Applied Economic and Social Research has argued that tariff reductions will not result in a worsening of our trade position, an increase in the government budget deficit (or reduction in the surplus) or an increase in unemployment. Indeed, most industries would gain from tariff cuts with employment expansion predicted to exceed 6,000 after about two years for a 25 per cent reduction. (The potential loss of jobs in import competing industries will eventually be offset by an expansion in total employment as lower production costs, resulting from lower tariffs, stimulate output growth.)12

The elimination of remaining tariff, quota and bounty assistance to rural and manufacturing sectors could produce:

Increase in Output: $3.7 BILLION

Government Charges & Economic Efficiency

Improving the efficiency of government services would also contribute significantly to improving productivity.

Throughout the OECD there have been campaigns to identify and enhance opportunities for gains in public sector efficiency. In some countries 'performance' criteria have been established by which to judge the effective use of resources. Greater private sector involvement in public sector projects has also been encouraged via, for example, 'contracting out' of public services where appropriate. A process of government disengagement from activities considered best undertaken by the private sector has also resulted in many countries.

In Australia, the Industries Assistance Commission (IAC) has produced a major report13 on the impact of charges for government provided goods and services
on the competitiveness of Australian industry. The IAC argues that:

- "Inefficiencies in the production and pricing of goods and services provided by governments are undermining the competitiveness of the business sector and depressing Australia's gross domestic product by millions of dollars annually."

- Poor performance can be traced to:
  - pursuit of multiple (and sometimes conflicting) goals (e.g. when public enterprises are required to operate efficiently, but are simultaneously directed to provide goods or services at less than cost to certain target groups — the so-called "community service obligations");
  - the absence of effective competition in the markets in which they operate;
  - reliance on ineffective control and performance monitoring mechanisms; and
  - institutional constraints inherent in Australia's federal system of government (e.g. concurrent involvement in the same economic activities by all three tiers of government — such as in the provision of roads and the production of electricity — has led to problems of co-ordination and fragmentation).

- "While the largest gains would come from reducing costs through more efficient use of resources, significant gains are also available from instituting more appropriate charging policies."

- "...the benefits available from improved public enterprise performance are unlikely to be fully realized unless elements of other approaches are incorporated — in particular, dismantling barriers which presently shield many major public enterprises from competition."

We consider below some of the major areas of reform identified by the IAC.

### Transport

A joint IAC/BCA examination of transport suggested the following scope for increasing efficiency.

**Rail Transport**  
Elimination of inflated fuel and maintenance costs, overmanning and restrictive work practices, non-commercial policy objectives and regulatory controls:

*Increase in Output: $2.4 BILLION*

Cheaper transport costs would also provide a substantial boost to mining, agriculture and manufacturing exports.

**Domestic Water Transport**  
Elimination of cabotage arrangements which protect Australia's coastal shipping fleet from foreign competition and provide unions with a protected environment in which to pursue claims and maintain high crewing.

Improved work practices on the waterfront and in towage could produce a 35 per cent saving in costs.

The impact of reform on domestic water transport would:

*Increase Output by $1.3 BILLION*

**International Liner Shipping**  
Elimination of restrictions limiting trans-Tasman shipping to Australian or New Zealand vessels and most international shipping to conference line ships would:

*Increase Output by $0.7 BILLION*

**Bulk Commodity Handling**  
Elimination of restrictive work practices, state regulations, poor marketing authority practices, excessive state freight charges and poor industrial relations would:

*Increase Output by $2 BILLION*

**Domestic and International Aviation**  
The relative inefficiency of airlines in Australia results from lower labour productivity, higher average input costs and the capacity controls that are currently incorporated in many of Australia's bilateral Air Service Agreements. Eliminating these problems would:

*Increase Output by $1 BILLION*

**Road Transport**  
Australian studies have shown that the various charges associated with road use cover the cost of associated road damage in the case of passenger cars and light commercial (and rigid) trucks. This is not the case for heavy rigid and articulated trucks. Thus the inappropriate pricing structure currently in use gives a subsidy to heavy vehicle operators. A better pricing structure would more adequately reflect the cost of road use to users and provide government with better information upon which to base decisions concerning new investments. This would:

*Increase Output by $1.7 BILLION*
Postal and Telecommunications

The monopoly power granted to the government business enterprises which dominate this industry has created an environment in which inefficiencies "persist without challenge from competition." Eliminating these inefficiencies would:

Increase Output by $1.7 BILLION

Electricity Supply

Elimination of excessive capacity, poor labour practices and inefficient management would:

Increase Output by $1.2 BILLION

Competitive Tendering

If all levels of Australian government were to adopt or extend competitive tendering arrangements savings of about $2.5 billion could be achieved. Reform in this area could:

Increase Output by $3.9 BILLION

Environmental Policy

Increased environmental restrictions have resulted in many development projects being abandoned or seriously delayed. A more relaxed environmental policy could:

Increase Output by $2.6 BILLION

There are great challenges ahead for government in Australia if our productivity performance is to be improved. Many of the opportunities for beneficial change have been identified and research continues into other areas of potential. In addition, the foregoing ignores the potential for dynamic gains once widespread reforms have been implemented. The potential is clearly massive but the realization requires commitment by government to programs that will see the rapid implementation of the policies and actions that are required. Further, much remains to be done to improve the efficiency and fairness of the taxation system and to reduce distortions in labour and capital markets that the current system is creating. We cannot afford to miss the opportunities now available to us if we wish to see our living standards grow apace with those countries with which we like to compare ourselves.

Notes

2. Where the full benefits are not being realized because of other factors that are inhibiting borrowing for productive purposes and encouraging borrowing for non-productive purposes.
3. The results reported in this paper are essentially 'one-off' gains to annual GDP. Output will be about $75 billion higher per year than it would have been without the changes. The estimates assume that sufficient capital and labour is available to support the expansion.
8. This figure excludes the gains from labour market reform separately identified below.
9. Australian industry receives artificial protection through tariffs, quotas, offset restrictions, purchasing restrictions, barriers to free entry (as in the case of the railways, airlines and many professions) and other industry regulations which inhibit competition.
15. IAC (1989B)
16. IAC (1989B)
18. $4.5 billion worth of projects are sensitive to environmental concerns. Access (1989), Economics Monitor, October.
Cargo Cult Economics

Tom Quirk, Tim Duncan and Richard de Lautour

The hope that imposing national economic goals on tertiary education will generate the wealth-creating business development Australia needs is naive.

It is the belief of many politicians (and central to the thinking behind Mr Dawkins' White Paper on Higher Education) that a key to improving Australia's economic performance lies in making higher education, including research in universities, more responsive to the needs of industry. Out of an expanded higher education system harnessed to 'national needs' as defined by the government, is to flow the creation of viable wealth-creating enterprises. If only things were as simple as this sounds.

Business creation depends on many other factors besides the educational level of the community. Any claim to predict the utility of research starting from the exalted heights of 'national needs' is highly suspect. Even the notion that having more graduates in engineering and science will give rise immediately to more and better business does not stand up to critical analysis. It may be that much more mundane issues such as availability of capital, the level of taxes, market size, distance from other markets, regulations, tariffs, productivity and the unit cost of labour, not to mention cultural attitudes (Keynes' 'animal spirits') are more important determinants of the level of entrepreneurial activity. The examples of South Korea, Taiwan and Singapore should cause us to consider whether the educational level of the workforce or the nature of university research work are necessary conditions for business development.

The influence of the educational system on economic performance is complicated. Assertions that economic failure is a result of research and development failure which in turn is connected to educational performance are simplistic.

The ability of Australian businesses to enter new markets is likely to depend on many factors, including opportunity, courage, local ability and perhaps local technology. But the technology or its local modification may be opportunistic. Two recent examples illustrate the use of opportunities and managerial courage and, in passing, the risks of technical ventures.

Case 1 The Sydney-based company Impact Systems, which has now passed through receivership, started designing and manufacturing laser printers some years ago driven by strong entrepreneurial management. The company purchased the laser engine (the guts of the device) from a Japanese company and rival, and through clever design and engineering produced a very good competitive product. Despite the fact that various large and expensive reports on information technology to the Federal Department of Science and Technology had failed to identify market opportunities in computer peripherals, the company grew with sales moving from $4m in 1985, $22m in 1986, to $44m in 1987. However by early 1988, after raising $15m in a public share issue, the company ran out of money. The managing director resigned from the company and there were reports in the financial press of loose financial reporting, optimistic revenue projections and problems of inventory control.

This is a 'standard' example of the problem of managing growth from a small base and the importance of a management team selected to handle such growth.

Innovations

A study of US and European innovation in industry in the early 1980s produced two significant conclusions:

i) companies already operating in the market produced 80 per cent of the innovations whilst universities contributed four per cent and government laboratories less than two per cent;

ii) inside companies, the commercial staff were twice as successful as the technical staff in choosing winners (commercially successful innovations) but still had a success rate of only 55 per cent.

Source: The Economist, 26 June 1982

Dr Tom Quirk has worked as a venture capitalist since 1983 in Australia and the US. Formerly an Oxford Don, he is also a Graduate of the Harvard Business School. Dr Tim Duncan is an economic historian; he is now Principal Press Secretary to the Victorian Leader of the Opposition. Richard de Lautour has worked as a venture capitalist since 1985, helping to set up ventures such as IVF Australia.
CARGO CULT ECONOMICS

The apparent failure does not necessarily reflect on the technological state of the product or its marketability but on much more prosaic business issues.

Case 2 The second example is the Melbourne public company Disctronics. This company is now one of the top four volume producers of compact discs in the world with plants in Australia, Europe and North America. The business is based on using the most up-to-date process technology and equipment supplied from Japan. Thus the business is dependent on global markets, foreign technology and local business skill, not a common mixture in Australian manufacturing. In time this business may give rise to local technology and know-how as manufacturing and production problems are solved using local engineers and scientists. However the dynamics of the market are forcing the group to locate the management of Disctronics in the United States so that even local research and development may be problematic. Meanwhile, like many new businesses, it faces real uncertainties in estimating demand.

Case 3 A more conventional example of growth is the medical technology company, Nucleus, now part of Pacific Dunlop, which has grown over some 20 years to being a world leader in heart pace-makers, ultrasound scanners and advanced hearing aids known as the bionic ear. The company's growth has been founded as much on the persistence and ability of its management as on the excellence of the Australian medical community and its research but it has been a slow process developing successful products, many of which are now manufactured and sold overseas.

What do these examples show?

- two of the three examples involve companies which utilized overseas technology;
- the time-scale for technical development is often long-term with contributions from many sources for ultimate technical success;
- marketing skills and an instinct for detecting and seizing an economic opportunity are essential; and
- management ability is necessary to organize, finance and lead a business.

There is little which points directly to key university or tertiary institution involvement in the ultimate commercial success of these enterprises. Thus the generation of economic opportunities and the capacity to take advantage of them will not be achieved by a quick or slow fix to the tertiary education sector.

In the United States, Mr Reagan, when President, in supporting increased funding for national science, spoke of the important and at times fundamental contribution of science to the national well-being. This cannot be disputed, but the time-scale in which academic knowledge is used in society for the creation of wealth is usually long and the maze whereby many elements of science interact is bewilderingly complex and the results often unpredictable, as the case below illustrates.

Case 4 Some 20 years back Professor Donald Metcalf and his co-workers at the Walter and Eliza Hall Institute of Medical Research in Melbourne started on the trail of a substance which apparently influenced the growth of blood cells. Over many years experiments and contributions locally and overseas have uncovered a

How We Compare on R & D

The statement is frequently made that spending only 1.2 per cent of GDP on research and development is bad when other countries spend up to 2.8 per cent. These figures are based on an OECD definition of research and development (R & D) expenditure that excludes the exploration and development expenses of the mineral and petroleum industries. Yet this exploration and development is the exact equivalent of manufacturing R & D. Exploration and development requires graduates and post-graduates as a professional group and frequently operates at the leading edge of technology using exotic sensors, satellites and computers, all perfect for the 'high tech' world. A mineral or petroleum discovery comes as much from someone's head in terms of conceptual thinking as any invention. After all a deposit only gains value by its discovery and subsequent development to the point where it can be exploited. So depending on what year is selected and the accounting method chosen another one billion dollars could be added to Australia's R & D account thus pushing it up to 1.6 per cent.

At the same time an examination of other's R & D would show a large defence contribution. For instance in the United States, where 2.5 per cent of GDP is R & D spending, about 0.7 per cent is on defence. So civil spending is 1.8 per cent, not very different from Australia.

The real conclusion is that there can be no conclusion on a country to country comparison. The underlying economic structure determines the level of R & D expense and different economic activities support different R & D spending rates. A fixation on manufacturing industry of course favours the use of OECD definitions and statistics.
number of chemical messengers — hormones — which
determine which types of blood cells are produced in the
bone marrow and other sites. Now, some of these, called
Colony Stimulating Factors (CSF), are being described
as medically as important as the discovery of antibiotics.
By administering CSF, patients undergoing
chemo-therapy for cancer can have their white blood
cell counts restored to near normal in a few days rather
than a few weeks. This reduces the chance of
opportunistic infection and the time a patient must
remain in hospital, thus improving treatment and
cutting costs. These elements are now key to the
potential success of at least two genetic engineering
companies in the United States and have forced many
to look for similar product opportunities in other
countries including Australia.

No targeted ‘national needs’ for industrial re-
search would have anticipated this opportunity.

There are examples of successful government-
directed research and development. The Manhattan
Project in the United States brought pre-eminent scient-
ists together to develop the atomic bomb. But the point
is that an objective was defined and that the government
was both the funder of research and development and
the end-user. No other market or finance for produc-
tion had to be found.

Universities are not goal-directed and ordered in-
itutions in the same way as armies, corporations or
even government bureaucracies. They reflect their
origins as associations of scholars and those who choose
to be academics would not necessarily fit easily into
more ordered institutions. Moreover, the research con-
ducted in universities, particularly in science, has the
international body of scholarship as its reference. If
research is to be channelled towards ‘national needs’, this
may limit the capacity of Australian scholars to compete
internationally. The more seriously the science and the
scientist are limited and constrained in their chosen
fields the greater the consequent loss of the real excite-
ment of science and the loss of talent from the country.

Diversity and Funding

Perhaps the only safe position to adopt is to define
one of Australia’s national needs — as an education
system in which talent can flower and more members of
the community can contribute to the development of
society and lead constructive and satisfying lives. As for
universities, the country needs a group of first-class,
competitive institutions, competing for students, staff
and funds and encouraging and developing academic
excellence. In this way they will be making a long-range
contribution to our economic welfare. This will not
come from a centralized system.

It may be unrealistic to expect significant private
funding of a large number of institutions, but in view of
the failure of centralized control, a return to some fea-
tures of the old system would be welcome.

First, there is a powerful case for a return of tert-
iary funding to the individual States which already run
primary and secondary school systems. States would
then be able to compete for the reputation of being
centres of learning.

Secondly, the greatest service the Federal Govern-
ment could render to this system would be to return to
Commonwealth Scholarships. These should be dis-
dtributed as a proportion of the relative numbers sitting
for tertiary entrance in each State, but would be made
payable at the university of the scholar’s choice. The
choice would be Australia-wide and would include
private institutions.

In this way, Australia would have a decentralized
system with some plurality of choice and funding. Those
States that felt education was a key to their survival or
prosperity would then encourage and develop their ter-
tiary institutions and these would attract good students
from the country as a whole. Some States might even
follow the example of California or Massachusetts.
The universities of those States act as honey-pots, at-
tracting bright people who remain to live and work in
the State which gave them their education.

One significant conclusion that should be drawn
from studying how opportunities and, at the research
level, discoveries and understanding are achieved, is the
real diversity of approaches necessary. This strikes at
the heart of the idea of central funding for research.
One of the great strengths of science in the United
States is the diversity of funding and grant-giving agen-
cies. So if a proposal is refused by one agency it may be
possible to find some supporter elsewhere. Australia
has more limited financial resources and may not be able
to afford the diversity of funding agencies, but there has
been little serious discussion of this important need.
Unhappily Australia now faces the institutional rigidity
associated with central research funding, ideas for na-
tional needs which take no notice of the way the world
works and a bureaucratic machine which has no relevant
experience of coupling knowledge to the creation of
wealth.

Notes

1. For example, Information Technology in Australia:
Capabilities and Opportunities. A report by W. D. Scott and
Co P/L in association with Arthur D. Little Inc.
Le Grand Magic Accorde?

Amongst the recent spate of articles reviewing at interminable length every conceivable development in the last decade, first prize (sic) in the economic area must surely go to Michael Stutchbury, the Australian Financial Review’s chief economic writer. Stutchbury reviewed industrial relations in the 1980s, under the remarkable title “Accord Plants the Seeds of Labour Market Reform.”

The intent of this title was to provide yet another justification for the Accord. Thus, while acknowledging that the “big industrial relations changes of the 1980s” were not due solely to the Accord, Stutchbury argued that it would be ‘churlish’ not to recognize that the Accord provided a vehicle to channel other economic and political pressures into institutional reaction.

This portrayal of the Accord as infinitely adaptable to new circumstances and hence as always providing the right solution recalls Le Grand Magic Circus, the 1970s play which was a pretend circus consisting entirely of human performers who were cajoled into enacting a series of illusions each one of which appeared to provide the solution to life but which in reality quickly required yet another solution. The reality of the Accord, one which Stutchbury chose to ignore, is that to suggest that reduced wages growth and industrial disputation are primarily the result of the Accord is almost as illusory as the ‘solutions’ in Le Grand Magic circus. Moreover, the notion that “other economic and political pressures” require an institutional reaction, rather than an adjustment in behaviour by the various market participants, reflects the stereotyped thinking that continues to play an important role in analyses of industrial relations policy and in the framing of policy itself.

