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 Argyle Diamond Mines operations contribute over 97% of all the diamonds mined in Australia.
Democracy in Trade Unions
Stuart Wood
Recent legislation has made union leaders less accountable.

One Vote, Different Value
Ron Brunton  Allan Pidgeon
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Youth Affairs
Chris James
Rock music: is it decadent?

Down to Earth
Ron Brunton
Even environmentalists have vested interests.

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IPA News
Two new collections propose new approaches to environmental management.
Environmentalists

Dear Editor,

Contrary to Nicholas Martin (Letters, Autumn 1991) I urge you to continue to expose the sophistries of the environmentalists. They have more than sufficient opportunities to promote their cause, as almost all of the popular media, print and electronic, seem positively to fawn on them. This is especially true of the ABC where the ‘greenies’ have had a dream run. They are rarely required to justify their claims, but are allowed free rein to spread fear and suspicion by making claims which are often hysterical, assumptions which are absurd, and accusations which are outrageous.

Whereas Martin may be correct in suggesting that “many of those espousing the environmental cause are honourable people with Australia’s interests at heart,” he fails to note that those who set the agenda exhibit a narrow fanaticism which will wreck the economy if allowed their way. That moderate conservation makes sense is a ‘motherhood’ attitude. Environmentalist leaders are taking advantage of this attitude to foist upon us extreme and destructive policies which sensible people must soon begin to oppose vigorously, or risk losing any semblance of control over their future.

People like Martin need to be reminded that environmentalism as an ideology is now the rallying point for all the disappointed radicals in the universities, the media and the bureaucracy for whom socialism is no longer even theoretically tenable. If environmentalism is to be prevented from doing to the 21st century what socialism did to the 20th, its true nature must be exposed. And if this involves also exposing the corruption and hypocrisy of some of its proponents, then perhaps their claims to “the moral high ground” might also look a little shaky.

William Wentworth
Towamba, NSW.

Language

Dear Editor,

Professor Leonie Kramer’s piece in “Issues in Education” (Autumn 1991) on ‘Language Rules’ was a most welcome response to the benighted linguistic opinions of Stephen Knight. There is too much of his kind of assault on literary and linguistic standards today. We have enough bad influence to combat from the world of advertising and the verbal barbarism of cliché-ridden journalism without the current crop of academic enemies of standards in appreciation and use of our mother tongue.

May I add to Professor Kramer’s words on the subject by drawing attention to the fundamental reasons for obeying language rules and the consequences of neglecting them? First, it is plain that all fields of human endeavour develop criteria for their practice; limits and rules are only the necessary means by which any art or science or craft can be itself, possess integrity, offer the opportunity for effective expression and growth of the ripest humanity. Music, for instance, requires certain intervals, particular tempos, and consonant groups of notes called chords. Carpentry, whatever the difference in detailed styles of work, is carried on within the limits of the shapes, strengths, type of timber, and such things as working with rather than against the grain. Land can be ploughed in certain ways, and less fruitfully in others.

Of course, some elements of all these change over time, but at any given point some ‘rules’, intrinsic to the pursuit, are there to guide us, and to set the limits without which bad work is done. There is simply no real freedom of expression or ‘making’ without such rules, for the ignoring of the rules (except where these are imposed as a straitjacket rather than growing up organically with the art, or discipline or craft), means that the conditions for successful work are broken down.

Thus, if we do not worry about pronouns being interchangeable (“he” for “him” or “them” for “they”, or verbs not agreeing with their subjects, or non-pronunciation of some letters, for example, “pitcher” for “picture”, “government” for “government”, etc.) then we condone break-down of those limits or standards by which the language has been made more communicative, unambiguous, and clear in all its nuances of meaning; for where is the line to be drawn? Without discipline, conditions are allowed to shift and blur into an unco-ordinated mass of linguistic “do-it-yourself” fabrications? The same applies to rules of composition. Without paragraphs, written composition is more difficult to read; without sentence-forms it is much worse, declining into incoherence. This is perfectly illustrated by examination of scripts written by foreigners to a language the elements of which they have not mastered. To mock at language rules, therefore, is to forget how language becomes a reliable and sensitive vehicle of expression. None of this in any way denies the various ways in which human expression of thoughts and feelings may develop creatively.

Finally, why are bad uses of English so irritating to sensitive eyes and ears? To listen to a sincere, consistent and vivid speaker of English, whatever the degree of formal education or native illiteracy, is pleasant enough. What is so unpleasant is the slipshod, trendy, lazy, colourless speech which has so rapidly developed among bureaucrats, journalists and politicians in recent years. Half-instructed, or careless people with all the opportunities for better speech so often abuse the language because they can’t be bothered to go beyond the ‘drills’ they learnt in half-baked English classes where ‘correctness’ is not sufficiently accompanied by coherent principles or supported by habits of good reading.

The effect of the bad pronunciations, elementary faults of grammar and slurring of phrases and words is like that of wrong notes in a piece of music.

Dr Peter Hunt
Winmalee, NSW.

The Editor welcomes letters for publication. They should be addressed to The Editor, IPA Review, 6th Floor; 83 William Street, Melbourne, 3000 and normally kept to no more than 300 words.
Six years ago the Federal Government proposed a Bill of Rights for Australia. Based on the International Covenant on Civil and Political Rights, Article 7 of the Australian Bill read: "Every person has the right to freedom of expression, including the freedom of the press and other media of communication, and the freedom to seek, receive and impart ideas or information of any kind in any form, without interference and regardless of frontiers." The 1985 Bill was misguided, but the affirmation of freedom of speech, a bulwark of liberal democracy, was welcome.

Now, in 1991, the Hawke Government is proposing a Bill which would result in a dangerous restriction of free speech: a ban on political advertising in the electronic media (at least prior to elections). This, ironically, is occurring on the 40th anniversary of the failed referendum initiated by Mr Menzies to ban the Communist Party, which Dr Evatt, then leader of the ALP, vigorously and rightly opposed. A further irony is that the Hawke Government's attempt to suppress political advertising comes at a time when its own expenditure on advertising to promote, among other things, the Government's services and record has reached an unprecedented level ($232 million in 1989/90).

Freedom of expression has an ambiguous status in modern Australia. The rules governing it are changing. In some areas expression has never been more liberal; in others new taboos are being reflected in harsh new social and legal regulations. Traditional morality has been under attack for some time for its alleged intolerance and hypocrisies.