Yet there is growing evidence that the community is no longer fooled by the policy-makers and their media acolytes. For example, a recent survey indicated that 40 per cent thought that the country as a whole is worse off under the Accord and only 27 per cent thought that it was better off. Even ALP voters had only a minority (37 per cent) who thought we were better off, while 26 per cent thought us worse off. The latest Morgan survey on employer/employee relationships indicated that 54 per cent thought that wages and conditions of employment should be decided by direct negotiations between employers and employees — a remarkable result considering that even the Coalition is advocating this as only one option.

It is not surprising that some senior Government ministers are now sending out ambivalent signals about the future role of the centralized industrial relations arrangements. During a visit to Japan late last year the Treasurer indicated that he favours a move to enterprise level bargaining “as occurs in Japan” and, more recently, there has been a veritable outburst of claims that, if re-elected, the Government would allow enterprise agreements. In fact, the Government has clearly taken a strategic political decision to move to the middle ground by accepting the need for reform in principle while arguing that that reform can only occur in the context of the existing system and an accord with the trade union movement.

This question of how best to effect change is also one which worries the Business Council of Australia (BCA), whose members have a much higher concentration of unionism than the 32 per cent average for the private sector as a whole and are therefore the most likely targets of unions in any wages push. Particularly as BCA members include most of Australia’s leading companies, the attitude of the BCA is of considerable importance in assessing the difficulties of industrial relations reform. Thus, while the BCA has recently seriously questioned the value of the Accord for the first time, it has also expressed concern that without a prior change in the structure of unions, an attempt to move away from the centralized system could lead to concessions being forced at the enterprise level which would...
then spread across the board. This sort of worry is encouraged by the union movement.

The BCA's solution is to utilize the certified agreements provision of the present legislation, which allows agreements to be negotiated at the individual enterprise level with wage rates or other conditions different to those in national wage awards by the Industrial Relations Commission. The catch is, however, that these agreements have to be 'churched' by the IRC to make sure that they are 'in the public interest'. Translated, this appears to mean that the Commission has to satisfy itself that there are sufficient productivity or other offsets to justify better wages, etc. than in the relevant national award. This, it is argued, will prevent wage 'break-outs' due to other firms being pressured to pay the better wages, etc. but without obtaining the appropriate offsets. This approach is also supported by the CAI and the ACTU, which is emphasizing the scope within the existing industrial relations legislation to negotiate agreements at the enterprise level. However, unlike the ACTU and the Government, the BCA and other employer groups appear to accept the Opposition's proposal to also allow voluntary agreements to be negotiated outside the Commission and without the latter's approval or involvement.

The key question about this three stream approach is whether Australia can afford to wait another, say, five years (or even longer) to establish a framework more conducive to negotiating employment conditions that will allow faster growth in productivity and cost increases that are at least in line with those of our international competitors. The answer, surely, must be in the negative. Faster progress is essential if we are to overcome the external debt problem and lift living standards. Questioned by me at a BCA Conference held in Canberra last December as to why Australia needed to be the only OECD country to require an outside body to decree whether an enterprise's agreement with its employees is in the public interest, ACTU President, Simon Crean launched into the wages break-out justification. The incoming ACTU President, Martin Ferguson, also warned in early January that moves towards a deregulated labour market, such as those proposed by the Opposition, would lead to the abandonment of wage restraint by the union movement.

But how much of this is bluff and how much is real? Can a wages 'break-out' be avoided without first changing the structure of unions and awards? My own belief is that a general breakout can be avoided — provided an environment for negotiating wages and other conditions of employment is established in which employers are actively encouraged to conclude enterprise agreements and are assured of government backing if unions seek to force concessions. The need for government involvement is to help counter union attempts to exercise monopoly power and to continually point out that any such attempts would not benefit the average employee because wages break-outs will only cause unemployment and lower real wages. The Pilots' Dispute with the airlines provides a precedent of sorts. However, government intervention should not generally involve the use of taxpayers' funds, as was the case in the pilots' dispute. Rather, the government should indicate that it would be up to employers to establish their own 'fighting funds'. Government 'backing' should thus generally be confined to rallying public support and supporting resort to the civil courts.

It needs to be recognized that the climate of opinion has changed dramatically over the past 10 years or so.4 The increased antipathy to unions means that a Government prepared to adopt a firm line against clear union intransigence would have overwhelming public support. Moreover there is now a much greater preparedness on the part of employers to use the civil courts to counter such intransigence.

Some argue that it would be wrong to adopt such a 'confrontational' approach. But if properly handled it is doubtful that there would be more than one or two 'confrontations'. Once it became clear that employers and government really were prepared to mount a strong resistance the unions would be very hesitant about taking aggressive action themselves. In the end, however, the anti-confrontationists must answer the question— should the rest of us continue to suffer lower living standards because nobody is prepared to stand up to a union movement that is widely discredited and that is itself readily prepared to adopt confrontationist tactics? ■

Notes

1. 8 November 1989.
2. An article in the BCA Bulletin, November 1989, concluded inter alia that "The increasingly obvious failure of the Accord...is that Australia has failed to pull down the growth in nominal wages and our productivity growth has been stifled. As a result our relative performance on unit costs, inflation and interest rates has been poor and we have unwound the competitive gains achieved by the 1986 $A devaluation."
4. Two-thirds of Australians now consider that unions have too much power and 87 per cent consider that union membership should be voluntary. Morgan survey, op. cit.
Skills? Who Needs Them! Call them old fashioned, call them Luddites, but the leadership of the Electrical Trades Union (ETU) knows what it knows. And it doesn’t want to know anymore. Multi-skilling — the plot to teach its members additional skills — is really a trick to deskill the workforce, declares the ETU in a pamphlet on Award Restructuring: “...if multi-skilling is effective then people become jack of all trades and master of none. Multi-skilling must have the effect of reducing jobs and causes de-skilling.” The logic may be weak but the conclusion is clear: all ETU members “MUST OPPOSE MULTI-SKILLING.”

Inverted Image The winner of the Blake Prize for Religious Art, judged annually at Sydney’s Blaxland Gallery, is titled “Hail Mary.” Its painter, Warren Breninger, explained the unusual symbolism to The Australian: “The reason modern Christian art tends to be held with not much respect is that people have gone about this type of art in such an obvious and recognizable way. It’s all too much the same as it’s always been. The tradition of the halo always being around the head is completely bankrupt, so I inverted that idea and put the halo around the feet.”

After all, Breninger continued, “why should the mind be given more importance than the flesh, the body or the dirty toes.” Why indeed? The painting melds the personalities of Mary Magdalene and the Virgin Mary in two figures. One figure is shown with her fingers in her mouth. Breninger, who knows his Freud, elucidates: “The figure sucking its fingers is a symbol of all forms of maladjustment in people.” He said “Hail Mary” was an attempt to show that all people, no matter how grand, have weaknesses.

Cool AIDS A national competition for the best drama script on the subject of youth and AIDS is being sponsored by the Department of Community Services and Health. First prize is $10,000. The entertainment pages of Melbourne’s Age carry a hip advertisement promoting ‘new fits’ (i.e. syringes): “you know what I mean. New FITS clean. A new FIT keeps everyone safe from infection.”

And condoms, not so long ago unmentionable in polite company, are fast becoming the symbol of social responsibility. In Heathcote, Victoria, a 15 year-old school girl denounced the town council at a public meeting for its ignorance about AIDS and its refusal to install a condom-vending machine in the public toilets. The issue of the condom-vending machine has divided the community in Heathcote with one councillor resigning, claiming that the council is run by a “bunch of conservatives hell-bent on guarding the town’s morals instead of facing an issue that is potentially lethal.” Perhaps bronzed condoms — to be worn like medals — should be awarded annually for acts of civic duty.

Radio-Active Melbourne’s left-wing ‘community’ radio station 3CR, which regularly broadcasts the message of radical environmentalism, has been caught with its collective trousers down. It has been found to have a radio transmitter which emits radiation at levels approximately three times the maximum recommended as safe by the Australian Standards Association. The management collective has responded by putting up a warning sign, but the Victorian Minister for Health, under questioning in Parliament, had to admit that “the warning sign on the wooden gate written in hand using an ink pen [was] an inadequate notice of the danger involved.”

There Goes the Neighbourhood The notice advertising Mark Aaron’s new book, Sanctuary (on alleged war criminals living in Australia) is headed: “Is Your Neighbour a Nazi?” I can almost hear the accusations of McCarthyism if the ad had read, instead: “Is Your Neighbour a Communist?”

War Zone A crazed student’s murder of several women engineering students in Montreal at the end of last year elicited this cry of solidarity 12,000 miles from the scene of violence, from the Melbourne Age’s Women’s Editor, Rosemary West: “The Montreal massacre is a graphic reminder that liberty does not come cheaply, that those who take a stand put their lives on the line. It is unlikely that the murders will drive many women back into submission, more likely that these martyrs’ deaths will rally others to their cause. This was a political crime and these young women are the women’s movement’s war dead. They died that others might be equal and free.”

And On the Western Front January’s Lesbian Film Festival, held at the State Film Theatre in Melbourne, was advertised as containing: “50 unseen films. Never to be seen again!” The organizers, apparently, were not anticipating a box
The Footscray Community Arts Centre hosted other events as part of the Lesbian Festival. Unsuspecting males who accidentally wandered near the Centre while the Festival was in progress received curt treatment. Maribyrnong River Cruises proprietor, Peter Sommerville, said he had not known the Festival was on until he was abruptly stopped from walking up the river bank to the centre by a woman carrying a walkie-talkie, reports the Western Times. “She started talking into it saying something like ‘patrol one to central, we have an intruder’,” said Sommerville. A fence was erected along the river bank to deter any other ‘intruders’.

**Bigger than a Batman Comic**  The Bulletin has run some probing cover stories in the last six months. There was September’s “HE’s BACK... What could be bigger than Batman? Only the return of Jesus Christ.” The feature story was a tasteless exercise in how Christ could be marketed on His Second Coming. Half was reprinted from Harper’s magazine; half relied on the eloquence of our local advertising gurus — for example, John Singleton. Here is the Gospel according to St John: “God. He’s a j— genius. He had these sales reps, gave them a flash title — disciples — and sent them out door-to-door. And any bastard that doesn’t sign up, they won’t get eternal life. He was the leading proponent of door-to-door selling. Mate, he was Rent-a-kill... The Bastard’s been dead for 2,000 years and he’s still selling better than Margaret Fulton’s cookbook. He’s a better publicist than Dick Smith.”

Then there was the “Glad to be Gay” and “How much poison did you eat today?” covers of October. And the “Teens” issue of December, consisting of vignettes of local youth — like Glen: “Glen is concerned and articulate about issues that affect him on a day-to-day basis such as homelessness and poverty but he is less interested in broader issues. ‘Me, I worry about nothing. I take everything as it comes. I believe in anarchy and peace.’” Maybe Glen should have a regular column.

**Conflicting Signals**  The Federal Government has agreed to pay $100,000 to two community groups opposing the third runway at Sydney Airport — reports the Sydney Morning Herald. This is despite the Government’s decision last year to support the building of the runway. The money, however, is coming not from the Department of Transport, but from Senator Richardson’s Department of Environment. Senator Richardson opposed the third runway in Cabinet.

**Inventing Rights**  At the last National Union of Students Conference, held in December, the Left Alliance produced a “Bill of Student Rights.” The list (it reads like a log of claims) includes the right to undergo only those forms of assessment mutually agreed to by students and staff; the right “to work not more than 38 hours per week”; the right to be free from sexual harassment even while travelling to and from college (this would entail the establishment of a veritable army of sexual harassment officers); and the right “to count work performed in the capacity of student representative for credit towards all degrees and diplomas.” What qualities would be assessed under this ‘right’? Aptitude on the megaphone at anti-fees rallies? Creativity displayed in producing pro-Sandinista posters? Leadership in the storming of the administration building...?

**Life on Wall Street**  Lucinda Rector writes in the New York Times that she envies the East Germans. They only had the Berlin Wall to conquer, whereas her life is blighted by America’s “far more subtle, elusive walls keeping me from independence.” Sure, she is young, has a graduate degree, works for a New York law firm and enjoys the freedoms of an American citizen. But she says jobs that are ‘female-based’ and do not pay enough are walls. “As for a job in the arts, where my true interests lie,” she is advised (by people who have seen her art?) “to marry rich.” Such walls “build another wall: the wall of doubt.” Her aging parents mean that “familial responsibility — another wall — exacts a high price on my personal freedom.” Her depression deepens “when I think about raising children” in America. There is the ‘economic wall’. “What corporation must I join in order to receive child care?” She worries that “a wall of politicians” may interfere with her abortions. So, “is it any surprise that a wall of anger builds within me.” I am sure some kind East German would be willing to change places with her.

*Signature*
Union Amalgamations

The ACTU's Grab for Power

Joe Thompson

If the ACTU achieves its goal of union amalgamations, the result will be industrial chaos.

The grand plan of the ACTU under the leadership of its secretary, Mr Bill Kelly, is to reduce Australia's more than 300 unions to approximately 20 mega unions. The reasoning behind this planned reduction is that our union movement would not be plagued by demarcation and membership disputes. Overall it would thus be in our national interest.

Whilst on the surface a proposal to reduce the number of unions seems sensible and appropriate, a closer look reveals the potential for unions organized largely on political lines and no likely reduction in demarcation and membership disputes. The net result could well be to give the ACTU greater power to pursue whatever political objectives its Executive decided upon — and an increased potential for large-scale disputes based on such objectives.

The BWIU's Amalgamation Drive

A recent ballot for amalgamation of the membership of the Building Workers' Industrial Union (BWIU) and the Federated Engine Drivers' and Firemen's Association (FEDFA) narrowly overturned the proposal. The main opposition came from a handful of crane drivers on building sites who believed that if they joined the BWIU they could lose some of their power to walk off the job and bring the building industry to a halt.

But, while this may seem to argue in favour of the amalgamation proposal, from a national view it would have been disastrous had the proposal been successful. The name planned for the union was "The Construction, Mining and Energy Workers' Union." Foundation of such a union would have opened the way for a national union crossing the whole broad spectrum of industry, including not only building and construction, but mining and extraction, power generation, and coal loaders as well as the operation of all types of cranes, including overhead cranes and all forms of mobile equipment. It was intended that, following the amalgamation of the BWIU and FEDFA, there would then be an amalgamation with the Miners' Federation and the Timber Workers' Union. In short, one union would have had the potential to institute stoppages extending far beyond the building industry.

This would have meant that the whole nation could have been halted by an executive decision to close down our power stations; or our coal exports could have been halted by closing off all our coal-loaders. These are only some of the things which could have occurred with an amalgamation of this type.

The only real affinity between the BWIU and the FEDFA is that their executives have for many years strongly supported the Moscow views of the Communist Party. Their support has been unwavering from the time of the Hungarian uprising. It has never deviated and recent developments in the Soviet Union and Eastern Europe have had little impact on their attitudes.

In fact, one of the major reasons for the dispute in the building industry between the BWIU and the BLF was that the BLF was a strong supporter of the Chinese section of the Communist Party. The result was that these two unions were diametrically opposed in their

The Hon. J. S. Thompson, AM, is a former Secretary of the Vehicle Builders' Union.
political viewpoints. The previous Federal Secretary of the BWIU, the late Pat Clancy, was dedicated to the Moscow line and he ensured that the leadership in all key positions was held by officers with similar views. This still applies. It is well-known in the union movement that any left-leaning official who desires an invitation to be a guest of the Soviet Union should contact the BWIU.

The potential dangers of a strengthened BWIU can be seen from the way in which it has been attempting to force amalgamations by capturing members of other unions. Thus, the BWIU recently became locked into a very serious dispute with the Federated Ironworkers' Association (FIA) over union membership at a small company known as Ideal Shower Screens. The BWIU claimed the membership at this company even though the employees were already members of the FIA. Indeed, the BWIU now claims exclusive union coverage of all workers not only in the building industry, but in industries such as metal fabrication which supply building materials and components to building sites.

The fact that employees of Ideal Shower Screens were already members of the FIA made no difference to the BWIU. In their attempts to force union membership, they banned all of this company's products from coming on to all building sites. The FIA first took the dispute to the ACTU, which is the accepted practice. However, the BWIU was adamant and refused to compromise. The employers then took the dispute to the Industrial Relations Commission, which once again showed that it is absolutely powerless to satisfactorily resolve disputes of this kind. The Commission issued orders requiring the BWIU to remove its bans, but this union simply thumbed its nose at the Commission and completely ignored its orders. Clearly, the BWIU was attempting by sheer force to drive the membership of the FIA at Ideal Shower Screens into the BWIU irrespective of the men's wishes and completely ignoring all orders of the Commission.

The FIA was thus in a desperate position. They had been to the ACTU, which proved hopeless in solving the dispute; they had been to the Industrial Relations Commission and again they could offer no assistance. The union was in the position of either losing a considerable portion of its members due to what can only be termed industrial thuggery or using Section 45D of the Trade Practices Legislation.

To its credit it sought orders under Section 45D and was successful. But it was only after orders were issued by the Civil Court that the BWIU removed its bans from this company, allowing the employees to remain with the FIA.

This exercise clearly shows what a new amalgamated union under the BWIU could have in store if the amalgamation were successful. With the inability of the ACTU and the Industrial Relations Commission to settle demarcation disputes, or union membership disputes; such a union colossus would be able to dictate to just about every other union and threaten a national close-down if its wishes and demands were not met.

### Amalgamation Proposals and Developments

Currently discussions are taking place between a number of unions, including the Australian Workers' Union (AWU) and the FIA, the Amalgamated Metal Workers' Union (AMWU) and the Architect, Draughtsmen and Surveyors Union, and the Australasian Society of Engineers and the Electrical Trades Union (ETU).

Last year the Storemen and Packers' Union, after a ballot, amalgamated with the Rubber Workers' Union and they now term the new union "The National Union of Workers". However, there is no common interest whatsoever between the employees working in the rubber and allied industries and the Storemen and Packers' Union. The union is now frantically searching out other small unions all over the nation to join its organization.

Discussions between the AWU and the FIA have recently run into serious difficulties, following a challenge by a left-wing 'reform' group and resistance by State branches of the AWU. This again illustrates the difficulty of achieving amalgamations.

In the Vehicle Builders' Union (VBU) there have been considerable changes recently in the leadership of both the South Australian and Victorian branches, which make up approximately 80 per cent of the union's total national membership. The leadership in these two States has had some unofficial discussions with the AMWU and it would not be surprising if, in the not too distant future, there was an attempt to amalgamate the VBU with the AMWU. Such an amalgamation would, however, have serious implications for the whole of Australia's vehicle building industry.

What we are now witnessing in Australia is amalgamations or proposed amalgamations which are purely along political lines and which extend across the whole broad spectrum of Australian industry. If we ultimately
finish up with the ACTU proposal of 20 mega unions, organized largely on political lines and with no common interest in any industry or occupation whatsoever, this will create an even greater potential for industrial turmoil than exists at present.

The ACTU’s Position

Recently at an Australian Workers’ Union Conference on the Gold Coast, Mr Kelty stated that he was deeply concerned at the decreasing national membership of the trade union movement and then went on to give the Conference his views on what should be done to halt declining membership. He said “recruiting workers to join unions has never been an easy task, people have to be convinced by one means or another — self interest, coercion or professionalism.”

The key word in Kelty’s statement is ‘coerce’. With 20 mega unions of the type envisaged by Mr Kelty it can be clearly seen that the industrial power and muscle would exist to virtually force every worker in industry to join one of these mega unions under the threat of no jobs and no work if they refused.

The policy of the BWIU of “no ticket: no start” would be enforced not only in the building and construction industry but in all industries covered by the mega unions.

The power of the ACTU in Australia derives importantly from the fact that it acts as a type of umbrella organization for the 300 unions that make up the Australian trade union movement. No other national union organization in the world has the power of the ACTU.

The ACTU has never been interested in any form of industrial unionism or what is termed single industry unions. With single industry unions the power of the ACTU would be greatly diminished as most unions would have no need for ACTU assistance and would negotiate directly with their employer at enterprise level.

But with 20 mega unions covering all sections of Australian industry, the ACTU would not only have more power than any other labour movement in the world; it would be more powerful than any national government in Australia irrespective of the national government’s politics.

Single Union Coverage — An Important Decision

The full bench of the Industrial Relations Commission made an order on 15 December 1989 which gave the Federated Ironworkers’ Association the exclusive right to represent all workers at Southern Aluminium Pty Ltd, Bell Bay, Tasmania. The order, which was opposed by the AMWU and the ETU, was made under section 118 of the new Industrial Relations Act which broadly gives the Commission the power to award a union exclusive coverage of a particular company’s workforce.

This agreement injects some innovative and fresh ideas into the Australian industrial relations system. In particular, all production and maintenance staff will be under one substantive classification termed ‘Production Team Member’. (The classification of ‘Production Team Member’ will have seven grades within the current workforce of approximately 120.) In addition, ongoing training schemes will be implemented, enabling employees to gain additional skills and thus higher rates of pay, and it is intended to create a multiskilled and flexible workforce. The scheme has considerable potential and at least 10 other companies are showing some interest in similar proposals.

It should not be thought, however, that this tiny glimmer of hope will solve Australian industrial relations problems. It will not — and this must be clearly understood. For practical purposes it appears that Section 118 will only be applicable to a company operating in a new location and with a new workforce. To this extent it will do nothing to solve the problem of the multitudes of unions in existing industries and enterprises. To date the ACTU’s only answer to this problem has been to press for amalgamation of existing unions, which has the potential to worsen the present situation.

Moreover, the FIA had great difficulty in getting this decision as the Commission cast serious doubt on whether the constitution of the FIA allows them to have tradesmen, such as electricians, as members. The Commission appears to have got around this problem by treating the case as a demarcation dispute. However, the fact that the Commission’s decision has now been challenged in the High Court indicates that Section 118 could well be a legal minefield.

This demonstrates a real weakness of the new Industrial Relations Act. It gives the Commission the power to award a union exclusive coverage of an enterprise but does nothing to overcome the major problem of a union enrolling members when it does not have the power to do so in its own constitution. Given the considerable difficulties that any union faces in changing its constitution as far as coverage is concerned, this could prove a major bar even to ‘greenfields’ enterprise agreements.

The ACTU, with three of its affiliates before the
Commission, offered no assistance to the FIA even though it publicly claims to be in favour of a reduced number of unions in industry. Their attitude, however, is not surprising; one could never envisage the ACTU taking a stand against the AMWU, one of its most powerful affiliates.

Conclusion

The ACTU power grab poses the most serious threat to Australia's industrial future that it has ever experienced. Unless steps are taken to control this power we could find ourselves in a situation of being controlled nationally by a handful of union executives. No doubt the moderates on the ACTU Executive believe that they would be able to control the situation. But there is a real danger that they would not be able to do so. And, unlike the present situation where the diversity of unions and the capacity of some unions to take an independent line at least limits the power of the bigger unions, the mega-unions would have the power to disrupt across the whole of industry.

Added to this threat we have an Industrial Relations Commission which is virtually powerless in practice to settle disputes and whose decisions are quite unenforceable.

Further, while the provisions of the new Industrial Relations Act have been hailed as providing scope to conclude single union, enterprise-level agreements, the difficulties of achieving such agreements under the Act would mean a very long, drawn-out process before they became widespread. In our national interest we need legislation providing that only one bargaining agent has the legal power to negotiate on behalf of workers in an enterprise or industry. We also need a system where agreements are freely entered into between both parties on a contract basis for a specific period, with a no strike/no lockout clause as part of the contract and agreed methods of settling disputes during the life of the contract.

If we allow mega-unions to operate across our nation we risk industrial chaos of a type never envisaged before, and a general lowering of our living standards. The ACTU, with Federal Government compliance, is doing all in its power to bring about these mega amalgamations. The effects could be disastrous for the future of Australia.

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A UNIONIST'S VIEW

Laurie Short

Victoria — An Outpost of the Far Left

There are people who regret the popular upheaval against Stalinism in Eastern Europe.

Predictably, the remaining Stalinist dictatorships in Albania, China, Vietnam, North Korea and Cuba feel threatened by the strength of the pro-democracy movement in Eastern Europe and the Soviet Union. President Castro of Cuba has vowed to defend his country's Stalinist system "to the last drop of blood."

But what is almost beyond belief is that Stalinism has its supporters in Australia and some Stalinists hold important positions in the Victorian Labor movement.

While Stalinism is making its last European stand in Albania, Victoria is its battleground in Australia.

Take, for example, Mr Norm Gallagher, General Secretary of the deregistered Builders Labourers Federation (BLF).

Although much weaker than he used to be, Mr Gallagher still cuts some ice in Victoria and he is believed to be planning a comeback through the possible re-registration of the BLF next year. When asked by Melbourne's Sunday Herald (17 December 1989) about the recent pro-democracy upheavals in communist countries, Mr Gallagher said: "It all started when they came out and condemned Joe Stalin. From that day onwards they have been bloody going backwards."

Victorian ALP Socialist Left luminary Ms Joan Coxsedge, who is a Member of Parliament, does not have the same commitment to Stalin, but indicated that she was far from happy about recent developments in Eastern Europe.

Mr Gallagher and Ms Coxsedge are not alone in the Victorian Labor movement. Those who think like them are quite strong in the unions and the Labor Party. A drive by the Labor Party against those who support the single-party Stalinist tyrannies is long overdue.

I helped defeat the Stalinists in the Federated Ironworkers' Association (FIA) some years ago. That victory, and similar wins in other unions such as the Federated Clerks, required the assistance of the Australian Labor Party (ALP). Those days the ALP was more clear-sighted about communism than it has been in recent years. It organized Industrial Groups to fight for democratic and responsible unionism. As a result the friends of Stalin were removed from office in a number of unions. It was also an offence for ALP members to collaborate with Stalinists in union elections.

In 1955 the ALP swung left and disbanded the Industrial Groups. Since then the Left has regained most of the unions it lost to the Industrial Groups.

That helps explain why Melbourne has become the strike capital of Australia. The transport strikes which Victoria has been experiencing not only damage unionism and the Labor Party; they are harming the economy and weakening democracy. These strikes must be defeated just as the Gallagher-led Builders Labourers Federation had to be defeated.

Contrary to world-wide trends, there is a swing to the left occurring in some Australian unions, especially in Victoria. Recent elections in the Clerks' Union, the Transport Workers' Union and the Australian Workers' Union resulted in wins for the Left.

The new Victorian Secretary of the Federated Clerks' Union, Mr Lindsay Tanner, is one of the Socialist Left's strongest performers. He told The Australian (29 January 1990) that while Stalinism had been discredited Marxism had not and that the latter still provides the best basis for human organization. "Socialism is self-evidently the best way for humans to organize themselves — it's just that they haven't worked [out] how to do it yet," he said.

If the non-Left fails to respond to what is happening in the Victorian unions it will be a sad day for Australian democracy.
How many is too many?

The world’s population today is estimated to be 5.2 billion. By 2020 it is likely to be 8.3 billion. But this projected rate of increase for the world as a whole conceals two quite distinct and opposite trends. In low-income countries there is a population explosion. In Africa as a whole the Total Fertility Rate (TFR) is 6.3 children per woman.

By contrast, in virtually every country in the advanced industrial West, TFR has fallen below replacement levels (that is, an average of 2.1 children per woman, the rate necessary to maintain a population at its current level excluding migration). The decline in TFR in the West over the last two decades has been dramatic. In the Netherlands, characteristic of Western European countries, TFR has fallen 50 per cent in 20 years, from 3.2 children per woman to 1.6. In the United States it fell from 3.8 children per woman to 1.9 over the same period. In Australia TFR is also 1.9.

It is estimated that by 2025 the population of Africa alone will be greater than the combined populations of Europe, North America, Oceania, the Soviet Union and Japan.

Causes

Diminishing fertility in the West is more curious than the high birth-rate in poor countries. Many reasons have been offered as causes for the declining birth-rate in Western countries. More women are now in the workforce and more families are dependent on two incomes, meaning that having children is likely to be deferred or put off altogether. Women are better educated and this raises expectations about career prospects. Unavoidably, children interrupt a career.

The bio-technology of birth-control has also advanced and spread in usage over the last 20 years. This includes, especially, the contraceptive pill; but also sterilization. Thirty-nine per cent of married couples in the United States have at least one surgically sterile partner — three-quarters of these have only one child or zero children. Abortion is also far more widely practised than 20 years ago. Each year in Western nations an estimated six million abortions are performed.

Ideas also play a part in the declining birth-rate. Feminism has challenged the view that a woman’s principal role ought to be as mother and home-maker. Some environmentalism portrays having too many children as irresponsible — as introducing yet another polluter into an over-populated world.

It may also be that religious decline and increased materialism make the imperative to “be fruitful and multiply” less compelling. Children, while bringing many pleasures, inevitably involve some self-sacrifice (of money, time, mobility). This does not sit easily with the ‘me generation’.

Implications

The contrasting population trends in the Third World and the advanced industrial world clearly have very different implications. Western countries are experiencing a greying of the population. In Australia, the proportion of people aged over 65 years is estimated to increase by over 70 per cent by 2030.

This has serious tax and welfare implications. An ageing population means a greater burden on the decreasing proportion of the population of working age. In 1987 for every 100 people of working age, there were 16 people aged 65 or more. By 2031 there will be nearly 30.

But what of the world overall in which population is increasing at a fast rate?

In a famous essay in 1798, Thomas Malthus argued that the growth of population must inevitably out-run the growth of food supply. Malthus’ theory underlies the “limits to growth” and “lifeboat Earth” pessimism strong since the 1970s. Malthus’ predictions, however, ignore important factors. Among them is the fact that we do not know the limits to growth because we do not know the limits of human ingenuity. The capacity for food production has never been greater and the world is able to support many hundreds of millions more people today than in Malthus’ day. The critical factor in differentiating developed from under-developed countries has proved to be less the size of population than the economic arrangements under which people live.

Hong Kong, though tiny, supports over 14,000 people per square mile: Ethiopia cannot support 100. Hong Kong thrives with commercial freedom; Ethiopia starves under centralist collectivism.

Further reading

The Economist, 20 January 1990.

1. Total Fertility Rate is the average number of children born to a woman during her lifetime.
Source: Population Reference Bureau, Inc., Washington DC, USA.
The rate of natural population increase is the birth rate minus the death rate, implying the annual rate of population growth without regard for net migration.
According to the Stars

The 1980s looked very different 10 years ago.

Most serious newspapers don't run astrology columns; they have political commentators instead. Ever since Joseph was promoted to ruler of Egypt for his prophecy about the seven years of plenty and seven years of famine, the desire for an exclusive scoop on the future has been strong. But journalists, no matter how perceptive they are about the present, being mere mortals, get the future wrong about as often as the rest of us. The difference is that they get it wrong in print.

With the 1990s (and the end of the second millennium) before us and another federal election imminent, the temptation for commentators to offer prophecies from on high, will for some be irresistible. As a cautionary tale then, let us re-examine the predictions made by some of our leading journalists in the eventful early years of the 1980s. In Australian politics the years 1980-1983 established the shape of the decade. It was the period which saw the Hawke ascendancy, the rise of economic rationalism, and federally and in most States the declining fortunes of the Liberal Party.

The Hawke Ascendancy

In early February 1983, Bob Hawke became ALP leader following the forced resignation of Bill Hayden. On 5 March he led his party to victory and has presided over the longest serving Labor Government in Australia's history.

But, the dominance of Bob Hawke, which in 1990 so colours our impression of politics in the 1980s, 10 years ago was not at all an obvious development to some of Australia's most noted political observers. In 1979, not even Paul Kelly, who four years later wrote the definitive account of Mr Hawke's rise to power, knew, on the eve of his entry to Parliament, that we were witnessing 'the Hawke ascendancy':

"Hawke's strength at present is precisely because he is not seen as 'just another polly'. But in twelve months time he could well become just this." (National Times, 15 December 1979)

Even three years later, Bob Hawke's future looked to Kelly more like the Hawke descendancy:

"Right now the Bob Hawke leadership challenge is irrelevant; it is no longer visible on the political landscape." (Sydney Morning Herald, 5 February 1982) "In power terms Hawke is no longer any leadership threat to Hayden before the next election." (Sydney Morning Herald, 30 April 1982).

Laurie Oakes was no more prescient. Just three months before 37 members of Labor's 79-strong Caucus took Mr Hawke's leadership prospects seriously enough to vote for him against Mr Hayden (in Mr Hawke's first leadership challenge), Laurie Oakes wrote in the Melbourne Age:

"Mr Hawke's leadership aspirations, and the regular speculation about the possibility of a bid to topple Mr Hayden, add relish — even though hardly anyone in Caucus takes the leadership challenge talk seriously." (The Age, 30 April 1982).

Oakes then completely mis-read the likely impact of a Labor loss in the Flinders by-election:

"Like it or not, if the party does fail to win the by-election, Mr Hawke will now be lumped with some of the blame. That is likely to destroy what was perhaps his only chance of assuming the leadership before the next election." (The Age, 12 November 1982).

Michelle Grattan drew a similarly wrong conclusion from an earlier by-election result in Lowe: "For Mr Hawke Lowe must spell the end of his leadership hopes at least until after the next election." (The Age, 15 March 1982). Three months later Mr Hayden's position was still assured — certainly until the election. "The ending of any threat to his leadership before the next election has removed the uncertainty Mr Hayden has lived under since Mr Hawke entered Parliament." (The Age, 19 July 1982).

Research by Anton Hermann

Anton Hermann is an Arts/Law graduate currently writing a biography of the late Senator Alan Missen.
Maximilian Walsh chose to ignore the odds in the leadership stakes of both the major parties: “While Andrew Peacock and Bob Hawke are undeniably the media favourites, should their respective leader fall, I would be surprised if either ever got the top job.” (The Bulletin, 21 April 1981).

Less than a year later, he was backing an outsider for the Labor leadership—with the same result: “If anything unforeseen were to happen to Hayden, Bowen would beat Hawke in any Caucus vote.” (The Bulletin, 23 March 1982) In the Liberal leadership stakes Walsh’s money was on three starters: “The reshuffle puts three men in line for the leadership should Fraser lose the next election. They are John Howard, Ian Macphee and Neil Brown.” (The Bulletin, 25 May 1982.) None won.

Declining Fortunes of the Liberal Party

While political commentators seemed loath to predict a loss of power for Mr Hayden, a fall was seen as perpetually on the cards for Malcolm Fraser. As early as June 1981, two years before the federal election which the Fraser Government lost; Laurie Oakes was asking: “How long can Mr Fraser last as PM?”:

“...Mr Fraser is certainly bleeding. And more and more people involved in politics are wondering how long he can last.” (The Age, 8 May 1981.)