But the new morality, as with the proposed restriction of political advertising, has more than its fair share of double standards and intolerance.

Thus, as Hugh Morgan indicates in this *IPA Review* in relation to the Coronation Hill fiasco, while blasphemy against the Christian and Jewish religions is now commonplace, to question the authenticity of Aboriginal mythology is to risk accusations of gross insensitivity or racism.

Too often in recent years the term 'racism' has been used to suppress legitimate debate about immigration or multiculturalism or Aboriginal land rights rather than applied accurately. Racialist sentiments should be opposed when they are encountered, but it is doubtful whether their incidence in Australia, which is relatively free of racial conflict, justifies legislation such as the New South Wales law against 'racial vilification.' Such legislation certainly does not advance the cause of free speech.

Zealots on campus

The values of free discussion and inquiry, integral to the purpose of our universities and colleges, are also under threat from a minority of zealots. Only two months ago the Student Guild of the Queensland University of Technology refused the student Liberal Club's application to affiliate unless the Club agreed to do nothing to advance "in word, deed or action" the central plank of its policies: voluntary student unionism. A recent book, *Illiberal Education*, by Dinesh D'Souza, describes the growing climate of intolerance on American campuses as student fanatics demand curricula determined not by intellectual standards but by categories of race and gender. Fortunately things are not yet as bad in Australia. But there have been warning signs. In the mid-1980s a Melbourne academic was subject to a vicious campaign by extremist students for having had a letter opposing
Aboriginal land rights published in the Melbourne Age. Equally as disturbing as the campaign was the silence of the university’s administrators. Just a month or so ago the South African Ambassador, Mr Totbill, invited to the Australian National University to discuss recent changes in South Africa, was prevented from speaking by student radicals.

Employers' Rights Restricted

New restrictions on freedom of expression also apply to the advertising of positions in employment. The latest is the South Australian Government's ban on 'age-ism' in advertising. In the midst of disturbingly high youth unemployment, the South Australian Government has deemed it unlawful to advertise for a junior. A circular from the South Australian Commissioner for Equal Opportunity declares unlawful an ad such as: “Wanted — Junior to work in a supermarket chain.” The obverse is that it is now also illegal to advertise for a person with, say, 10 years' experience to manage a hardware store. This discriminates against the person with three years' experience. But is that not the employer's right? Apparently not. (The NSW, Victorian and WA Governments have also announced their intention to proscribe age discrimination.)

Sex, but not Sexism

'Sexism' also excites the impulse to censor among the new moralists. A 17-person National Working Party on the Portrayal of Women in the Media has been established to identify, with the aim of eliminating, sexual stereotyping in the media. Our public broadcaster, the ABC, once a standard bearer of the English language, has banned the use of 'sexist' language by its announcers, presumably because it is offensive to some women. At the same time the same government which has banned advertisements for tobacco products has legalized brothels. The moral opprobrium once reserved for prostitution is now directed at tobacco companies (alcohol is set to follow). Prostitution has been morally neutralized with a new language of 'sex workers', 'clients' and the 'sex industry'. The only sin, apparently, in this brave new secular world is polluting our physical bodies.

It is true that in some form prostitution and pornography have always been with us. The issue is what status we give them. It is fashionable to criticize our Victorian ancestors for hypocrisy, for hiding their vices rather than acknowledging them. But honesty and openness is not always the best policy: condemning prostitution to the back streets, the streets of shame, keeping pornography under the counter, at least gives them their due place in the moral order. It at least maintains a boundary between decency and indecency. Pretending that they are merely businesses like any other is to deny the humanizing sense of shame, which leads us to want to conceal our vices. It is to blur the distinction between what ennobles us as humans and what demeanus us.

What a society permits and does not permit to be uttered or seen or done in public is one facet of its collective morality. A strange inversion has taken place when our society — or those who claim to represent us — permit brothels to be advertised but not cigarettes, obscene words to be published but not words which discriminate between men and women, and contemplate a proposal to restrict advertising by political parties while governments spend taxpayers' money advertising their successes.

NEW PUBLICATION

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Democracy in Trade Unions

Trade union leaders should be responsive to the wishes of union members. But recent legislation has made them less accountable, less subject to "the discipline of the ballot box."

STUART WOOD

Who said this?

"The discipline of the ballot box is the only effective curb against [trade union] officialdom getting out of hand for, I repeat: the more truly democratic the governing system, the greater will be the insecurity for [trade union] officialdom."¹

No, it wasn't John Stone, Peter Costello or any other luminary of the H.R. Nicholls Society, arguing for secret ballots before strikes. It was Clyde Cameron, Minister for Labor under Whitlam and life-long fighter against corruption in the union movement. He is widely regarded as the father of trade union democracy in Australia for inserting into the (then) Conciliation and Arbitration Act¹ a clause to encourage the democratic control of unions by their members.²

The justification for the clause was to make union bosses accountable to their membership. Cameron has described the situation in his own union, the Australian Workers' Union, before the amendment.² He portrays the Queensland secretary of the AWU, Tom Dougherty, as a feudal lord, treating the union as his own estate whilst dismissing the concerns of the 'rank and file' membership as mere bleatings of the 'crank and vile'.³ Ingenious methods were used to keep the 'crank and vile' in check. For example, any challenger for union leadership had to satisfy the incumbent union executive of his 'ability, fitness and behaviour' in order to be entitled to nominate for office.³ Not surprisingly, there were very few successful challenges by the rank and file.

While Cameron, through his amendment, had initial success in democratizing trade unions in the early 1970s,⁶ his vision has since been perverted. New rules, developed under the banner of 'trade union democracy', are actually anti-democratic in practice. I shall examine three of these: the new union amalgamation rules, the rules regarding women's officers and the legislation governing 'election' of Health and Safety Representatives.

Amalgamations

The Federal Government has recently amended the Industrial Relations Act in order to speed up the progress of the ACTU-inspired amalgamations.⁸ Unlike Jim Staples, the Cameron clause has survived the transition from the old Conciliation and Arbitration Act to the new Industrial Relations Act. However, although the new Act states that the legislative framework for forcing amalgamations is consistent with the object of democratic control of unions, this is not the case.

According to the Act, officials may use members' funds to support the 'Yes Case' for an amalgamation, whereas ordinary members opposed to the amalgamation may not. Thomas Jefferson's words seem apt:

"To compel a man to furnish contributions of money for the propagation of opinions which he disbelieves is sinful and tyrannical."