Two months later, around the time of CHOGM, amid tasteless television reports that pondered the possibility of the Prime Minister having cancer, Oakes speculated again on Fraser’s future:

“...the possibility of a change of Prime Minister has to be taken seriously. This is not because of any looming challenge from Andrew Peacock, but because of renewed doubts about Mr Fraser’s health...And it gave a new edge to the feeling many people have had that it is more likely to be ill health than a party room coup that brings Mr Fraser down.” (The Age, 8 May 1981.)

As 1983 approached, Paul Kelly was sure that Mr Fraser would heed the idea of March. “Malcolm Fraser will not take a gamble on an early election. He will not plunge ahead if the chances are only 50-50. He will not take a risk. He will not panic.” (Sydney Morning Herald, 4 June 1982.) And he will not necessarily heed the words of Paul Kelly.

The outlook for the Liberal Party was also bleak in most States, nowhere more so than in Queensland where in the mid-1980s the Nationals dropped the Liberals from the Coalition and governed in their own right. The decade ended with the devastation of the Queensland Liberals (and the loss of government by the National Party) in the 1989 poll. Things had not turned out quite as Laurie Oakes had envisaged in 1980:

“In Queensland the Liberal Party has declared war on the Nationals at State level. It is clearly only a matter of time before the Liberals become dominant in the coalition there.” (The Age, 14 August 1980).

An election; but when?

As the middle of the Parliamentary term passed, punters on the date for the next election emerged. Max Walsh began speculating in March 1982 — and once he started he couldn’t stop. “On the balance of probabilities,” he wrote, “we face an October election” (The Bulletin, 2 March 1982). But before even July had ended, he had changed his mind: the “election will be held late next year.” (The Bulletin, 20 July 1982). On the other hand, “to go to the polls late next year is to march towards certain annihilation,” he wrote the following month.

“The balance sheet strongly suggests an election this year. November now seems to have become the favoured time...[but] by November the waters around the budget are going to be so muddied that the impact of the tax cuts will be reduced. That is why September has always looked the most attractive option...My feeling is that if his [Fraser’s] nerve fails on holding a September 25 election then the Parliament will run its full term.” (The Bulletin, 31 August 1982.)

But once the 25 September deadline had expired, Walsh did some back-tracking. Under the heading “Fraser Still Hopes for an Early Election” he spared us another likely date, but insisted that 1983 was out of the question. (The Bulletin, 21 September 1982.)

The Spread of Free Market Ideas

One of the most significant developments of the decade was the increasing influence of economic rationalism. A concern with reduced government spending, deregulation, better targetted social welfare and balanced budgets overtook not only the Liberal Party but also the Labor Government which turned out to be far more conservative than some people had anticipated — including Max Walsh.

“The development of single issue politics within the [Labor] party branches and its traditional policy commitments will lead Labor to become
more left-wing, or if you would prefer, more reformist, during the '80s." (Poor Little Rich Country, 1979.)

Paul Kelly was equally as confused about the philosophical direction of the Liberal Party. While the prospect of increased support for the dry tendency did occur to him, he nevertheless declared:

"It may be that the free market lobby is an aberration within the Liberal Party and, after a brief burst of activity, will fade into oblivion." (Sydney Morning Herald, 11 December 1981.)

And Michelle Grattan predicted an international backlash against neo-conservatism which did not happen.

"Not only is the Prime Minister [Mr Fraser] fighting off a challenge to his leadership; he may be faced with an even more serious threat — a major swing of the electoral tide to the left. Election results here and abroad suggest that the pendulum may be on the move back from the right, as disillusionment with neo-conservative economics and politics spreads." (The Age, 5 April 1982.)

Max Walsh recognized that the dries were on the rise in the Liberal Party. But his nomination as future leader of this group a man who, during the 1980s, emerged as one of the most vociferous critics of the dry tendency within the Liberal Party, could not have been more wide of the mark.

"[Steele] Hall, who is ... a real conservative, not one of your Gucci Liberals — has the ability to grab the leadership of the growing number of self-styled economic rationalists or 'drys' on the backbench." (The Bulletin, 21 April 1981)

Meanwhile, Michelle Grattan fantasized about a possible reconciliation between the leaders of the dries and the wets.

"Mr Howard and Mr Macphee are working very closely together [on the Government's industrial relations strategy] prompting the thought that a more permanent alliance could have advantages for both in the post-Fraser leadership jostling." (The Age, 31 May 1982)

As it turned out, when Howard eventually became leader he sacked Macphee from the Shadow Cabinet. One of the most telling indications of the coming influence of free-market thinking was the 1981 Campbell Report which recommended the deregulation of Australia's financial markets. Economics writer, Ross Gittins, however, failed to foresee the long-term influence of the Report.

"The proposal to float the dollar...is one of profound significance. But for all the interest it has raised, Mr Campbell might just as well have suggested that we tie our dollar to the Sri Lankan rupee." (Sydney Morning Herald, 19 November 1981.)

### The So-called Resources Boom

In 1981 Max Walsh announced that Australia was "a country on the verge of a resources boom" which had "taken off with such a burst that the economy now has both an investment and a consumer boom." (The Bulletin, 14 April 1981.)

One year later rather than admit he was wrong, Walsh put it this way: "It has turned out to be a remarkably brief boom. In fact it is not yet over but the end is well and truly in sight." (The Bulletin, 20 April 1982.)

Ross Gittins also over-estimated the extent of the boom. "Australia is a wealthy country and the resources boom should make us more so." (Sydney Morning Herald, 9 July 1981.)

Every now and again, Gittins took the trouble to warn his readers that the resources boom was not all that it was cracked up to be — but he never suggested that the potential for dramatic fluctuations in world commodity prices meant that its future was uncertain — as indeed the future so often is.

The lesson for journalists from all this is that, in the absence of clairvoyant powers, careful analysis of current affairs is more valuable and prudent than unreliable speculation about future affairs.
Australian Telecommunications
The Wasted Years

Richard Alston

_During the 1980s many advanced industrial countries opened their telecommunications industries to competition. But in Australia, government monopoly remains the name of the game._

Telecommunications is a $10 billion a year industry in Australia. It costs the average business almost $40 per week for each employee. For the average consumer it means the highest local call charges in the world, STD rates which would be at least 50 per cent lower in a competitive market and in many cases very poor quality of service.

Yet it is also a classic case study in how the public sector unions have been able to combine with anti-privateers and left-wing ideologues to resist changes that are sweeping across the rest of the world.

In 1987 the Federal Government announced that its third term in government would herald a new era of microeconomic reform — with telecommunications high on the agenda.

It commissioned a top-level group of experts to review the entire industry, including the vast range of monopoly and industry protection practices which make Australia one of the most sheltered telecommunications environments in the world.

This was a grudging recognition of the relentless changes that are taking place in this exploding area. POTS — plain old telephone service — is rapidly being replaced by a convergence of computers and telephones in what is today a $500 billion industry — fast outstripping pharmaceuticals and aerospace to become the world's largest industry.

In the early 1980s the United Kingdom and Japan decided to end the monopoly status of their government-owned telephone companies, British Telecom and Nippon Telephone and Telegraph. Not only did they open up the networks to across-the-board competition, but they also opted to privatize progressively the government carriers. At the same time the United States embarked on similarly historic changes by breaking up the privately-owned Bell monopoly into seven regional operating companies and allowing more competition into the sector.

More recently, New Zealand has gone down the same path and many European countries are also moving rapidly towards more competition. Yet Australia remains firmly stuck in the monopoly mould.

The Government review started off well. At one stage the task force of experts was seriously considering recommending that Australia join the rest of the world by exposing Telecom's monopolies to significant competition. The Government was being presented with an historic opportunity to create a dynamic change-oriented telecommunications environment providing a veritable cornucopia of new products and lower prices.

But this was too much for the Telecom Monopoly Preservation Society headed by two former Telecom employees and now Federal Members of Parliament. No brave new world for them. According to the chairman, John Saunderson, suggestions of across-the-board competition in the network, the cellular mobile and the terminal equipment markets were based on "gung ho economic rationalism, a blind faith in the supposedly competitive market and the sad misreading of the realities in overseas telecommunications markets."

In the event, such a hatchet job was done on the task force that the list of Telecom's protected areas was actually expanded in the new Telecommunications Act 1989.

As a result countries such as Japan, the United States and the United Kingdom already now have more than a five year start with competition on the basic voice network; at least two cellular network operators; no ridiculous first-phone monopoly, which presently costs Telecom and therefore Australian consumers at least

Senator Richard Alston is the Federal Shadow Minister for Communications.
$250 million per year; no public pay phone monopoly; no public switched data, text, video or ISDN monopolies.

Telecom has always argued that it needs to make monopoly profits in order to cross-subsidize uneconomic services, especially in country areas. But the precise level has always been a matter of furious debate.

For years Telecom has claimed that the cost of these community service obligations (CSOs) has been very high — between $670 and $1,000 million. But now, after carefully considering the matter for nearly 18 months, the Bureau of Transport and Communications Economics has concluded that the true cost is somewhere between $150-$240 million — a very modest figure alongside revenue in excess of $8 billion.

In the course of rejecting most of Telecom's arguments, the Bureau has stripped away the last vestiges of respectability for a wide range of monopoly services, which extend far beyond the basic network. Competition would certainly put more pressure on Telecom but this would be in the community interest. A recent Industry Assistance Commission (IAC) report accepted the view that Telecom was about 20 per cent less efficient than its Canadian counterpart. Moreover, deficiencies in Telecom's pricing structure have led to dead-weight losses — where the costs of government intervention outweigh the community benefits — of at least $250 million in 1985-6.

A recent feature article in the Melbourne Age suggested that "had we been more like the Americans we might have been moved to congratulate" Telecom on its recent record $1 billion profit. The fact is that accumulated consumer frustration with the Bell monopoly in the United States eventually led in 1984 to a massive break-up of what was already a privately owned system.

Poor Public Reputation

Telecom, as a corporation with virtually unfettered discretion to spend more than $3 billion per year on capital investment projects, deserves the closest shareholder scrutiny, rather than merely blind acceptance. Despite spending more than $30 million on advertising last year to promote its image as everyone's favourite monopolist, Telecom's public reputation is so poor that in a recent Rural Times survey less than 20 per cent of country subscribers thought Telecom's performance was above average while more than 43 per cent thought it poor or bad. Little wonder that a majority of farmers in every State except Victoria want Telecom privatized.

Its standing is no better with small business. A recent IAC survey of 6,300 small businesses found that 55 per cent thought telephone prices were too high and Telecom was ranked as Australia's worst public utility in terms of customer responsiveness and after-sales service.

Even Telecom itself is troubled by its poor image. In a recent edition of Telecom News, the Deputy Managing Director, Doug Campbell, explicitly conceded: "The realities of delays in accessing the Telecom phone-in service, the level of unsatisfied demand and the time it takes to connect services have to be improved before our image will improve."

One of the most disturbing aspects of Telecom's pricing policies is the extent to which they consistently favour the rich at the expense of the poor

Inefficient Monopoly

More than 80 per cent of Telecom's $8 billion revenue comes from its monopoly activities. If Telecom were exposed to competition the resulting efficiencies and cost savings would almost certainly cover the cost of any cross-subsidies. For example, Telecom's long-standing monopoly over the supply, installation and maintenance of the first phone in every household is estimated to cost at least $250 million. Instead of always blaming Telecom for legendary service and repair problems, but having nowhere else to go, customers would be able to shop around among private-sector technicians anxious to compete for the work.

One of the most disturbing aspects of Telecom's pricing policies is the extent to which they consistently favour the rich at the expense of the poor — a classic Robin Hood role reversal. Instead of the cost of its cross-subsidies falling principally on those with the greatest capacity to pay — big business — residential consumers and small businesses are increasingly bearing the burden. Because of Telecom's excessively high STD rates, large corporations and most State Governments are installing massive PABXs and by-passing the basic Telecom network, causing an estimated loss of revenue...
of more than $500 million per year.

Despite the overseas popularity of providing price discounts for infrequent or low-income users, Telecom has shown no interest in such schemes but instead has been increasing telephone connection charges — a move which has greater impact on low-income groups and those in rented accommodation. To make matters worse, Telecom expects all consumers to carry the cost of specialized business services such as ISDN which are likely to have only limited appeal in the foreseeable future.

If the Telecom network becomes the sole delivery system for pay television the haves will be subsidized by those who don’t want or can’t afford the service. As a result of Telecom’s monopoly on cellular mobile telephone services and its aversion to wholesaling airtime, an average car phone in Australia costs more than $1,200 compared to the equivalent unit cost in New Zealand of $400 and less than $100 in the United Kingdom.

In the United States prior to divestiture, Ma Bell was like all other huge protected monopolies: comfortable. It hardly ever fired anyone. It preferred gold-plating to risk-taking. Profits were largely symbolic and, if too large, politically dangerous. Despite recent cosmetic corporatization changes the lack of commitment to commercial reality and the bottom line is alive and well in Australia. According to Telecom’s chief economist, John de Ridder: “the trick is not to earn too little or too much.”

Serenely untroubled by shareholders and not faced with the need to develop aggressive marketing strategies to ward off competitors, Telecom has the luxury of determining the pace of change.

In 1982 the Davidson Committee recommended the imposition of a charge for directory inquiries to introduce some discipline into the profligate use of the service (with more than 75 per cent of enquiries relating to listed numbers). Yet almost eight years later the Government refuses to bite the political bullet forcing Telecom to retaliate by keeping enquirers waiting in an effort to discourage traffic.

Consumers have always complained about the lack of itemized billing for STD calls. The technology has been available for many years but the slow pace of Telecom’s network modernization program means it will not be available to all consumers for at least another five years.

For years Telecom has justified its vast range of monopoly practices by pointing to the need to fund its CSOs. Yet, as the IAC recently pointed out, the first phone monopoly does not appear to be necessary to enable Telecom to meet its CSOs — indeed this restriction may add to all users costs. Moreover the Commission believes that the indirect effects of regulation on international trade are more serious: “The extra cost of domestic telecommunications arising through its regulation will be built into the cost structure of virtually every Australian activity — both services and goods, whether internationally traded or not. Ultimately, the competitiveness of virtually every Australian industry will be adversely affected.”

Unless and until the supply of telecommunications ceases to be regarded as a public sector prerogative, Australian telecommunications users will continue to languish and Australian industry will be most unlikely to be in a position to reduce the cost of one of its essential inputs. The magnitude of the Government’s failure to deliver on its third-term micro-economic reform agenda can be gauged from a recent Financial Review interview with the Treasurer. After listing a range of alleged achievements — without any mention of telecommunications — he then proceeded to suggest that any future microeconomic challenges would be a matter for the States.
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Ideas for What?

Greg Melleuish

The idea that a gathering of selected intellectuals and artists in Canberra could energise the nation should be greeted with scepticism.

Donald Horne, Chairman of the Australia Council, has just hosted a national ‘Ideas Summit’. This follows the publication, late last year, of his Ideas for a Nation. Horne believes that ideas and intellectuals are not taken seriously enough in Australia when, in fact, they have the potential to solve many of our current problems. A ‘culture-led recovery’ will bring us out of the abyss, but this can only occur if intellectuals take a more active, forceful role — and if the public at large are willing to listen to them. Should they?

It is not difficult to detect a note of special pleading in all this: don’t the good and the knowledgeable always want power? More specifically, there are two grounds for doubting the value of such an intellectual or culture-led recovery.

(1) Behind the general plea to take ideas more seriously Horne is really advocating a specific program of political reform — that of secular liberal humanism. His essay on “Australia in 2001” in Ideas for a Nation gives the game away as it describes an Australia that could only come into being if the Australian Democrats were swept into government. In this future Australia, according to Horne, “Diversity in Unity” will have become the national motto, Labour Day will become the “National Day of the Accord” and the Queen’s Birthday “Living Together Day.” (I suppose that Good Friday will be replaced by “Life Be In It Day”). On the ABC we shall be treated to a feast of women’s (non-competitive?) sport — and love it.

Horne was, in his youth, a student of philosopher John Anderson who consistently exposed the dangers of centralized government planning. It is extraordinary that a former Andersonian could confuse intellectual activity with social engineering. Just get a group of intellectuals together for a talk-fest and translate the ‘emerging consensus’ into a program of legislative reform. Simple, isn’t it? Of course it never is. One should be profoundly suspicious when the words ‘ideas’ and ‘nation’ are brought into close proximity. What, in fact, we get is a small clique putting forward its own program as if it were a genuine national ideas agenda interested only in securing the common good. In other words the end result will not be the encouragement of intellectual activity but a program designed for government implementation and aimed at making us think in a certain way.

(2) In the most important article published about the current crisis in our universities, John Carroll, Reader in Sociology at La Trobe University, makes two important points:

• the academic intellect, unskilled and untaught in the ways of the world, has the potential to undermine and destroy culture;

• popular culture as a means of teaching fundamental truths is in much better shape than high culture, i.e. ordinary people possess a sounder judgment than intellectuals.

Intellectuals, he claims, carry with them the seeds of decadence and destruction. Indeed there is a long tradition of thought in Australia which has been ‘anti-intellectual’, i.e. suspicious of the abstract, academic intellect. Like them, Carroll is expressing the concern of those who pass their days in the company of ideas and who come to recognize both their value and their danger.

Of course we need to be sensitive to ideas when we confront the problems of the age, but more importantly we need to cultivate a sense of balance and the capacity to exercise judgment. At the present time the last thing we need is a collection of intellectuals swapping platitudes while they concoct their ‘National Ideas Agenda’.

Intellectual activity flourishes best when there are many diverse groups devoting themselves to it. It becomes dangerous when one group believes that it alone is the guardian of the Truth and attempts both to impose that Truth on the world at large and exclude anyone who disagrees with it. One certainly cannot accuse Horne of harbouring such sentiments; his commitment to pluralism has been demonstrated over the years. But there are many who would have read his book and been attracted to the ‘talk-fest’ in the hope that they would have yet another opportunity to impose their ideas on the rest of us.

Notes


Greg Melleuish is Assistant Director of the Australian Studies Centre at the University of Queensland.
DEFENDING AUSTRALIA

The Changing Shape of Europe

The situation in Europe illustrates, once again, one of the oldest lessons of international relations: the one thing that can be predicted with absolute certainty is surprise. Certainly in this case, no-one can pretend to have predicted the character and extent of the political explosion in Eastern and Central Europe.

For the moment, the chief actors in the unfolding drama seem to be the Soviet Union and East Germany, and the central issues those of Soviet domestic reform and of German reunification. For the first time since 1947, the United States is relatively peripheral to the developments in Central Europe.

It is one of the many ironies in the current situation that the most popular politician in Europe, perhaps in the Western world, is Mr Gorbachev. He is getting the credit, not just for his brilliant diplomacy and the way he keeps saying things which the Western public badly wants to hear, but for events in the Soviet Union and Eastern Europe which he could not prevent, cannot fully control and which may yet overwhelm him. Yet his obvious aim is to revitalize the Soviet Union, not to dismantle it, or its power in the world.

When he took charge some five years ago, the Soviet Union’s economy was a disaster area. The country was burdened by huge military expenditures — perhaps up to 20 per cent of GDP — and vast subsidies to allies and satellites. Those military expenditures have not yet been significantly reduced and the economy, certainly from a consumer’s point of view, has got worse. In addition, and perhaps even more important than the industrial and economic problems, is the fact that the Soviet Union and much of Eastern Europe have become an environmental disaster.

This part of his agenda is not widely understood. At issue is not a matter of a forest or two, or of some wildlife, but a massive public health problem.

For example, the Red Army has in recent years had to reject large numbers of recruits on medical grounds: because they had liver complaints or upper respiratory tract problems caused by water and air pollution. The reasons have to do not just with appalling industrial management, but with industrial plants which are frequently 25-40 years-old, with technology to match, or with the irresponsible use of agricultural chemicals which have washed off into rivers, or simply with inadequate industrial or urban waste disposal systems.

There is no possibility whatever that the economic, industrial and public health problems of these regions could be solved through domestic savings and investment. Mr Gorbachev is therefore trying, in a series of brilliant political manoeuvres, to redirect policy in various linked ways. He wants — he desperately needs — to stimulate energy, enterprise and productivity at home and to break the bureaucratic obstacles to such reforms. At the same time he must largely work through that very bureaucracy and try to maintain the essentials of Party control. He also wants to diminish and redirect military expenditure, to end an arms race with the USA which, if the Americans were to continue to take it seriously, the Soviets would be bound to lose.

He seems to have told comrades in Eastern Europe, in Cuba, Angola and elsewhere that the Soviet Union will no longer pay for the armed forces and political support needed to keep them in power. There are limits to their freedom of movement: the alliance with Moscow, for instance, must be maintained. But they must create and strengthen their own political bases.

All that, coming after decades of Cold War, was bound to have an enthusiastic reception in the West, with great benefits to the Soviet Union and Mr Gorbachev in encouraging both Western disarmament and,
at the same time, a flow of money and technology which the Soviet Union badly needs if economic reform is to succeed and popular unrest, like the recent miners strikes and railway troubles, is to be assuaged.

Western Involvement

No less interesting is the other side of the question: why should the West accept Gorbachev or his agenda? Why should Western Governments pin their hopes on him or Western firms involve themselves in the whole region? There are obvious commercial motives. A genuinely reforming Soviet Union would be a vast potential market and target for investment. If it is true that pollution problems alone urgently demand a program of wholesale industrial modernization, the effort involved will obviously be huge. Suppliers of machinery, of training, of advice and, not least, of funds will stand to make great gains. There are other reasons for investment. For instance, the Soviet Union has undertaken to scrap some 50,000 tanks. That represents a vast industrial operation. The plant to destroy these tanks, under inspection, does not exist. Someone will have to build, man and run it. It will be a major enterprise.

There are at least two other and perhaps even more powerful motives. One is the view, in Germany but also in other European countries, that strong economic and technical links with a truly reforming Soviet and East European group will effectively remove the Soviet military threat from Western Europe. The other is that the health, prosperity and general welfare of Western Europe in general and West Germany in particular is inevitably bound up with the health and welfare of Eastern Europe. The geographical, historical, cultural, ethnic and, for that matter, psychological links make that a simple fact of life.

The reassertion of these links has two foci which are of special interest. One concerns the question of German unity. The other — and much less highlighpublicized — has to do with the formation of economic and quasi-political links between Austria and Hungary, but also involving Italy, Czechoslovakia and possibly Croatia. Here is another historical irony. From 1918 to 1988 Europe and the world strove with might and main to avoid the domination of Europe by an overpowering Germany, or the recreation in the Danube Basin of the kind of Austro-Hungarian pattern which had so largely contributed to the outbreak of war in 1914. Now we are seeing the reassertion of just such linkages — and we welcome them as 'liberation'.

German Unity

Clearly closer links between the two Germanies could take many forms, from ad hoc economic links, through formal industrial and financial arrangements between Governments, or confederal links, to full political unification. In the current volatile situation it is too early to predict what might happen. But the situation is full of haunting historical echoes. It has always been extraordinarily difficult for any responsible German politician to come out openly against German unity in principle. He can argue for caution, for delay, for moving step by step. But it is impermissible to say that it should never happen.

The problem, in 1947/48, again in the mid-1950s and once more now, is not only whether Germany should be united, but what the political allegiance of a single German state should be. Much of what was said in West Germany in November/December 1989 implied the virtual annexation of East Germany by West Germany — which is why the new East German leader, Mr Gregor Gysi, strongly rejected the idea. As against that the Soviet Foreign Minister, Mr Shevardnadze, speaking to the European Parliament in Brussels, said, just like his predecessors did in 1948 and again in 1955, that a united Germany, if it comes about, must be disarmed and neutral. But that was, and is, quite unacceptable to the West because such a Germany would inevitably be pulled eastwards, by the magnetism of Soviet power, by economic opportunity and, not least, by the prospective alliance of East German socialism with the West German Social Democratic movement. It is not in the least surprising that Mr Bush, President Mitterand, Mr Gorbachev and Mr Shevardnadze have all urged caution and said, in effect, that German unity is a question not just for Germans, that the existing structures of alliances should be maintained. Mr Shevardnadze has even gone so far as to make the point that the Cold War provided precious stability which should not be discarded. “The existing order of things,” he said in Brussels, “for over 40 years now has assured peace and security and a constructive development of relations among States in Europe.” He could hardly make it plainer.

But given that the old order is changing, the Soviets may well now be uncertain as to whether they would not prefer to have a more-or-less united Germany firmly anchored within the European Community, rather than to pursue their old aim of all-German neutralization. After all, for how long could a neutralized Germany be guaranteed to stay neutral? On the other hand, a Germany-within-the-EC would be reassuring to Germany’s neighbours (including Poles worried
about their borders) and a potentially helpful economic and technical partner for the Soviet Union itself.

Meanwhile, the leaders of the two Germanies are trying to steer a path between these external pressures and two contending inner-German needs: to move towards unity quickly and to avoid having excessive haste cause turmoil. The West German Chancellor, Dr Kohl, is well aware of what economic difficulties could flow from ill-prepared moves for unity with a much poorer East. Yet without a strong rescue attempt for the East German economy the flood of refugees, currently around 2,000 a day, could swell to a million or two. That could easily cause chaos and bitter dispute. There is also, for Dr Kohl, the danger of a political alliance between the strong Social Democratic Parties in both Germanies.

**Restoring Stability**

New arrangements for Germany will, of course, have wider consequences in Eastern Europe. In these larger regions much of the infrastructure for effective economic links and co-operation has yet to be created. The chief and most obvious need is the restoration of stable and predictable government. Current uncertainties inevitably involve not just the question of what the new systems will look like but of who the new leaders might be. Those who led demonstrations in the streets are unlikely to be the most effective leaders of administrative and practical reform. In the medium term one would expect to see a major Western investment program in infrastructure: in transport, energy, communications. But even that may, in some instances, have to await the taking of massively difficult and unpopular political decisions in the countries concerned. In Poland, for example, inflation is running at something like 50 per cent per month. To bring that figure down will be a very painful process. Throughout Eastern Europe, the very framework for investment — banking institutions, a trained workforce, adequate legal provisions — scarcely exists.

However, within a few years political stability is likely to be restored in some fashion, and the framework for economic and industrial reform to be put in place. Deutsche Bank reckons that it should be possible to bring East Germany up to the industrial and living standards of West Germany within 10 years. Elsewhere it will take longer, since East Germany is the most industrially advanced state in Eastern Europe.

In consequence, two other things are overwhelmingly likely to happen. One is that within a relatively short time the European Community will find itself in some organic association with much of Eastern Europe and even the Soviets. For outsiders, the economic grouping with which they have to deal will, to use General de Gaulle's phrase, extend from the Atlantic to the Urals. The other is that the process of renovation in these great regions will demand, and receive, a massive global investment flow. A variety of factors will make this region a preferred target for investment and doing business once the political and institutional infrastructure to allow that is in place: the geopolitical importance of the region, the availability of resources, of an industrial base, of a relatively educated and trained population. Above all, the possibility that the region from Ireland to Moscow could once again become the industrial and financial heartland of the world and hence the imperatives of creating and maintaining political stability and international order in the area. Altogether, the process of European (including East European) renovation is therefore very likely to lead to a major redirection of global investment flows and to be a major new focus for economic activity generally.

**Implications for Australia**

Where does all that leave Australia? It means, in the first place, that Australia needs more balanced external political and economic policies. We cannot neglect the markets which demographic projections suggest will be available for our primary commodities, especially food, in South-East and East Asia. But neither can we neglect — as official rhetoric has decidedly neglected — Australia’s links with the US and Europe. We should be wary of the notion that Oceania can be usefully fitted into a Western Pacific economic — and potentially political — bloc headed by Japan. We should cultivate, rather than neglect, our traditional, ethnic, cultural, legal, psychological and migration links with Europe, recognize that Australia’s roots are European and that European languages, traditions and customs have more to give or say to Australia than those of countries closer by.

We have for many years rested comfortably on the assumption that Americans and Europeans will go on investing here because we are, though small, a safe, secure and prosperous target for investment. As world attention, effort, money and enterprise begin to flow more strongly to Europe we would do well to cultivate our historic assets in that region.
Is There Life After Marx?

Bill Muehlenberg

Communism has collapsed in Eastern Europe, centrally planned economies have been discredited and the Hawke Government has betrayed the class struggle. Who can the Left turn to?

When the American communist Whittaker Chambers repudiated the Communist Party in 1937 and embraced the Christian faith, he stated that he was leaving the winning side for the losing side. Given the events of the 1930s (and the next several decades), Chambers' melancholy and pessimism seem to have been justified.

As we enter the 1990s, however, it is evident that it is the Left, and not the Right, that is in a major ideological tailspin. Given the major changes taking place throughout the world, especially in Eastern Europe, how is the intellectual Left in Australia responding to such trends? To find this out I poured over all the issues of the past several years of the leading leftist journals in Australia (such as Arena, Social Alternatives, Australian Left Review, Australian Society), as well as the overseas periodicals (e.g. New Statesman and Society, The New Internationalist, Marxism Today, Nation). My summary of the findings? The Australian Left is bereft of vision, utterly dispirited, and woefully divided. A few quotations set the tone:

"The Left is in a quandary. And the agenda continues to slip from our grasp."¹

"The Left is not yet firmly on the road to getting its act together, and this has led to loss of morale and a continuing inability to reverse the drift to the right."²

"The Left generally is too fragmented and its policies too superficial and incoherent to offer a credible alternative."³

"The traditional Left is dispirited and directionless, the Right seemingly in complete control."⁴

These admissions are commonplace. The writings of the Left are characterized by banality, hollowness, cliché and despair. The Left has become the new reactionary. Indeed, the terms used most often in the Leftist journals are words like rethink, respond, reform, review, renew, react, regroup. The Left is playing catchup ball. It is on the defensive.

It should be noted that in describing the ideological failure of the Left, this does not mean that there is a corresponding crumbling of the Left's influence in culture in general, or in institutions. Various negative trends — some promoted or encouraged by the Left — such as secularization, corporatism, bureaucratization, statism and social engineering have pretty much penetrated Australian culture. Traditional moral and religious values have disappeared from, or been savaged by, the media and academic circles, although many in the community at large may still hold to them.

Also, institutionalized footholds of power held by the Left, as in the labour unions, in academia, and in the media are pretty well entrenched. Thus even though the Left may be facing intellectual and philosophical bankruptcy, its influence is still very widely and noticeably felt in society at large.

Walking through the streets of Melbourne recently, I came upon one of those ubiquitous posters put up by the International Socialists. With a headline blaring, "Socialism: Has it Failed?", the poster read:

"Gorbachev introduces the market...slaughter in Beijing...has socialism failed? So the media proclaims. But it is capitalism that rules East and West. The real socialist tradition of mass democracy is still the only future for humanity."

I note this poster not for its philosophical profundity but for some issues it raises. What exactly is the real socialist tradition as perceived by the Australian Left?

Bill Muehlenberg is a former editor of an underground left-wing newspaper in the USA.
How does the Left view orthodox Marxism? How does it assess socialism's future prospects? What proposals does it offer for a new vision?

It is, of course, somewhat difficult to answer these questions with real certitude because of the fact that no homogeniety exists within the Leftist camp. It is splintered into countless movements, ideologies, philosophies and directions. Yet one can attempt to make some exploratory probes into the mind of the Left, resulting in the following tentative observations.

Firstly, what of the Left's assessment of classical Marxism and traditional socialism? For the most part the Australian Left seems to be abandoning old-fashioned Marxism in part, if not in total. Sure, there are still some pro-Moscow or pro-Peking communists, along with various Trotskyist groups, who may yet adhere to pristine Marxist-Leninist ideology. But for most leftists in Australia, disillusionment with the old verities is increasingly evident. Several quotations indicate the disaffection with, or rejection of, older radical formulations:

"Communism is at a crossroad — or more accurately, in a cul-de-sac. The fiction of the popular legitimacy of Communist Party rule is at an end...The principal element of the crisis of communism...is the collapse of the ruling Marxist-Leninist ideology."5

"The older political logic, whether Leninist, Trotskyist, anarchist or just plain oppositional...is now definitely dead in western politics."6

"Whilst Marx had many valuable insights and Marxism was relevant to his day and age, it stands as Ptolemaic social science in explaining and resolving the intricate web of modern-day exploitation."7

"Marxism is really an ideology of a bourgeois elite and is something the working class must reject to liberate itself."8

As these quotes make clear, for many on the Left, Marxism is no longer regarded as a competent guide or framework for analysis. Indeed, many of the shibboleths of socialism are being rejected. One writer speaks of a "new and democratic concept of citizenship" that should replace the older concepts of class, race and gender. Others speak of the "new times", "post-modernism" or "post-Fordism" — characterized by the rise of information technologies, service industries and the "feminization" of the work force — which signals the obsolescence of older Marxist analyses of production, capital and labour. Some admit that exploitation is "just as possible under state socialism as under any other

previous social system." Others confess that "social ownership in some cases doesn't work very well." Some speak of the failure of the Left to emphasize aspects of liberal democracy: "The main mistake of leftist radicals is their rejection of democracy, total neglect of representative democracy." Some talk about a socialism which does not depend upon an all-powerful state to make it work. Others call for a 'post-socialist' paradigm.

Articles with titles like "Rethinking the Class Struggle" abound.

Where to Now?

But what is the Left proposing as alternatives? The following quotations reveal that the Left is still fairly utopian and romantic in its goals, and still pretty short on concrete details for ushering in paradise:

"The time may be ripe for the emergence of a political movement ... Its fundamental aim would be to eradicate the exploitation of people and
nature, to abolish inequalities based on race, nation, class or gender. It would nurture a co-operative ethos, particularly in the organization and servicing of local communities. It would promote diversity, creativity and initiative... [This movement] offers a credible strategy for personal fulfilment, physical security, satisfying work and a convivial human and physical environment.”

“Whereas the very nature of capitalism is acquisitive, socialism’s nature should be conducive to being able to harmonize better with nature, providing a model of socialism with an ecological heart, a human face and an egalitarian body.”

A number of regrouping efforts have taken place recently, among them, the Broad Left Conference, the Socialist Forum, and the Getting Together Conference. Their goals have been to help facilitate the unification of the Left and to galvanize its thinking into political and social realization. Two of the more important developments along these lines which deserve some attention are the Rainbow Alliance and the New Left Party.

On 16 April 1989, which was billed as a “significant moment in Australia’s political life,” the Rainbow Alliance was publicly launched in Melbourne. The Alliance, led by such Left luminaries as Joe Camilleri and John Wiseman, proclaims itself to be not a political party but a ‘political movement’. It hopes to make use of existing social movements (anti-nuclear, environmental, feminist, etc.), to “make links between people, issues and ideas. It wants to build new bridges across social movements and develop a new political space.” The Charter of the Alliance proclaims: “We propose to create a new system in Australian political and social culture, a participatory movement of people and ideas capable of welding together the entire range of political, economic and social issues, and of speaking a new language that inspires trust and hope in the future.” Moreover, “We aim for the abolition of all forms of domination and exploitation which arise from inequalities based on race, class, gender or nation. We call for an end to the coercion of all by inhumane and environmentally destructive technologies. We aim for an ecologically sustainable society.” The Charter document, which all intending members must endorse (along with payment of a $60 membership fee), traces this exploitation to “a deep-rooted cultural, economic and political disorder characteristic of Western capitalist and other bureaucratic-technocratic societies.”