The old legal position reflected Jefferson's views, stating that it is "beyond the power of a [union] to publish a one-sided argument with respect to the proposed amalgamation."⁹ The general proposition (and quite rightly so) is that "...The funds

Stuart Wood is a final year law student at the University of Melbourne.
and property of an organization may not be validly used to support one candidate or group of candidates in an election, or one point of view in a plebiscite, to the exclusion of another candidate or other candidates or the opposite point of view, or to campaign against a candidate or candidates in an election or a point of view in a plebiscite."

Perhaps as a consolation, proponents of the "No case" are given a 'right' to have the "No case" distributed with the ballot papers, but only (and here is the catch) if they represent at least five per cent of the membership. Of course, even if the "No case" is distributed it will effectively be too late. By the time the ballot paper is received, the union leadership will have spent thousands of dollars (members' money of course) in a saturation advertising campaign, through the union newspaper, direct mail and by personal persuasion.

There is considerable incentive for officials to encourage amalgamations. If the amalgamation is approved, the Industrial Relations Act allows the trade union boss another two years in office without having to face election, ostensibly to 'bed down' the organizational changes. There are three problems with this justification.

First, most amalgamations will consist of a big (20,000 plus) union swallowing up a small (less than 1,000 member) union. In these cases there will be no great change to the structure of the amalgamated organization — thus the bed-down rationale loses its force.

Second, in a true amalgamation of similar sized unions, it would seem more sensible to have to hold new elections immediately, as, in effect, a completely new body has been created. At present, a member is denied the right to separate a vote of approval for an amalgamation from a vote of disapproval for the incumbent trade union leadership. Unpopular officials are able to ride on the coat-tails of a popular amalgamation.

Third, there is no provision to prevent officials permanently ensconcing themselves as the union leadership through a series of 'rolling amalgamations' every two years or so. In fact the general prohibition in the Act on terms longer than four years is relaxed in the case of amalgamations. Some organizations have even planned a string of amalgamations into the next century. The officials would not have to face election for over a decade!

**Women's Officers**

The Australian Services Union (ASU), an amalgamation of the Municipal Officers Association and other unions, has embarked on a program to increase the representation of women on its governing body. A position of Women's Officer has been created. Only female members may vote for this position. Thus women get a double chance: a vote for all the ordinary executive positions and a second vote for the position of Women's Officer. Male members are denied "the right to stand and vote for a position on the Executive." The rules of this new amalgamated organization were not approved by the members, but by the Industrial Relations Commission. Deputy President Moore approved the rules on the grounds that the position of Women's Officer creates 'de facto equality'. This term is defined by the Deputy President as:"

"Representation by women in governing and policy-making bodies within an organization that broadly corresponds to the proportion of female members in the organization itself."15

The goal defined here conflicts with a central principle of democracy: the integrity of a democratic system is determined by the integrity of its processes, not the distribution of its results. If the method by which candidates are chosen and the right to vote are unfairly restrictive, then the system is unjust, regardless of how well the results might fit some preconceived notion of equal outcomes.

**Some organizations have planned a string of amalgamations into the next century.\nThe officials would not have to face election for over a decade!**

There are other objections to the new rules on the election of women's officers. Even if we accept that the women members should have an extra voice, it is an infringement of their democratic rights to force them to elect a woman as their representative. It is claimed that only a woman can look after women's interests. Why not let the members decide? If women members believe that only a woman can represent their interests, then they are sure to elect a woman, even in an open field which includes male candidates. So why then restrict the candidature to women? Perhaps the leaders of the ASU were a little scared to test their theory. After all, British men helped elect a woman as their Prime Minister presumably because they regarded Mrs Thatcher as the best candidate. Similarly, if the ASU's women members were given the opportunity they might very well choose among candidates on grounds other than chromosomal configuration.

A further objection: while the goal of the ASU's program is to raise the status of women within the union, the effect will be the opposite. To create special 'reserved' positions for any group reinforces the impression that this group cannot compete in an open field. The reserved positions are regarded as tokenistic. Margaret Thatcher is respected precisely because she achieved her success on merit. She overcame whatever barriers were in her road, rather than claiming special help.

On all of these grounds the new rules on women's officers should be rejected.

**Health and Safety Representatives**

Health and Safety Representatives are treated as workplace policemen under the Victorian Occupational Health and Safety Act (OHSA). They are given wide powers to prevent dangerous work, including the power to direct the cessation of work. The positions are filled by workers from the shop floor, purportedly by peer election, but in practice by union head-office appointment.
The relevant heading in the Act refers to 'elections' per se. It reads: "Election of Health and Safety Representatives". However, there are two different sets of 'election' rules, one set for non-unionized workplaces, the other for unionized sites.

The rules for the non-unionized areas are straightforward. Any worker may stand for election, upon nomination by a fellow employee, and an election is to follow. For the unionized areas, however, the rules are different. Candidature is qualified. Nomination by a work-mate is not sufficient (actually it is not even called for). Nomination by the union is needed instead. The union can (and does) use this provision, not simply to prevent certain workers standing, but to stop the election from even taking place. For, if only one (union-controlled) nomination is received, the election is called off and the single nominee is declared the winner; not dissimilar to old-style Soviet elections!

Given that the ostensible purpose of trade unionism is to increase the power of members and to promote their interests, it is somewhat incongruous to discover that non-unionized workers have greater power and more say in selecting their representatives than do their unionized friends. In this instance, unionization has diminished workers' control and rights.

Clyde Cameron talks of the good old days, when he had to travel to the bush shearing sheds in South Australia and attempt to convince the workers to contribute to the AWU. He regrets the passing of these days. The automatic deduction of union dues, he argues, has separated the union leadership from its membership. Other practices, such as the closed shop, the 'conveniently belong' rule and the anti-democratic aspects of the enactments discussed above have also contributed to the divorce of members from the control of their unions. This control must be returned by instituting genuine voluntary democratic unionism, as was done in the electrical power stations of Queensland (prior to the curtailment of voluntary employment agreements by the Goss Government). The Queensland Workers' Power Association (QWPA) — a voluntary enterprise-based union — drew together former members of three large unions: "Members make the rules. Members make all the major decisions... Members and their Association have good relations with their employer... Members are not required to strike."

The key to improving workplace relations lies in voluntary unionism and the formation of enterprise unions; the key to their formation is the institution of genuine trade union democracy. Under the 'discipline of the ballot box', fragmentation to enterprise unions rather than amalgamation to 'super unions' may well be the result for Australian trade unions. Large out-of-touch trade unions will have to become more responsive to their members' needs or else become industrial dinosaurs. New organizations not hidebound by outdated ideological baggage, more democratic and more responsive to their members' needs, will replace the old trade unions.

3. The so-called Cameron clause stated that an object of the Conciliation and Arbitration Act was "to encourage the democratic control of an organization so registered and the full participation by members of such an organization in the affairs of the Organization." Inserted by Act No. 138, 1973, s.3.
8. Industrial Relations Legislation Amendment Act, 1990 (C'th).
12. Note that the ballot is taxpayer-funded. Industrial Relations Act (1988) (C'th) s.253P.
13. Seventy-two per cent of all unions have membership in these ranges. Australian Bureau of Statistics, Trade Union Statistics, Cat. No. 6323.0, December 1990.
14. MOA and ATOF and TSGA, Print 36670, p.6.
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THE NEW SOUTH WALES GOVERNMENT
Putting people first by managing better
In June this year, the last of the positions for elected Commissioners of the new Aboriginal and Torres Strait Islander Commission (ATSIC) was decided. ATSIC is the keystone of the Hawke Government's Aboriginal affairs strategy, replacing the old Department of Aboriginal Affairs (DAA) and the Aboriginal Development Commission. Its structure consists of 60 regional councils, grouped into 17 zones, with the councillors from each zone electing one of their number as a Commissioner. A further three Commissioners, including the Chair, Miss Lois O'Donoghue, were appointed by the Minister for Aboriginal Affairs.

ATSIC contains elements of parliament, executive and administration in one 'self-determining' body. The Commissioners take funding and other decisions after various 'consultations' with communities, either through regional councils or directly. But, at the same time, officials of ATSIC (mainly recycled DAA officers) 'administer' legislation, and 'advise' the Minister, whose powers are strictly limited — again, all in the name of self-determination. Thus representation has been combined with administration, as well as a considerable attenuation of Ministerial responsibility. This is an unlikely recipe for success.

Dismal Turnout

Last November's elections for the regional councils provide further grounds for being less than optimistic about Gerry Hand's "revolution in Aboriginal Affairs."1 Fewer than one-third of those eligible to vote bothered to do so, 10 percentage points less than the poll for the ill-fated National Aboriginal Congress in 1981. This was despite the $5 million made available for the ATSIC elections,2 which works out at around $130 for each vote cast. Although the turnout was relatively high in a few outback areas — reaching 80 per cent for three councils in north Queensland and the Northern Territory — it was terrible in most urban areas — around 10 per cent for Sydney,

ONE VOTE, DIFFERENT VALUE

The creation of Gerry Hand when he was Minister for Aboriginal Affairs, ATSIC reflects the Government’s policy of Aboriginal self-determination. But the results of its first election reveal a system grossly at odds with the ideal of one vote, one value, as Ron Brunton explains opposite.

ATSIC is Australia’s worst example of a gerrymander. But most Governments in Australia today don’t enjoy a popular mandate. Allan Pidgeon on page 11 asks, “Is the Hawke-mander worse than the Bjelke-mander?”

Dr Ron Brunton heads the Environmental Policy Unit of the IPA, based in Canberra.
There are many reasons for the low poll. As Michael Cobb, the National Party member for Melbourne, Adelaide and Tasmania.

Despite Government claims, this pitiful turnout cannot be compared to ordinary local council elections, because people were voting as part of a collegiate national structure. There are many reasons for the low poll. As Michael Cobb, the National Party member for Parkes, suggested: "many Aborigines do not see themselves as being separate from mainstream Australia" — (something that present policies and pronouncements seem determined to change.) This is not surprising, given that over a third of the households classified as Aboriginal contain a non-Aboriginal spouse.

Another reason stems from the Government’s unwillingness to be frank about what it is really doing. Having set up a racially based entitlement to vote, it did not wish to follow through the necessary implications and establish a separate racially based electoral roll (as the Democrats foolishly wanted). This would have caused justifiable disquiet in the nation, especially amongst those who have come to live here to avoid racial divisions of this kind. So, in order to ensure that only those eligible actually voted, it resorted to a fuzzy solution. All the votes were declaration votes, similar to postal or absentee votes. The ballot paper was placed in a sealed envelope with the name and address of the voter on the outside, to allow for later checking of eligibility. Despite assurances about the secrecy of the vote, many Aborigines apparently remained unconvincing, fearing that their vote would become known, with potentially harmful consequences for their ability to gain access to the resources ATSIC and the regional councils will control. It is not clear who is trusted less, the Government or certain Aboriginal politicians and bureaucrats.

**Disparities**

The number of votes required for election to a regional council makes some of the 'rotten boroughs' of pre-1832 England look quite respectable. For Deakin Council in the Central Australian zone it was 14, for the Tasmanian council 17, and for Adelaide, Melbourne and Tarcoola (SA) 20. In only one council, Aurukun (Qld), did candidates require more than 100 votes. The average number of votes required across Australia was 43.

This is not all. As a result of both the uneven turnout and differences in the size of zones, the number of actual voters represented by a Commissioner varies by a factor of 15, and heavily favours the urban Aborigines of the south, i.e., those whose constituencies are the smallest and where the turnout of voters was the least. The table above shows this all too clearly. (Only 12 zones are listed. Elections were not required for some councils because the number of candidates nominating was equal to or less than the number of vacancies. Obviously, zones including such councils cannot be compared to zones in which elections were held for all constituent councils.)

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**“This works out at $130 for each vote cast”**

The elections have done nothing to quell widespread doubts — expressed by Aborigines and non-Aborigines alike — about ATSIC's legitimacy. There are no grounds for thinking that it will be any more effective than its predecessors in delivering services or improving the debilitating aspects of life that many Aborigines face. The natural inclination amongst those who presently have the running on Aboriginal affairs will be to blame any failings on the rest of Australia: insufficient funding, 'institutional' and other kinds of racism, lack of commitment to the process of reconciliation. This is likely to raise the structural pressures on ATSIC to define its relation to mainstream Australian society in an increasingly oppositional light. A radicalizing process will also be fostered by external developments — such as the Draft Universal Declaration on the Rights of Indigenous Peoples currently being prepared by...
a UN Working Group, and a growing emphasis that international human rights lawyers and other activists are placing on the right to determine political status and institutions as a component of ‘self-determination’.