As the Alliance’s New Economic Directions for Australia indicates, some attempts are being made to bring down to earth the lofty goals of the Charter. Specific economic proposals mentioned in the paper include: a radically progressive tax system, with a 65 per cent top rate for personal incomes over $50,000; a Guaranteed Adequate Income (GAI) of 120 per cent of the poverty line, targeted at the poorest 30 per cent of the community; equal pay and universal access to child care; etc.

The second major development within the ranks of the Left today is the formation of a New Left Party

(Continued on page 50)
My Generation, Baby

William Kerley

Campuses during the 1960s were political training grounds for activists now influential in public life.

There are few conservatives in public life who went through universities in the 1960s. It was an overwhelmingly New Left alternative culture crowd that washed out of the universities by the mid-’70s. This was especially the case in Victoria where I went to the pristine La Trobe University, built to satisfy the intellectual and vocational aims of the young from Melbourne’s northern suburbs.

In the ‘60s the anti-Vietnam movement and the campaigns against conscription and South African apartheid trained political activists in a range of skills that have now helped them to positions of power and influence in the main game.

Few of my contemporaries now influential in public life have rethought the radical fervour of their university days. Some have simply repackaged their radicalism more effectively to appeal to the broader political spectrum. The Australian recently told us that Michael Field, Tasmania’s new Premier, went to the University of Tasmania in 1967 where he “discovered his true path of life.” The university was “jumping with radical policies, flower power and anti-Vietnam War movements.”

That was where Mr Field learnt that the Labor Left was right for him. It was at La Trobe that Ian Macdonald, now ALP member of the NSW Upper House, began his political activity as a radical activist. He was instructed by Bill Hartley when Bill lost his job as ALP State Secretary when the Federal Executive acted to clean up Victoria and give Whitlam a chance to win in 1972.

Activists like Ian Macdonald, Philip Toyne (Australian Conservation Foundation), Brian Burdekin (Human Rights Commission), and Wendy Bacon came out of university experienced and street-smart. Their training in political negotiation, media stroking, speech-making and general political strategy was invaluable, even if a few had to suffer a bit for the cause.

La Trobe was a particularly good training ground because student politics fell under the control of a well-organized Maoist clique which took total advantage of the liberal sympathies of a naive and inexperienced administration that tried to be accommodating. The Left was also assisted enthusiastically by mediocre academics who thought they might ride the radical train to glory by latching onto the New Left or the Maoists. I would not try to deny that these academics were genuine in their Marxism but this doesn’t excuse their atrocious behaviour.

The Maoists were led by people like Barry York, now working at the Centre for Immigration and Multicultural Affairs at the ANU in Canberra. Multiculturalism is the latest Trojan horse into the soft underbelly of Australian traditional values. He and a few others, including Ian Macdonald, virtually ran the place for a few wild days in the early ’70s, when students locked up the University Council on one day, and led hundreds of students into an all-in brawl with the police in nearby Waterdale Road on another day.

How did they do it? My own case was probably typical. I was intellectually inquisitive, idealistic, and against the Vietnam War. Like many students I supported the Left, which had also cornered the market in excitement and good parties. In time I concluded that the game being played at La Trobe had a much wider purpose and was being run partly off campus by the Builders Labourers’ Federation, the Waterside Workers’ Federation, the left-wing of the Victorian labour movement, and various other agitators.

What ultimately convinced me was the strength of argument and character shown by those academics at La Trobe who stood up to physical and verbal intimidation, by refuting the arguments and misinformation of the Maoists.

But by the time I had read deeply enough, listened hard enough and thought long enough to clear away some of the New Left fog around the place, it was already too late. The moderates were steamrolled. Our political naivety was hopelessly exposed when the Students’ Representative Council at La Trobe used thousands of dollars of student funds to support left-wing causes, help the National Liberation Front in Vietnam and fight the South African Springboks rugby tour.

We were caught up in chaos. There were nasty incidents as the stakes were raised by police raids on campus, Supreme Court writs and isolated violence. Nevertheless the learning experience was priceless and we were the first generation in Australian history to come out of university with an academic degree, and training in political agitation.

William Kerley is a public servant in Canberra and a former senior advisor to John Howard.
The Left controlled the political agenda on campus because of the strength of their links with the broader labour movement off campus and the fact that older, experienced political activists in the unions or in Parliament took the time to instruct their young comrades in the finer points of political rabble-rousing.

Conservatives ignored the events on Australian campuses for a long time with the exception of B. A. Santamaria who was one of the few with the necessary background and experience to match the techniques of the Left. His people had their own trainees on campus, but they were hopelessly outnumbered by the enormous resources of energy, money and expertise which the Left brought to bear.

...a well-organized Maoist clique took advantage of the liberal sympathies of a naive and inexperienced administration that tried to be accommodating.

How could it have been otherwise? Everyone was taught to despise the aims of the Americans in Vietnam. We all admired the radical Left in the USA whose leading members were regularly sponsored here with student union money, to further enlighten and inspire us, and we all thrilled to the idealism and raunchy sexuality of Woodstock.

That was university life then and I cannot claim to have seen things any more clearly than anyone else for a long time, although there are moments that I recognize now as turning points that later led me to embrace conservative politics. The force of those moments works way inside one and only much later is their real meaning understood as the experience and reflection of later years crystallizes them.

One of those moments I owe to Professor Hugo Wolfssohn, one of the few academics of any standing to speak long and loudly against the growing control of the university by Marxist students (another was Frank Knopfelmacher at Melbourne University). Wolfssohn spoke of the cynical manipulation by the Left of the appalling human suffering of the Vietnamese, and the other poor of the 'Third World, in order to whip up outrage against, and loathing of, America and its 'imperialist lackey', the Australian Government.

But even hearing this truth could not compete with the fun of the chase for pleasure and political influence beyond our years. Nor could it compete with the great coming together of the moratorium, or the comradeship of the marches with the thrill of vicarious danger and the satisfaction of thumbing one's nose at authority. It was an adolescent's dream and we were all slow to learn.

E. F. Hill from the Waterside Workers' Federation, George Crawford from the Plumbers, and others would give little talks on their interpretation of history to doe-eyed girls and denim-clad boys day after day. Screaming confrontations developed at political meetings. Lunchtime meeting after meeting resulted in motions to occupy the administration building or march on some other symbol of oppression.

Any one further Right than Bill Hartley was suspect. Gareth Evans was abused at one lunchtime meeting for his moderation. Another day, a representative of the Victorian Fabian Movement was chastised by the Maoists so severely he was seen dragging himself mournfully away from the campus.

When some radicals were eventually jailed after ignoring disciplinary action taken by the university, there was an enormous outpouring of outrage and sorrow as Arts lecturer after lecturer pleaded with the university to help release those poor incarcerated innocents.

Maoists built a wooden stockade in the university grounds as a symbol of the imprisonment of their comrades. This was too much for me and with the help of a few friends we dismantled it and threw it into the university moat in the early hours of one morning. Maoists like Peter Cochrane, now also an academic as so many became, demanded the names of the guilty.

Administrators were spat on, rocks were thrown at police cars, forums on current politics took the place of lectures. Albert Langer, Peter Bacon and the other Monash radicals were eclipsed by the antics at La Trobe, but they carefully watched how far those at La Trobe were able to go. It was a great learning experience. The radical Bishop Crowther came to La Trobe and wept at the injustice in South Africa and then led a huge and violent city demonstration. Peter Hain came from Britain to help with the anti-Springboks tour as well. The cartoonist Cobb arrived from the States, pencil in hand, to inspire us.

Many of those who were radicalized then have gone on to influential roles. Some advise politicians. Others have hitched their wagons to the promising new strategies of multiculturalism and radical environmentalism. Others became influential in journalism, particularly in the ABC. Some run the teachers' unions in various States and work through them for change from the bottom up.

It is a similarity of mind, training and outlook that is so widely shared and has been so tremendously successful that it has come to dominate much political discourse.
The Democrats' emphasis on such issues as social justice, the environment and Aboriginal land rights makes them an attractive alternative to young, middle-class voters who are becoming disenchanted with the right-ward movement of the ALP. Moreover, despite the more conservative leadership provided by Janine Haines, the Democrats have been moving increasingly left-wards over the past few years. This trend has not gone unnoticed by the Left. Indeed, as one writer, a former worker for the Democrats, put it in a recent issue of the Australian Left Review, "It is high time for the Left to catch up with the new face of the Democrats." Glenda Korporaal in The Bulletin (20 February 1990) makes a similar point:

"The Democrat Party is taking a clear position on the political spectrum. It is not a centre party. Economic policy puts the Democrats far to the left of the Labor Government... The Democrats' economic policy smacks very much of Labor in its Opposition days. It is one of more government intervention in the economy, of re-regulation, of little faith in market forces."

The appeal to the liberal-left tertiary educated is enhanced by the Democrats' ambivalence about the union movement. As the writer in the Australian Left Review puts it: "[The Democrats] regard the unions as pushing a too-narrow set of interests... This view has been sustained by some unions endeavouring to protect workers' jobs in industries which are environmentally damaging. Furthermore, they see the movement as being male-dominated, patriarchal and paternalistic, with entrenched interests which prevent the rise of women and... in fact, actively play down their importance."

How groups like the NLP, the Rainbow Alliance, and the Australian Democrats will fare in the 1990s is difficult to assess. The current worldwide collapse of communism has led to a variety of reactions from Australia's Left. A serious loss of faith has been the reaction of some. Others remain true believers, committed to the end. For Australia's sake it is hoped that the doubters, and not the faithful, will prevail.

Notes
7. Summy, Ralph, Social Alternatives v. 8 n. 1, 1989.
Slack Laws Weaken Investor Confidence

R. J. Fynmore

Lax attitudes in enforcing rules pertaining to the securities market in Australia have damaged our reputation in the eyes of international investors.

Recent events and some experiences with foreign analysts visiting Australia have given me some serious concerns about the state of the securities market and how things are seen by the analysts and investment advisers in New York, Tokyo, London and Zurich. Australia’s international reputation has been damaged and it can only be restored by regulators coming down heavily without fear or favour on those who break the rules.

Many foreign, as well as local, investors have lost their hard-earned savings. There will always be business failures, but at the present time we are learning of many dubious practices involved in most of the cases. We hear reports of funds that never got to the destination intended, of management fees not disclosed in accounts or in prospectuses. The actions of some of these so-called entrepreneurs has damaged the reputation of this country as a place in which to invest. One cannot blame those foreigners who believe Ned Kelly is very much alive and operating in the equity markets of Australia.

If Australia is to clean up its act and regain some respectability overseas, we need to be making some examples of well-known figures who have ripped off the savings of the community.

If a company is to survive, it must be able to answer for the damage they have done by peddling companies which then crash some three and six months after receiving such support and significant promotion.

I make a plea for less of the “get rich quick” type of promotion and more selectivity in choosing which Australian securities are to be promoted internationally. There was a time when the brokers required a company to develop a track record before they would promote you internationally.

Recently, along with a number of colleagues, it has been my task to impress on a group of visiting US analysts the reasons why they should look favourably on BHP as a long-term investment choice. I have no problem answering the many questions about BHP and its future, but it really brings home to one how much damage has been done when they state that the Australian market is seen to be too high-risk and many of the names promoted to them in recent years have been costly failures and now they are revealed as also pursuing dubious practices. It is so hard to select good stocks these days that you do not need this additional impediment to success.

The second point I wish to make relates to the speed with which the law appears to operate overseas and its tortoise-like pace locally. The infamous Ivan Boesky has been tried, jailed and I suggest likely to have served his term and be out of jail before the first Australian white-collar criminal of the same style, class

This is an edited and updated version of an address given in Melbourne on 8 November 1989.

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and time is even brought to trial.

It seems to me we concentrate in this country on catching the thieves and vagabonds who break into your home or steal your car, but the white-collar criminals who steal your invested savings have an easy road without much risk of ending up behind bars. No wonder there is much cynicism in the community when one reads or hears about white-collar crime.

If Australia is to clean up its act and regain some respectability overseas, we need to be making some examples of well-known figures who have ripped off the savings of the community. This is particularly so when the Government is seeking to increase the savings percentage through extension of the superannuation system.

Whatever the problems are, there needs to be means found whereby justice can be served in a speedier fashion. I cannot give examples or mention the persons and activities I have in mind for fear of facing a succession of legal suits, but readers will be aware of the many well-publicized cases which abound in the business world.

I suggest that for every one that has been publicized, there are a number that have not. In particular, some of the financial journalists deserve commendation for their outspoken columns on the issue and for drawing attention to some of the practices.

The major institutions have a role to play too. With one well-reported exception, the institutions have chosen not to be up-front in providing evidence or pressing cases where they have been misinformed by company promoters. Unless all of us are prepared to provide information and ensure the market is cleansed, we will have only ourselves to blame if foreign investors steer clear of Australia because there continues to be a strong chance of their being ripped off.

A number of well-known businessmen have suggested that Australia cannot allow some of these well-known "so-called" entrepreneurs to fail. I take the opposite view and say to you that unless they fail, are seen to fail and are pursued for any breaches of the law, this country will be the poorer.

I suppose what I have said to this point can all be interpreted as a plea for more effective regulation and more effective and speedier pursuit of corporate wrongdoing. For the balance of this article I propose to examine:

- general issues of business regulation/deregulation;
- then refer to changes in companies and securities regulation;
- and conclude with observations on significant changes affecting the way in which some public enterprises do business.

Business Regulation

There is much talk about regulation, deregulation and now even re-regulation, but it is not always clear what is intended. I see regulation, in the commercial area, as referring to the rules and processes which constrain the conduct of business for perceived reasons of 'public interest'.

Regulation in this sense is normally imposed by legislation or with the formal sanction of Executive Government, but in some areas we see examples of self-regulation imposed by businesses on themselves, e.g. Australian Press Council, Advertising Industry Councils and to some extent the Stock Exchange.

Business, faced with ever-increasing requirements of national, state and local governments has a real interest in less regulation; however, while the tide of new regulation may at times appear to be stemmed (and we have seen considerable freeing-up in sectors such as financial services), we cannot yet claim that it has been turned; being realistic, so long as the public looks to government to 'fix' problems which affect the community, whether or not those problems lend themselves to ready solution, it is likely that the flow of new regulation will continue.

Perhaps the real question is the nature and quality of the regulation governing business activity rather than its quantity. Accepting that a good deal of regulation is necessary, is that regulation effective to achieve its purposes and does it strike a reasonable balance between competing interests?

Regulation ranges from the heavy form which dictates who can carry on business and on what terms, e.g. the Two Airlines Policy which is now drawing near to the end of a long life, to other forms which set a framework of rules within which businesses are free to pursue their commercial ends and market forces can have their play; generally speaking, company and securities law falls into this latter category.

The business community has an obvious interest in regulation which lays down, as clearly as possible:

- the framework or rules within which business can be carried on; which leaves firms free to judge how they should conduct themselves within that framework; and which provides a fair measure of certainty or predictability as to the outcome in particular cases;
- the identity of the responsible regulatory authority should be clear, and that authority should be accountable for its actions;
- administration or enforcement of any rules needs to be sensible and consistent so that credibility is
maintained;

- there also needs to be a process for continuing review of the appropriateness of particular forms of regulation (it is too easy for an approach, however right in its time, to become ingrained and accepted without question notwithstanding change of circumstances).

**Companies and Securities**

Last year legislation was passed to establish a new Commonwealth-based national companies and securities scheme to replace the scheme based on legislation and administration of the Commonwealth, the States and the Northern Territory. The new legislation deserves support.

It is hoped that relevant Governments will be able to agree on practical measures to enable the new scheme to proceed with a minimum of disruption, notwithstanding the High Court decision invalidating aspects of the legislation.

Key attributes of the Commonwealth's scheme are:– the focusing of ultimate responsibility for the regulation of companies and securities on one Minister, one Government and one Parliament, a more accountable environment in which the Australian Securities Commission would operate and greater capacity in the ASC to oversee administration carried out on its behalf by regional offices. Where previously it would be said that the various governments of the Commonwealth and States were all responsible, but none was to blame, the Commonwealth Government will bear responsibility in future for shortcomings in its legislation or administration.

In its content, the new legislation includes some changes, if not all those that were first proposed, which could be termed deregulatory. The important point though is the recognition of the need to build in mechanisms to generate continuing review and reform. I refer in particular to the Statutory Advisory Committee and to the Standing Parliamentary Committee. Experience in recent years has shown the need for continuing review of law and administration to keep pace with the dynamics of corporate activity.

An issue which will need to be addressed and clarified is the respective functions and responsibilities of the Australian Stock Exchange (ASX) on the one hand and the legislation and the ASC on the other. With the ASX showing an increasingly active approach, it is important that it focus on its particular responsibilities which I suggest go to the regulation of its own members and the maintenance of a fair and informed securities market. The ASX should not as a rule seek to go further in determining policy on issues of substance which the Parliament has not yet chosen to address. The ASC could usefully work with the ASX in trying to clarify their respective roles and responsibilities.

A related point, given the statutory backing which is given to the Listing Rules, is the need for the ASX to develop a more open and formalized process for formulating and implementing changes in the Listing Rules.

While the ASC will no doubt develop its own ideas on desirable changes in the law, I suggest it is important that bodies such as the ASC and the Trade Practices Commission, which are established by statute to administer systems of statutory regulation, should be mindful that their primary role is administration of the law as they find it. Experience has shown that regulatory bodies which lead the charge on law reform can, by so doing, give rise to confusion as well perhaps as allowing themselves to be distracted from their primary and continuing role.