The Government strongly denies that its policies have anything to do with Aboriginal sovereignty or separate development. But it is encouraging symbols and actions which have an awful tendency to escape the limited intentions of their original promoters and take on a life of their own.


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**Electoral Unfairness**

**ALLAN PIDGEON**

Nick Greiner enjoys the rare distinction in Australian politics today of being a government leader who enjoys a popular mandate (over 52.5 per cent in two-party preferred terms): only Marshall Perron in the Northern Territory (with a stunning 57 per cent of the two-party vote), and Wayne Goss in Queensland (with 53.8 per cent) can make the same claim. The Commonwealth, the other States and the ACT have ‘minority’ governments — some in terms of seats in the legislature; but all in terms of voter preference.

One would expect on past form that such a situation would ferment popular outrage — with street marches and impassioned editorials, High Court challenges, and appeals to the Human Rights Commission! Why is the ‘electoral unfairness’ industry, which maintained the rage Australia-wide when Sir Joh Bjelke-Petersen governed Queensland with 39.6 per cent of the primary vote, silent about the ‘Hawke-mander’ which delivered re-election to the federal ALP with just 39.4 per cent of the vote?

Of course, under a system of single-member electorates it is not very meaningful to make a direct comparison between the share of the vote gained and the number of seats won — yet this simplistic calculation was always used to assess the ‘fairness’ of electoral systems. However, now that the system seems to favour the ALP, the media don’t carry constant reports about ‘electoral injustice’. Instead they attribute the discrepancy to the ‘brilliance’ of the Labor machine’s marginal seats strategy, and congratulate the ALP backroom boys on their ingenuity in winning so many seats with so few votes.

How many Australians are aware that at the last federal election the Coalition gained nearly 400,000 first-preference votes more than the Labor Party and a popular majority after the distribution of preferences? Despite being preferred by more voters in 1990, the Liberal and National Parties still need a swing in their favour at the next election to win enough seats to take government.

As well as the Hawke ‘triumph’, sitting Labor governments retained office at the last election in Western Australia, South Australia and Victoria with just 47.5 per cent, 48.1 per cent and 49.5 per cent shares respectively of the two-party preferred vote.

And what of Queensland? Well, contrary to a view widely propagated, Labor was never kept out of power there because of the ‘gerrymander’. (The ‘electoral unfairness’ actually resulted from the system favouring one non-Labor party at the expense of the other.) The ALP were kept out of power in Queensland because of their failure to win a majority of the vote. Following their disastrous showing in 1974 (when their share of the two-party vote crashed to 38.5 per cent), and prior to 1989, the ALP consistently gained only about 45-46 per cent of the two-party vote in Queensland. At the last State election when they finally won the popular vote, Labor gained a convincing Parliamentary majority.

(Because of the peculiarities of their electoral systems, ‘two-party preferred’ calculations are not relevant in Tasmania and the ACT — but in both places it is clear that the ‘minority’ status of the current governments refers to the popular vote as well as parliamentary support.)

Allan Pidgeon is research assistant for a federal parliamentarian.
Minister's Assurance

These all too frequent 'aberrations' suggest that the procedures which previously were expected to deliver fair election outcomes are no longer adequate. When moving the new Labor government's 'electoral reform' package in 1983, the responsible Minister (Mick Young) assured the Parliament that "the laws that will be ... approved by this Government will mean that if the conservative parties of this country get 50 per cent of the vote plus one they will be the government but if the Labor Party gets 50 per cent plus one, it will be the government. That is the way it ought to be."

As demonstrated by the last federal election, and numerous State elections, recent changes to electoral systems have not guaranteed that the electoral outcome is fair in the terms described by Mr Young.

Some would argue that these examples support a change to proportional representation for lower houses — but this would sacrifice the valuable link between voters and their 'local member', and give even more power to party machines. Proportional representation leads to unstable government and does not necessarily guarantee that the electorate's preferences are fairly represented (e.g. an anti-nuclear candidate won a NSW Senate seat with just 1.5 per cent of the primary vote; and Reverend Fred Nile holds the balance of power in the NSW upper house with 3.6 per cent of the vote).

When the last State election in South Australia resulted in the Liberals winning only 47 per cent of seats with 52 per cent of the two-party vote, a parliamentary select committee was set up to examine the electoral system. Its recommendations were put to a referendum this February, and 80 per cent of the South Australian electorate supported a change in the law to require electoral authorities to take into account the 'electoral fairness' of proposed boundaries. Presently electoral authorities (state and federal) are asked to take into account various factors when conducting redistributions — e.g. equality of electorate enrolments, community of interest, means of communication and travel, physical features and size of the electorate, etc. The South Australian amendment adds that the redistribution committee should satisfy itself (as best it can) that the proposed boundaries would deliver government to the party that won a majority of the two-party preferred vote.

A similar proposal has been presented to the federal parliament by South Australian Liberal MP Ian Wilson, in the form of a Private Member's Bill. While imposing such a requirement on electoral authorities would add to the complexity of boundary changes, the current legislative formula already requires, for example, quite sophisticated predictions about future enrolment patterns.

It is time for a new debate about 'electoral fairness', so that necessary action can be taken before every government in Australia lacks moral legitimacy because it was elected on a minority vote.

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Paying for Protection

Initially protection policies benefit some at the expense of others. But, in the long-run, everyone is worse off.

JOHN STONE

The late Austen Holmes, whose untimely death some years ago removed from the Reserve Bank of Australia one of the most stimulating minds ever to have entered its portals, used to tell a somewhat mordant joke about the old rabbit trapper and the wedge-tailed eagle. It was set back in the early years of this century, when the New Class had not emerged and when, accordingly, most people had to work for their living. In those pre-myxomatosis days, not only were there plenty of rabbits to trap, but also trapping them (or dealing harshly with wedge-tailed eagles, for that matter) was not thought to carry any particular stigma.

Every evening the old rabbit trapper would make his circuit around the rabbit warrens and lay out his traps. At the crack of dawn he would be out again, walking from trap to trap, freeing (and then despatching) any rabbits caught in them, and then going home to skin them and peg out the skins to dry on fencing-wire frames before having his breakfast.

The time came when, on his morning round, he found in the first trap a rabbit which had been partly eaten by some predator, and the skin damaged irreparably in the process. The second trap was empty anyway; but the thud trap saw the first experience repeated.

Being a bushman, it took the trapper no time at all to work out what was happening; and sure enough, as he approached the second trap the next morning, he saw a wedge-tailed eagle rise from its prey, flap high into the air on its mighty pinions, and soar away towards the next trap (and the next rabbit) in his trapline. Obviously, with him walking and the eagle flying, he had no chance; the eagle just kept on getting to the traps before him. What had been a modestly rewarding activity was now reduced, by the advent of this new competitor, to a barely worthwhile one.

The old trapper tried sneaking up on the eagle with a rifle (I told you this was long before eagles became a protected species). He tried camping out in a hide-out near the most heavily populated warren. The eagle was too good for him. Eventually he devised the idea of setting a trap on the pad leading into the warren, and surrounding it with four other traps in close proximity to it. When the eagle landed to tackle the rabbit in the first trap, there was a good chance that it would step right into one of the other traps surrounding it.

The next morning the old trapper went straight to the warren where he had laid out his multiple trap the previous evening. Sure enough, as he approached, he saw dust rising in the still cool morning air, and as he came closer he saw the eagle, one leg sorely caught in the trap, its wings beating piteously as it sought to free itself, while a rabbit also struggled in the trap nearby.

The old trapper took from his bag a pair of sheep shears. Approaching the eagle with due caution, he pinned it to the ground and then, spreading one of its wings, with one stroke of the shears he shorn off all the feathers at their base. He then released the eagle from the trap.

As the once proud bird first tried without success to fly, and then hopped off lop-sidedly across the paddock, the old trapper said, with satisfaction in every syllable: “Right, you b---d, now you walk too and let's see how you get on.”

Ever since the notorious Harvester judgment of 1907, Australians have been following the same kind of policies nationally as the trapper’s in respect of the eagle. We should not therefore be surprised that, 80-odd years later, we are hopping around with one wing clipped and have lost our capacity to fly.

The Origins of our Decline

In the early years of this century, Australians enjoyed the highest standard of living in the world. At that time our great pastoral, agricultural and mining industries — the industrial eagles of that day — provided, subject to some whims of Mother Nature, the wherewithal to sustain a much larger population than those merely employed directly in those pursuits. Manufacturing had also begun to develop — including, of course, what would today be called ‘value adding’ or ‘resource processing’ industries associated with our major

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resources, such as wool-scouring, tanning, smelting and so on.

After Federation, Alfred Deakin passed through the Commonwealth Parliament, with the support of the recently formed Labor party, the Excise Tariff Act of 1906. This Act, which was dishonestly described as "an Act relating to duties of Excise" (thereby purporting to bring it within the Constitution powers of the Commonwealth) imposed an excise duty on agricultural implements of various kinds. However, the Act was not to apply to goods manufactured by any person in any part of the Commonwealth under conditions as to the remuneration of labour which, on application made for the purpose to the President of the Commonwealth Court of Conciliation and Arbitration, were declared by him to be "fair and reasonable."

The Act came into force on 1 January 1907 and, at a conference involving representatives of employers and employees in June 1907 convened by the then President of the Arbitration Court (Mr Justice O'Connor), an agreement was reached which resulted in a 'standard' wage of 39 shillings per week (of 48 hours) for unskilled workers. On the basis of this yardstick as to what was 'fair and reasonable' O'Connor, J., then granted the applications of 108 agricultural machinery manufacturers for exemption from the excise.

When Mr Justice Henry Bournes Higgins succeeded Mr Justice O'Connor as President of the Arbitration Court on 14 September 1907 he found awaiting him another large bank-up of applications for exemption from the excise by agricultural machinery manufacturers. From these he selected that of Mr H.V. McKay, the largest such manufacturer in Australia at that time, at his Sunshine Harvester Works on the outskirts of Melbourne, where unskilled workers were then paid 36 shillings per week.

On the basis, at least ostensively, of a 'survey' whose statistical construction would today have been laughed out of sight for its crudeness, Mr Justice Higgins arrived at the figure for 'fair and reasonable' remuneration which he had first thought of — namely, 42 shillings per week for an unskilled worker. This was the wage being paid in Victoria by the Metropolitan Board and many municipal councils. In 1907 the average wage being paid to unskilled workers was 33 shilling per week. Higgins himself claimed that he had "raised the standard of living (of unskilled workers) by at least 27 per cent" (i.e. a nine shilling increase on a 33 shilling base).

As any fifth form student of economics today could have told Mr Justice Higgins, the only way in which the standard of living of workers generally can be raised in any country is through raising the physical productivity of that economy. In other words, Higgins J. had no power to "raise the standard of living" of anyone other than by lowering the standard of living of somebody else. That is precisely what he did; and as a result his disastrous place in our history has been assured.

Ironically, it was not long before the Excise Tariff Act 1906 was found by the High Court to be invalid. Although purporting to be "an Act relating to excise" (within the powers of the Commonwealth), it was in reality an Act relating to the determination of wages, where the Commonwealth's powers generally did not run.

Nevertheless, the "Harvester judgment", and the import tariff duties which succeeding Commonwealth Governments then introduced to protect domestic manufacturers burdened by the wage levels which it had sanctified, remained. They represented, in effect, the two blades of the shears. The first blade required employers to pay wages in excess of those that could be afforded by internationally competing manufacturers, and the second blade protected those manufacturers from being put out of business by the first blade. Between them, over the next eight decades, these twin blades steadily shored away the wings of our internationally competitive eagles.

As everyone knows, there is no such thing as a free lunch in economic affairs. Following the Harvester judgment, many factory workers were being paid real wages which their employers could not afford to pay and remain competitive. Those employers, in turn, were then being kept in business, at some reasonable margin of profit, by virtue of a tax on competing imports. Ergo, somebody else in the community had to pick up the cost of those lunches. This was done in part by the general body of consumers, to whom protected goods now cost more than they would have done otherwise, and in part by the export industries which, having to sell their products chiefly into external markets, had little or no ability to pass on their extra costs to final buyers. As their costs rose — and despite relatively superior performances in raising their own productivity — these industries gradually dwindled as, at the margin, higher cost producers among them went to the wall.