Overlapping governmental authority for regulatory activity can also give rise to confusion and unnecessary cost and delay unless the respective responsibilities of the various authorities are made clear and there is co-ordination of their efforts. The environment is a clear example, with the States and often local governments having fairly well established regulatory activities, while the Commonwealth Government is now coming in over the top in particular areas; at this stage the extent of the Commonwealth's concern, and its powers and procedures, are not always all that clear. It is imperative, if business is to be conducted in a reasonably predictable environment, that these matters be clarified.

Increasingly it is important for business regulation in Australia to take account of the international dimension. This point is obvious in relation to the securities industry, for example, and the ASC will be well-placed to build on efforts which the NCSC has made to plug its regulatory efforts into an international network of securities regulation.

In trade practices also, it is important to ensure that the focus on markets in Australia does not overlook the realities and the potential of international competition. Even in the USA where anti-trust enforcement has tended in the past to focus on the players in the US market, more emphasis is now being given, as the US economy is becoming more exposed to international competition, to the significance of imports in any market assessment. In a country like Australia, where international competition sets the limits in so many
SLACK LAWS WEAKEN INVESTOR CONFIDENCE

sectors, this point is critical.

Public Authorities

It is not only private sector firms which are affected by regulation; public sector enterprises, while often protected from market forces, have had to carry on business subject to government controls which often amount to heavy regulation. In recent years we have seen important initiatives directed both to levelling the playing field in terms of removing some of the protection under which public enterprises have sheltered, but also in freeing up those enterprises to enable them to be more business-like in their operations.

We hear much about privatization and corporatization and indeed it is sweeping both the Western economies as well as Eastern European economies. It may bear different titles and different style, but when stripped down to its essentials it is a recognition that the public sector must be reduced in size and must return to the things it does well, or perhaps it should at least concentrate on the things where, either for economic or social reasons, the private sector is not an acceptable alternative.

My concern is that this process has slowed down in Australia because public servants who have spent a life-time regulating these public authorities are not prepared to stand aside and allow the process to proceed. As well, the politicians are insisting that many government monopolies such as Protective Security Service, Comcare, the Auditor General have the right to the business of these corporatized enterprises, without being forced to compete for it. Government cannot justly claim that it is opening up these businesses to competition, then insist that the boards of these corporations must employ other branches of government who are not put under the pressure of competition.

Public sector deregulation requires a state of mind, a conviction that organizations should be allowed to go about their business with the minimum of bureaucracy which will in turn lead to increased efficiency and a lowered cost structure. I doubt there is a belief in this system in Canberra. Job protection and bureaucratic control within the public service will slow the process even if the politicians are keen to proceed. When they too are uncertain the whole process slows to a halt. There is evidence to show that has happened in Australia to a much greater extent than overseas, particularly in New Zealand where much more has been achieved in restructuring the economy in recent years.

Perhaps they looked over the precipice which we in Australia are still approaching.

The message which I wish to impart is that we do need strong regulation of our securities market with the resources to pursue and prosecute transgressors promptly and without fear or favour. We also need to get on with the job of deregulating State and Commonwealth businesses and opening them up to the forces of international competition.

What you missed in the last issue of Policy

Michael James 'An Interview with Michael Novak' • Jerry Z. Muller 'Capitalism: The Wave of the Future' • George R. Walker 'The Greenhouse Effect: Fact and Fiction' • Colin Simkin 'Hayek's The Fatal Conceit' • Terry Black 'High Interest Rates: Problems and Solutions' • Wolfgang Kasper 'Japanese Investment: Their Money, Our Terms' • Des Moore 'Why Australia Has a Current Account Problem' • Rodney P. Hide 'New Zealand's Resource Management Law Reform: The Wrong Direction' • Book Reviews • And more...

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ISSUES IN EDUCATION

Leonie Kramer

Devolution of Financial Responsibility

What follows is a summary of discussions held in London in September 1989 with a senior officer in the Department of Education and Science.

One of the most radical changes made under the administration of the former Minister for Education in the UK, Mr Kenneth Baker, was the shifting of financial responsibility to schools. The 1986 Education Act required local government authorities to make the capital grant available to schools, and the 1988 Act provides for local management. One effect has been to lessen the power of the local educational authorities which were often ideologically motivated and unrepresentative of the communities they were meant to serve.

The budget for each school is now calculated by reference to an explicit formula which is based on the principle that given sums of money follow each pupil. The budget is delegated to governors and heads of schools and includes provisions for teachers' salaries. School principals are able to make changes at the margins between staffing and non-staffing allocations.

Once the local scheme is approved the local authority is required to work out the school's budget share according to the formula mentioned above and make it available. With the exception of London, financial delegation must be introduced by 1993, and applies to all schools except those with 200 pupils or less.

The guiding principle of the formula is that 75 per cent of resources are to be distributed according to an age-weighted calculation, weighted in favour of older pupils. Twenty-five per cent can be distributed according to a number of other criteria, such as social disadvantage, social needs, or the condition of school buildings and grounds. There is a landlord/tenant relationship between the school and the local authority, in that the local authority is responsible for capital expenditure, and recurrent expenditure is the concern of the school's governing body. The limit of 10 per cent of total expenditure which the local authority can retain centrally is to be reduced to seven per cent.

The most controversial aspect of these new arrangements is that while the schools will have to meet the actual cost of salaries, the formula is based on average costs in the local area. So schools with a large number of senior experienced teachers could be disadvantaged. On the other hand, because the cost per pupil works out to be greater in small schools, the formula is flexible enough to allow any school with fewer than 10 teachers to build into its budget margins above average costs in the local area. Further, four years is allowed for schools to move to formula funding, and this period will be extended in the case of schools which do not enjoy special small-school protection and for which the average/actual rule would result in a reduction in the budget of more than one per cent.

It is believed that local school management will increase pressure for additional resources. The membership of governing bodies will be opened up, and it will be interesting to see whether the optimists or pessimists are proved right in their predictions. The pessimists argue that 'the wrong people' will be most active in seeking positions, because they are the ones who most eagerly seek power — a view which makes one wonder whether 'the right people' are as right as they and others imagine. However the case may be, under the new arrangements the local authority nominees must always be in the minority, and in theory at least this should mean that the public is better informed and that more searching questions will be asked, and, one would hope, answered. Already most school governors seem to think that management of these radical changes has itself been under-funded. That's what is said about Mr Dawkins' funding of amalgamations. I wonder if it's true.
Father Fox & the Cosmic Christ

Hal Colebatch

Earlier this year Catholic theologian, Father Matthew Fox, toured Australia heralding the coming of the New Age.

There is an overflow crowd of several hundred to hear American progressive theologian Father Matthew Fox, a Roman Catholic Priest of the Dominican Order and Founding Director of the Institute of Culture and Creation Spirituality. He is lecturing at the University of Western Australia Summer School.

Father Fox is a highly controversial figure, whose books with titles like The Coming of the Cosmic Christ and Original Blessing, have been described as enormously influential across a wide spectrum of progressive Catholic, Lutheran, Evangelical, New Age and other religious and political movements in America. He has masters' degrees in philosophy and theology and a doctorate in 'spirituality'.

The Centre for Creation Spirituality incorporates the mythological and spiritual teachings of Red Indians and, according to many a report, has on the staff a self-styled witch named Starhawke teaching Wicca.

Father Fox has been described as an ardent feminist and a champion of the cause of homosexuals who, he says, must be accepted as part of the diversity of creation.

A ban by the Vatican (or, as he describes it, by the "neurotic Papal regime") on his teachings for one year has recently expired and he has been carrying out a lecture tour of Australia and New Zealand.

The West Australian has not one but two large stories on Father Fox and the lecture the following day. One of these stories claims that he "strikes fear into the hearts of conservative Christians inside and outside the Vatican."

He is certainly regarded as a superstar attraction in some progressive religious and political circles, and there is a good deal of pushing and shoving in the crowd milling around outside the auditorium of the New Fortune theatre.

Finally, the audience is settled into every seat in the theatre. Those who have missed out watch on video monitors outside. Father Fox, in a suitable progressive and uncanonical pale blue shirt, takes the podium.

He is described approvingly by the chairman as "a dangerous man." Is the description to create a frisson of intellectual daring and adventure for the audience? In fact, before Father Fox has said more than a few dozen words it becomes painfully obvious that, like so many progressive theologians, the man mouths what I can only call mush, and not even consistent mush at that.

There are predictable buzz-words: 'birthing' instead of 'giving birth to', 'empowerment' and, of course, 'Cosmic' and 'Cosmological', are favourites. "Nation States crucify what it has taken billions of years to birth so beautifully in its original blessing."

Then: "We've got to worship in curves. You can't be sitting on linear benches and imbibe a Cosmology."

There is some simplistic gnosticism: "Get in touch with the Cosmic Christ within you" and a good deal of pop science, including a reading by Father Fox of his own adaptation of the Book of Genesis to take in the Big Bang, complete with impressively polysyllabic scientific names for various kinds of particles. We must, we are told, develop a Cosmic Consciousness and get away from Original Sin which was foisted on our Stream of Spirituality by Saint Augustine: "If you begin with the human you don't get beyond the human."

Father Fox refers repeatedly to the Virgin Mary as 'The Mother-Goddess', causing considerable offence to some more traditionally-minded Catholics in the audience. This Goddess, we are told furthermore, is black. She was originally worshipped by African tribes and is now the Black Madonna of Poland. The words give one a sudden, bizarrely juxtaposed, reminder of the Catholicism of men and women like Lech and Danuta Walesa.

There is some historical nonsense: the Indian population of America, we are told, went in a holocaust of white genocide from 80 million to 10 million in the 50 years after white settlement, which presumably means between 1492 and 1542. Since by 1542 the North American mainland was still hardly touched by white settlement this would be some feat, leaving aside the question of who was counting.

Jesus Christ is given credit for being a great teacher along with "Chief Seattle and Buffalo Woman."

Sallies, however feeble, against the Pope are greeted by shrieks of laughter and applause by feminists in the audience, as are such less-than-sparkling gems of wit and originality as: "I told them lecturing on wisdom..."
at a university is like lecturing on celibacy in a brothel.”

Chortle giggle guffaw tee-hee.

There is a rhyme worthy of the Rev. Jesse Jackson on the campaign trail: “Without health there is no wealth!” Heavy stuff. And “We’re not listening to the soil anymore.” We’re not listening to the water or the trees either.

We must, of course, be liberated from consumerism, and furthermore, “Heaven is here...morality ought to be built on Creation stories.”

Some of it is platitudinous and some aspects of it even seem true: I have no trouble agreeing that we need a sense of awe and wonder about the universe, or, if you prefer the term, the Creation. This, however, seems an extraordinarily inappropriate place to be getting it.

Some is pop anthropology: “Native people believe that when you farm the Earth you always give the Earth a gift back.” Well, we are all natives of somewhere and some native people have believed such things. The fact that the gift back to the Earth often seems to have taken the form of human sacrifice is not touched upon.

Meanwhile, “Aboriginal people all over the Earth created moral values from living Cosmology.” The Australian Aboriginal Dreamtime, we are told, corresponds to the Christian theological notions of the Kingdom of God, the Communion of Saints and (what else?) ‘Cosmology’. We are enjoined to “awe, wonder and participation in the inscrutable mystery of being,” presumably via sitting on curved rather than straight benches.

Furthermore, those of us in the audience of Celtic stock are told: “As you get more and more deeply into your Celtic spiritual roots the Aboriginal people will understand you perfectly.”

There is hardly a New Age cliché missed. Youth today “are in great despair. They yearn to know their place in the Universe. Once they know this they will come alive with adventure and generosity.”

There is more, much more, before the standing ovation but this probably gives the general idea. The cutting edge of Catholic progressivism as expressed here seems to be a porridge of Teilhard de Chardin, Shirley MacLaine and Paul Ehrlich.

Like so much Liberation Theology of various brands, it is vague, fuzzy, and perhaps titillating to some, but intellectually it seems notably vacuous once its propositions are actually examined and analyzed.

Leaflets are handed out to the audience asking if we are, among other things, interested in deepening our connection with the earth, and if we are “open to the delights of circle dances, music and art with other like-minded searchers?”

If one is so open, these delights can be arranged through the University Extension Service for a mere $140, by cheque or credit card. Consumerism has its uses after all. Creation Spirituality is “An Earthy Spirituality for an Evolving planet.”

Fox claims that Creation Spirituality “celebrates goodness in life and the struggle of humanity to be compassionate and fit into the rest of nature with joy and responsibility, which is to say with justice.” If the prose is cloudy, the general direction in which this is pointing is obvious.

Environmentalism

In political terms, the significant point aimed at seems to be an alliance between progressive religious leftism and a certain type of environmentalism. It is possible, therefore, that ‘Creation Spirituality’ may achieve political importance.

With communism’s condition apparently terminal, the Left presumably has to go somewhere. One of the great political questions of the present, and one which will surely have a profound effect on the politics of the next century, is: “what sort of ideological complexion will environmental issues acquire?” This movement looks like an attempt by Liberation Theology to stake out a claim on the environmentalist movement. Perhaps it is not planned that way, but such things tend to acquire their own logic.

It is worth noting, too, that the American Catholic Church, like other US ‘mainstream’ churches, is at present in deep crisis, with both church attendance and vocations at all-time lows.

Is Matthew Fox dangerous? Not, I think, in the way the chairman was suggesting, nor to a university summer school audience which seems to consist largely of retired school teachers and would-be priestesses. There is not much in the way of intellectual adventure or challenge here; there is not much even in the way of titillation except for those who are titillated by hearing the Virgin Mary described as a Mother-Goddess and the Pope described as a neurotic. But this movement can be seen as a harbinger of other things, and, as Paul Johnson has said of the coming of the post-Christian world, the prospect is not reassuring.

In the meantime, it might be useful for somebody in Western Australia, such as the Opposition spokesman on education, to have a look at what the University Extension Service is doing with public monies.
A Failure of Authority

AUSTRALIA'S young people, we are commonly assured, are in crisis. Scarcely a month goes by without some new revelation being splashed across the mass media to reinforce this conviction: a rise in the suicide rate for 15-19 year-old males; teen-age mobs drinking themselves into apoplexy on New Year's Eve; frightening statistics about the number of youths without homes. This crisis scenario was neatly encapsulated back in August 1988 by a headline in Melbourne's Age newspaper: "Australia is failing its youth."

I have always been rather sceptical about the seriousness of the 'youth crisis'. The media rarely, if ever, bother to point out that a survey which indicates that eight per cent of girls have had suicidal thoughts, simultaneously indicates that 92 per cent have not. Given that at least some of our young people find themselves in dire straits, however, and given that few of us would want to see the proportion increased, the precise form of Australia's 'failure' would seem to be a question of moment. An incorrect diagnosis, after all, will like as not result in the prescription of an inappropriate treatment.

The conventional wisdom among left-wing intellectuals, teachers, and welfare workers, has it that Australia's adults are failing to nurture the 'fragile idealism' or 'creative wildness' of young people, that youths are being denied the freedom of choice they require for proper development, that adults are denying young people 'their say' in the decisions which affect their lives. Although the roots of this view may be traced back through John Dewey and Romanticism to Rousseau, its immediate source appears to be the myth of the '60s. The 1960s are presumed to have witnessed a vast effusion of idealism, spontaneous creativity and human fellowship ('brotherly love') that washed against — and nearly submerged — the sterile, selfish shores of mature society. The well-publicized contribution of students to the '60s movement has been taken as licence to endow the young of all eras with similar characteristics.

The Left's proposed remedies for the youth crisis have oft focused on the education system: boosting the number of optional subjects in the curriculum; giving students a role in deciding which subjects will be taught in their school, how these will be assessed, and how discipline will be applied; teaching children to 'discover' their 'own' values, and, as a concomitant of this, about any and every sexual practice which they might conceivably be inclined to try.

More recently, however, the Left have extended their agenda to include reformation of the relations between children and their parents. In the most obscene cases, the drive for so-called 'children's liberation' merges with the paedophile movement; more usually, it involves giving social workers more power to intervene in families, encouraging women and children to become independent of husbands and fathers, and the prohibition of corporal punishment. On the latter point, the Left's rhetoric swings, as circumstances dictate, between the argument that smacking damages a child's psychological development, and the argument that smacking sets parents on the slippery slope towards beating — which is to say, towards child abuse.

Underlying the Left's agenda is an animosity towards authority relations of all sorts — political, pedagogical, parental. This is where, I believe, they make their fatal error. In contradistinction to the Left's analysis, it has always seemed to me that what failure there has been, on the part of Australia's adults, has been a failure of leadership — a failure, that is, to exercise authority to its fullest extent.

In August 1987, The Weekend Australian published a story about a Melbourne University Arts/Law student named Anna Stokes. Miss Stokes had written to the paper, observing:

Alan Cocks is a 22 year-old freelance writer based in Perth.

IPA Review, Autumn 1990

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“One of the great ironies of life is that any knowledge I have, I gained through my own reading — and the lucky coincidence of genes which gave me the great love for reading — and not from my 15 years of education thus far.

Though lucky to have a natural love of learning which has caused me to strike out on my own, I do wish I had some sort of guidance, someone to lead me through the great thinkers of the past instead of leaving me to flounder hopelessly ... I feel that in order to make sense of our own place in the order of things we need to know and understand what sort of sense others have attempted to make of it. Surely this should be an important function of school?”

I was extremely gratified to read Miss Stokes’ letter, for it aptly mirrored my own sentiments. Leaving school with a passionate interest in Foreign Affairs and Defence, I did my obstinate best to ignore everything else during my first years at university. Literature was a particular bug-bear. Only gradually did I come to the realization that international politics depended on national politics; only after watching domestic politics for some time did I realize that it was centred upon the questions with which philosophy and the classics had concerned themselves. By the time I discovered that I was on the wrong track, it was too late to change course. I cannot help reflecting that a lot of time and public money would have been saved, had the learned men and women of the academy given me a little more guidance towards the things of lasting importance.

I do not think that Miss Stokes’ and my own experience are exceptional. As E. D. Hirsch convincingly argued in Cultural Literacy, efficient communication (without which no young person will be able to participate fully in our society) requires the acquisition of a large volume of specific information — information that is shared by everyone (or virtually everyone) else in society. To give one example, if a businessman in one part of a country can be confident that a colleague in another part is also familiar with Shakespeare, then he can use a four word quotation — “There is a tide” — to convey the meaning of 29 — “buy (or sell) now and you’ll cover your expenses for the whole year, but if you fail to act right away, you may regret it for the rest of your life.” Precisely because commonalty is the crucial component of cultural literacy, students across the nation must be led to a shared — or at least very similar — appreciation of their heritage, and not left, as Miss Stokes and I were, to acquire it in a haphazard or piecemeal fashion.

Strong leadership is no less important in the area of moral or ‘values’ education. Just as a political system requires more than the rules of a written constitution in order to function, so a social system requires more than the written laws. Morality, like law, provides a code by which individuals can order their relations with one another. A moral code — or at least its major precepts — must be shared if it is to be functional at all. Leaving children to ‘discover’ their ‘own’ morality threatens to deprive some (though not all) students of the procedures by which they may participate in their social order, while simultaneously serving to undermine that order.

Policy Implications

The practical policies necessary to lead young people into mature society are quite the reverse of the Left’s proffered measures. Education, so far from being ‘democratized’, should feature a renewed emphasis on the core curriculum, with the range of optional subjects being sharply reduced.
being sharply reduced. The standardization of the core curriculum between States also warrants high priority. The curriculum should impart a knowledge of Australia's heritage — including the 'cultural baggage' brought here from England by our ancestors — of frequently required skills like basic mathematics, and of the moral foundations upon which our society is constructed.

That some fathers — and a few mothers — abuse their positions of trust and responsibility, no one can deny. This does not mean, however, that parental authority is intrinsically abusive, nor that its abolition will remove the problem. Strangers do, after all, account for some proportion of child abuse cases. Parents and prospective parents should be taught to exercise their authority properly — through long courtships, moral instruction and support, and perhaps also formal classes in 'parenting skills' — rather than have their authority stripped from them by the apparatus of the state. If economic or other social pressures interfere with family life, then it should be these pressures, and not parental roles, that become the objects of reformist enthusiasm.

Such policies will inevitably meet resistance from the left-wing educational and welfare Establishments, and may thus provoke from pessimists the question: is the cause not already lost? The question is an irrelevancy, since a policy's popularity proves nothing about its rationality, but as it happens, I think that the answer is a cautious negative.

The Left Educational Establishment's position has been weakened in recent years by internal dissent. Practical experience, in Australia as in the USA, has driven many academics and teachers in what I call the 'civilized Left' to shrug off the shackles of the 60s myth and agree with cultural conservatives that educational standards have declined. These civilized left-wingers, who may share the zealots' equalitarian instincts but lack their viciousness and militancy, are the market to which Hirsch has pitched his case:

"To withhold traditional culture from the school curriculum, and therefore from students, in the name of progressive ideas, is in fact an unprogressive action that helps preserve the political and economic status quo. Middle-class children acquire mainstream literate culture by daily encounters with other literate persons. But less privileged children are denied consistent interchanges with literate persons and fail to receive this information in school. The most straight-forward antidote to their deprivation is to make the essential information more readily available inside the schools."11

With educators of differing political outlooks gradually reaching similar diagnoses of the Australian education malaise, the prospects for obtaining an education system that will lead young people more surely into mainstream society, would seem to be improving all the time.

On the home front, too, there is cause for guarded optimism. Desire for stable family life appears to be undergoing something of a renaissance in this country — a fact which the major political parties have, in their different ways, been at pains to acknowledge. In conclusion therefore, we may say that while the restoration of effective leadership for Australia's young people is by no means a certainty, neither is it a possibility to be lightly dismissed. ■

Notes

1. "Australia is failing its youth," The Age, 1 August 1988.
2. Ibid.
5. The National Committee on Violence has received, and is considering, numerous submissions advocating the prohibition of corporal punishment within the home, as well as the school. See, for example, West Australian, 12 October 1989, 13 October 1989, response by Lauchlan Chipman, 18 October 1989. For other discussions of these issues in the media, see "Should you smack your child?" (The Age, 2 January 1989), "Call to ban the rod on children" (West Australian, 16 August 1989) as well as innumerable letters (e.g. The Australian, 30 November 1988 and 6 December 1988). Psychological research suggesting that smacking is unharmful was reported before the current violence witch-hunt began ("Children prefer discipline to a free reign," The Age, 12 May 1987).
8. The written law can in fact be understood as a subset of a society's over-arching moral order. The explosive growth in laws since the late 1960s can be understood as the legal apparatus' endeavour to patch up the spreading fissures in Australia's moral order.
9. The myth of the 1960s has in any case been under siege from sociological evidence and a wave of repentant radicals highlighting the cynical, narcissistic and destructive elements at the core of the 60s movement.
10. This may account for the grudging respect with which some left-wing magazines greeted Allan Bloom's book, The Closing of the American Mind.
Dear Editor

In the October-December 1989 IPA Review Laurie Short addressed the issue "Can Unionism Survive?". One of the central features of Mr Short's argument was the "impossible dream" of a quick reduction in the number of Australian unions by way of amalgamations. Whilst it is difficult to argue with this point as evidenced by the recently failed BWIU/FEDFA ballot for amalgamation, there are other means available to provide for a more rational trade union structure.

The recent decision of the Industrial Relations Commission to provide for single union coverage of the Southern Aluminium wheel plant is a first step towards industry-based unionism. By the use of S118 of the Industrial Relations Act 1988, the Federated Ironworkers' Association was able to obtain coverage of metal and electrical tradesmen, thus being able to represent the entire workforce.

Mr Short draws support for the view that the size of unions is not crucial for their survival by reference to enterprise unions in Japan and industry-based unions in West Germany. Perhaps a more relevant factor is that both these countries have highly-skilled workforces and consequently high levels of productivity.

With the achievement of single union coverage of workforces such as Southern Aluminium there is greater scope for the existing skills of the Australian workforce to be fully utilized, and the opportunity to develop higher levels of skill.

A strong union movement and a productive economy are not incompatible. Unions and employers need to recognize that mutual benefits can flow from a more highly-skilled and motivated workforce. Within a stronger economy the union movement can address such vital issues as workplace child-care, more apprenticeships and further restructuring.

Peter Cook
Research Director
Federated Ironworkers' Assoc.,
Sydney

Dear Editor

As the author of a recent book on the Greenhouse Effect, titled The Greenhouse Trap, (Bantam Books, 1989), I would like to commend the article by Dr Roger Braddock in your last issue of IPA Review titled "Is There Really a Greenhouse Effect?". This represents a refreshing change, by an academic scientist, from the endless cycle of doom scares we have all been exposed to.

In his article, he took many of the key assumptions used by greenhouse doomsayers, and demonstrated that they may well be founded on little more than conjecture and guesswork. I have contended in my own book that the Greenhouse Effect scare is basically fraudulent, and supported this with theoretical and historical evidence.

Professional scientists are traditionally more reticent about pressing one point of view as against another, yet I find his extensive review of current greenhouse evidence clearly suggests that the whole global warming theory is quite false. Dr Braddock stated in the conclusion to his review, "I find the current level of scientific evidence unconvincing." In the highly diplomatic language of science, that's about the most damning comment a scientist can make.

Not being an academic scientist, I have not been constrained in my own research and subsequent opinions on Greenhouse, and my own examination of the evidence has led me to conclude that not only is the evidence unconvincing, but that the whole scare and hype surrounding it has been based on bad science. The whole issue has been a long comedy (or tragedy) of errors, beginning with the first of the computer models developed in the late 1970s. Greenhouse has become an ideology for its proponents and has thus lost all touch with traditional scientific method. What is even more galling is that this greenhouse circus is being financed by public money.

The more that critical scientists like Dr Braddock come out in public and 'bite the bullet' on this, the sooner will this deplorable scare be laid to rest.

John L. Daly
Hadsoken, Tas.

Dear Editor

I read with interest and some incredulity the article “Conservatives and Conservation” by Professor Colin Howard (IPA Review, March-May 1989).

Professor Howard's notion that questions “...like the mining of uranium, the engineering use of nuclear power, American bases and world peace, have nothing whatever to do with conservation...” betrays a very limited understanding of conservation.

Each of those questions is surely intimately linked with conservation. Uranium mining and nuclear power have such massive built-in costs, both monetary and environmental, that they can only be seen as major threats. (Nuclear power as an antidote to the greenhouse effect is a chimera.) American bases draw Australia into the nuclear strategies of a foreign power - and the nuclear war for which the “super powers” are planning is surely the ultimate environmental disaster.

Professor Howard suggests
that market forces will come to the aid of conservation. It would be pleasant to think so. However, it seems more likely that demand, from an educated consuming public, may force producers to conform to some sort of conservation ethic. One can only hope that this will not be too little, too late. We are all in this one together.

Nick Goldie
Turner, ACT

Dear Editor,

Your editorial “The Green Messiah” (IPA Review, October-December 1989) concedes Nisbet may be right in looking to environmentalism for “the third great wave of redemptive struggle in Western history, the first being Christianity, the second modern socialism.”

Nature worship will need a lot more substance to it if it is to win Christians, Muslims and Buddhists. It is the underlying worship of man which has made these the three really successful religions. How are we going to reconcile the worship of nature with the worship of nature’s worst enemy?

So far nature worship has never gone beyond the Hiawatha syndrome. As a religion it is represented by Animism, Shinto, Pantheism and Aboriginal Dreaming. None of these is about to make waves. They do not lend themselves to the politicization prerequisite to a redemptive struggle. They need to be Hellenized, intellectualized and placed firmly on some of the Christian ‘mental furniture’ Hal Colebatch refers to.

Doing that to environmentalism could replace its current passions with more detached appraisal but the substance of a real philosophy would still be missing and its message would still be negative. The core of the problem is that most people still regard nature as Wilderness.

The most valuable of humans — those who are making the biggest contributions to humanity’s welfare — see themselves as part of Nature. They see humanity as another species, subject to nature’s inexorable laws. They identify man with nature and their vision is suddenly expanded. Those who would turn environmentalism into a popular religion will have to face the fact that man will always worship Man, just as an ox can have no other god but Ox. It’s a handy compensation that man is only a product of nature. That makes Nature worship easier to proselytize.

However, Nature worship, when nature embraces man, earthquakes, cyclones and other powerful tools for change, fits ill with conservationism, which is environmentalism’s fellow traveller. The paradox requires lots of deep thought. That alone would do most of today’s environmentalists a power of good.

Devon Minchin,
Yandina, Qld

Dear Editor

A hearty salute to Kenaelly (IPA Review, October-December 1989) for his masterful and eloquent articulation of why Stand and Deliver is an infinitely better film than Dead Poets’ Society.

At one level Dead Poets’ Society is an enchanting film; yet it left me depressed (I knew it would be hailed by those who do not have to live with the consequences of its message). Stand and Deliver, on the other hand, rekindled my faith in what can be achieved by virtue of the values of hard work, respect, patience and a genuine concern for the socially deprived.

My schooling was profoundly disturbed by the reverberations of the 1960s cultural revolution. By the 1970s my school, like many others, had collapsed under the weight of teachers who no longer believed in their vocation and who thought, like the star in Dead Poets’ Society, “hippie Godfather Mr Keating,” that the aim of educating adolescents was for us to break out, get in touch with our feelings and do our own thing. Out went the school uniform, courtesies, rigorous study and thought, and in came black pencilled eyes, contempt for authority, slogans, sloppy argument and ‘community activism’.

It took me years to expunge those horribly destructive values of the 1960s. Had that not been the case, yours truly would now be an ecologically-aware anarcho-feminist, a graffiti artist-in-residence, a trade union bureaucrat or an aging youth worker teaching revolutionary strategies.

Dead Poets’ Director Peter Weir’s Oscar nomination represents the triumph of aestheticism over good sense.

E. W. Bennett
West Beach, SA.

Dear Editor

In the June-August 1989 issue of IPA Review “Strange Times” quotes Anthony Turner in the Canberra Times when referring to the telephone as saying: “The very person of its inventor is an object of execration to all those who have been born deaf.”

It is evident that Anthony Turner is quite unaware of the great debt that deaf people in fact owe to Alexander Graham Bell. He devoted a lifetime to the study of speech, and to the teaching of deaf people. He became Professor of Vocal Physiology in the University of Boston, and his invention of the telephone arose out of his interest in speech and speech therapy. I also believe that he assisted Helen Keller in learning to speak.

I may also add that hearing aids based on the principles Bell used in the development of the telephone give many hundreds of thousands of persons with impaired hearing, such as myself, the opportunity to lead normal lives.

R.J. Pearson
Fairy Meadow, NSW
Pacific Security Conference a Success


A similar function was held in Canberra following round-table meetings with senior officials of the Departments of Foreign Affairs and Trade, Defence and the Office of National Assessments.

Papers from the conference are to be published by the PSRI.

New Director Appointed

Peter Kerr has been appointed the new Director of the IPA. Dr Kerr’s appointment follows Rod Kemp’s resignation on his preselection as a Senate candidate.

Dr Kerr, 40, was formerly employed as Special Projects Advisor to the Business Council of Australia — specializing in the areas of environment and the role of government. Dr Kerr joins the IPA with a wealth of experience in the academic, political and business worlds. He has lectured in Politics and History and published a variety of articles and reviews.

He was Andrew Peacock’s Senior Political Advisor between 1984-85 and Principal Political Advisor to Jeff Kennett between 1987-89.

Between 1985-1987, Dr Kerr was Manager of Market Orientation at ICI Australia.

In welcoming Dr Kerr, IPA President, Charles Goode, took the opportunity to pay tribute to Rod Kemp, who he said “had over a period of seven years been primarily responsible for building the IPA into Australia’s leading private sector think-tank.” He also thanked Des Moore for his work as Acting Director in the period following Rod Kemp’s resignation.

Dr Kerr said he was “delighted to be appointed the Director of Australia’s leading organization devoted to the development and promotion of ideas.”

Dr Alvin Bernstein, Director of Policy Planning in the US Department of Defence, spoke on the future of the American presence in the Pacific. Murray Sayle, an award-winning Australian journalist, discussed China and Japan. And the well-known columnist from The Australian, Padraic McGuinness, spoke on the prospects for an Asia-Pacific association for economic co-operation.

Professor Owen Harries, President of the PSRI, gave a lunchtime address on policy options facing the US at the end of the Cold War.

The conference attracted representatives from government, business, academic and the media. The question and discussion periods were lively.

On 9 November, Dr Ikle and Mr Sayle addressed an audience of about 100 at the State Library of NSW. They also attended a private lunch in Sydney with politicians, businessmen, trade unionists, academics and journalists.
Les McCarrey Moves On

Les McCarrey, CMG, has stepped down as Director of the Institute's Perth-based States' Policy Unit to concentrate more on other activities.

A former under-Secretary of the WA Treasury, Les McCarrey, as head of the States’ Policy Unit, has been an outspoken and cogent critic of corporatism in State Governments.

The President of the IPA, Charles Goode, said “Les was the driving force behind the success of the States’ Policy Unit. The IPA is grateful for his efforts and wishes him well.”

Analysis of State budgets and finances by the IPA will continue.

US Recognition for EPU

Articles published by the IPA Education Policy Unit (EPU), based in Sydney, are regularly reprinted in the influential US journal, Network News and Views. This 100-page journal, published by the Education Excellence Network, reprints articles on current educational issues from US and overseas sources. The New York Times, the Washington Post and the Times Educational Supplement are regularly represented.

Network News and Views has reprinted articles from IPA Review and Education Monitor — by Leonie Kramer, Susan Moore, Alan Barcan and others — in each of its issues over the last year.

Having a Ball

The IPA Young Professionals' Group held its inaugural Ball in November with 250 people in attendance. Tribute should go to Young Professionals' convenor, Cliff Smith and his committee.

The Young Professionals' Group holds a regular series of seminars where business leaders speak on a variety of topics.

The evening was a huge success, with 250 people in attendance, including Jim Perry, Acting Chairman of the Melbourne Stock Exchange; Hugh Morgan, Managing Director of Western Mining Corporation; and guest speaker Mr Nobby Clark, Managing Director, National Australia Bank, who is retiring as IPA Treasurer.

Bill Muehlenberg at Work

The next in the IPA's Policy Issues will examine environment policy. The publication, to be edited by Bill Muehlenberg, will consist of articles from major opinion-makers in the field. It will assess where and to what extent the environment is deteriorating, and what should be done. Separate sections will deal with the environmental movement, policies of the major parties and interest groups, and the impact of environmental policies on economic growth. As such, the publication will prove to be an important educational resource.

Policy Issues are sent to all IPA subscribers.

In addition, Bill Muehlenberg has written a book to be published soon by the IPA entitled Modern Conservative Thought: An Annotated Bibliography. The book lists nearly 700 volumes, giving each a paragraph-long assessment. The authors range from traditional conservatives in the mould of William F. Buckley and B.A. Santamaria to libertarians such as Ludwig von Mises.
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Or
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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.

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