Thus, by the late-1980s, most of our farmers, like the eagle, were walking; while our mining industry, despite having adopted during the '80s a generally much more prudent approach to debt than most other sectors of the economy, was clearly earthbound also with only one wing functioning. Meanwhile, our old manufacturing trappers — or the more intelligent among them — were discovering that, despite having so successfully brought the eagle back to the field by clipping its wings in the aforesaid manner, rabbits were no longer nearly so plentiful (for either of them) as they had been. To vary the metaphor, the cake was no longer growing.

Everyone — and not least anyone previously employed by manufacturers — was worse off.

The Level Playing Field

We hear much these days about "the level playing field." When used correctly, that term implies the removal of those governmentally imposed forms of discrimination between different economic activities within Australia which, over the years, have distorted the pattern of our national production. The imposition of tariffs, and other forms of barrier protection generally against imports of goods or services, is the most familiar example of such discrimination and distortion. Another, which has come more strongly to public notice in recent years via the so-called consumption tax debate, arises from the imposition of the present wholesale sales tax on goods, but hardly at all on services (i.e. chiefly on the products of manufacturing industry but not of other industries).

It is important to note that the 'playing field' being levelled in these examples is our own. Australian governments
have little or no capacity to force other countries to level their own domestic playing fields, e.g. to force the European Community to abandon, or even moderate, the insensate stupidity of its Common Agricultural Policy. When such rogue elephants are trampling the grass with their internationally irresponsible agricultural protection policies, small economic animals like Australia can only argue (in such places as the GATT) that such behaviour is as politically unfriendly as it is economically unwise for the Community’s own people. Other than that, it can only lend such limited assistance as is open to it, to the real pressures which can be brought to bear on the Community to mend its ways by the only other comparable elephant (the United States).

Since Australian governments, of whatever persuasion, have little or no clout internationally in these matters, it makes

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Between them ... these twin blades steadily shore away the wings of our internationally competitive eagles.

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no sense to use the ‘level playing field’ terminology to talk about the basis of trade between nations. We all know that the world would be a more prosperous place if international trade took place under conditions which were both freer and fairer. Since World War II, indeed, things have greatly improved in that regard, despite the obscurantist attitudes of the Europeans (and to a lesser extent the Japanese) in the agricultural protection area, and the world is a much richer, and on the whole happier, place for that. Nevertheless, the situation today in that regard obviously still leaves a great deal to be desired.

It would be wrong, however, to draw from that fact the conclusion — which I recently heard drawn by a leading State politician in an after-dinner address — that because we are largely powerless to level the playing field as it affects trade and commerce between nations, therefore it makes no sense to set about levelling it within Australia.

Strangely, the man in question would be the first to criticise (and quite rightly) what he would certainly call the ‘levelling down’ policies of the Labor Party in his State in all manner of other policy areas (social welfare, education policy, taxation policies and so on). Yet, as the tale about the old rabbit-trapper illustrates, Australia’s whole approach to manufacturing protection, from the early years of this century until very recently, has been of that identical ‘levelling down’ variety.

Much more could be said along these lines, but space precludes it. Let me close therefore by suggesting that, in this as in so many other aspects of our society, it is time we “got back to basics.”

We might begin to do so by asking the following question: What is it which endows one group of citizens within a State with the right to make off with the property of another group of citizens?

At the individual level, after all, we would not for one moment condone a process whereby one person walks up to another in the street and demands that they hand over their wallet, or part of its contents. ‘Stand and deliver’ tactics of that kind were generally associated with the activities of footpads; and although there were doubtless more than a few footpads among our early (involuntary) European settlers, there is no suggestion that their modes of social converse gained widespread community acceptance within our own colonies. Why then, in the early years of this century, did our forebears tamely submit to the footpad-like activities of Mr Justice Higgins and his fellow political conspirators, Alfred Deakin, Andrew Fisher and so on?

The answer cannot be, surely, that Mr Deakin, Mr Fisher and their many successors had, at the respective times in question, a Parliamentary majority which sanctioned these acts of legislative robbery. Such an answer would implicitly accept the doctrine that the tyranny of the majority is justified, and that — so long as those receiving the loot are more numerous, and hence have more voting power, than those from whom it is being stolen — any such theft may be justified.

There is an old saying that you cannot do good by evil means. After eight decades of governmentally authorized highway robbery, the economic pass to which Australia has now been reduced would seem to attest to the truth of that adage.

Fortunately, all three of our major political Parties now seem to have seen that light. As the Prime Minister said in his Industry Policy statement on 12 March last, “Building A Competitive Australia”, in words which have been more than fully endorsed by the Opposition Parties:

“We have rejected the views of the so-called ‘new protectionists’ because they are simply proposing, in effect, the same discredited policies that had isolated our national economy from the rest of the world and caused the great damage we are all working to repair.

“However much our competitors might bend or break the principles of fair trade, our own self-interest is served by a steadfast refusal to return to the days of protectionism.”

Amen to that!

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1. Having determined a figure for weekly rent of seven shillings per week, the housekeeping budgets of nine women for food, groceries and fuel were averaged to provide a figure for that component of 25 shillings and five pence, a final component of nine shillings and seven pence, to cover various miscellaneous items, was then simply added in to bring the total up to what was clearly the pre-determined figure of 42 shillings per week.

2. But not, needless to say, by private employers having to sell their products in competitive markets and with no monopoly power to set their charges to make good any cost excesses.

3. Other than, quite temporarily, through a reduction in profits or, more effectively, through reducing the ‘take’ of governments.
Revenue from the sales tax in 1983: $3.5 billion. In 1990: $10.6 billion.


Annual cost to taxpayers of running Parliament House in Canberra (excluding cost of politicians and their staff): $119,778,000.


Children attending commonwealth-funded child-care centres in 1984: 70,000. By 1992 (est.): 250,000.


Losses incurred by State transport authorities 1989-90 as a percentage of total assets:

Percentage of population over 60 years-old:

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<th>2020 (est.)</th>
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IPA INDICATORS

**IPA**

**INDICATORS**

Hours per week spent doing homework by high school students in the United States: 3.8. In Japan: 19. If homework time and classroom time are combined, number of years of American education equivalent (in terms of time spent) to 12 years of Japanese education: 22.3


- Number of the 15 top banks in the world (based on assets) which are American: 0. Number which are Japanese: 10.

*The Economist*, 27 July-2 August 1991

- Unemployment percentage rate

  **AUSTRALIA** 9.8%
  **GERMANY** 6.4%
  **USA** 6.8%
  **UK** 8.3%
  **HOLLAND** 4.3%
  **JAPAN** 2.1%


Current commonwealth inquiries that are likely to affect the future of the forest industry: 20.


- Litres of wine exported from Australia in 1980/81: 7,470,000.

In 1990/91: 57,000,000.

*Australian Wine and Brandy Corporation*.

- Percentage of newspaper readers who say that, after having read them, they can usually recall items about:-
  - Accidents and disasters 71%
  - Crime and drugs 69%
  - Politics 67%
  - Business and industrial relations 63%
  - Pollution and environment 80%

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DEBATE

Should Voting be Voluntary?

Australia is one of only five democracies in the world in which voting in national elections is compulsory. The others are Belgium, Greece, Luxembourg and Venezuela. Compulsory voting was introduced in Australia in 1924. The Bill, proposed by a Federal backbencher, passed through both Houses of Parliament with little debate.

Compulsory voting is, however, likely to become contentious. The major political parties are divided about it. The Federal Council of the Liberal Party has endorsed voluntary voting, whereas the ALP favours the retention of the current system.

NO

Democracy would suffer
Compulsory voting enhances the legitimacy of the democratic system. In a voluntary system, the proportion of the adult population who voted would certainly decline. Governments would be elected consistently by a minority of adult citizens. This would convey the impression that the government was not there to serve the majority; it would weaken faith in popular sovereignty.

Alienation No democracy, if it is to remain vibrant, can afford to allow a significant proportion of its population to feel outside the system. Two Senate reports on citizenship education have expressed concern about the level of alienation from the political system experienced by youth. This would increase if voting were voluntary. A

YES

More Responsive Political parties assume that if people are compelled to vote then the votes of traditional supporters do not need to be earned: in other words, they can be safely forgotten. Voluntary voting prevents politicians from taking their supporters for granted, particularly in safe seats. It also gives party members an important role in motivating supporters, in getting them to the polling booth.

High Participation Rate The consequence of a voluntary voting system is not alienation or apathy. In Britain, where voting is optional, 80 per cent of eligible electors vote. In Holland, which abolished compulsory voting in 1970, the turn-out is 84 per cent. The unusually low turn-out in the USA is a consequence of the
The voluntary system tolerates apathy and non-participation. By contrast, compulsory voting forces people to participate, to be part of the system; it discourages apathy; it encourages people to share in the responsibility for the way society is governed.

A Duty Voting, like jury service, is a duty as much as a right. The notion that compulsory voting violates the rights of people is greatly exaggerated. A recent British survey showed that only four per cent of people believe that voting is a right for the way society is governed.

Unfair advantage Voluntary voting would unfairly advantage the conservative parties. These parties attract a relatively high proportion of votes from among people likely to vote in an election — professionals and business people. The working-class and the young, among whom Labor commands more support than the conservatives, are likely to contain the highest proportion of non-voters.

Educative Mass democracy depends on an informed, educated population. For this reason we accept that schooling (at least until a certain age) should be compulsory. Under a compulsory voting system, people — knowing that they will have to choose among electoral candidates — are more likely to be spurred to take an interest in issues of public policy — to become informed — than under a voluntary system.

The Majority Rules In a compulsory voting system political parties can afford to ignore the views of that segment of the adult population which does not vote. Compulsory voting forces political parties to be more responsive to the will of the majority, rather than a minority of active voters.

The Senate Vote Critics of compulsory voting argue that it allows political parties to become complacent about safe seats. But this is not so in Australia's bicameral system. The need to maximize the Senate vote across the State prevents parties taking safe seats for granted.

The system works Australia is one of the oldest continuous democracies in the world. The political system is stable and functions relatively harmoniously. Why risk upsetting it, particularly when there is no ground swell of discontent with compulsory voting?

Precedents Neither the USA nor Britain, from which we have largely inherited our political institutions, have compulsory voting. Voluntary voting has not weakened the legitimacy of those democracies.

Majority Ignored In systems where everyone is forced to vote, political parties ignore the majority during election campaigns and target the minority of swinging voters in marginal seats. Just because all vote, this does not mean that political parties are more responsive to the democratic majority.

Further Reading
Why Australia “Had to Have” High Interest Rates

Australia is now in the recession which, according to former Treasurer, Paul Keating, we “had to have” (more recently, Mr. Keating has been saying only that we had to have a “slow-down”). Indeed, the situation has been allowed to get so out of hand that there is now a risk that Australia will experience a depression – not a depression in which living standards and unemployment return to 1930’s levels but a period of four to five years in which living standards are relatively stagnant and unemployment remains at levels not reached since the 1930s. Ominously, we have now experienced four successive months in which the total amount of private borrowing outstanding has actually fallen, probably for the first time since the 1930s.

The 1991-92 Budget certainly does nothing to reduce the risk of depression. Indeed, by caving in to the ACTU’s request for a wage increase that will, if realized, involve a significantly faster growth in wages than prices over the course of the year (6.5 per cent compared to 3.75 per cent), Mr. Hawke has added to the risk. Politically, Mr. Hawke had no alternative, of course. Had he resisted ACTU pressure to set a wages objective providing for a large real wage increase, Mr. Keating would have swiftly supported the ACTU’s request and further undermined Mr. Hawke’s now tenuous hold on the Prime Ministership.

But, with domestic sales likely to remain sluggish, companies will not readily be able to ‘pass on’ such a wage increase and the large decline in company profits over the past two years means they will find it difficult to absorb. True, profits will benefit in 1991-92 from the full-year effect of lower interest rates on company borrowings. But, with the ‘blow-out’ in public sector borrowings, interest rates are likely to remain at levels that will continue to deter private investment. Overall, the outcome is likely to be even higher unemployment than the Budget forecast that it will peak at 10.8 per cent.

The pretty pass that Australia has now reached has, predictably, led to all manner of ‘explanations’ of the causes. One of the favourites is ‘high’ interest rates and a “failure of monetary policy.” How is it, one is asked, that “Canberra” could have so misjudged things that interest rates were pushed to such high levels and kept there for so long?

Interestingly, the people posing this question usually have their own widely different explanations of why interest rates reached record high levels in the first place. Some see the cause simply as reflecting the remoteness of ‘Canberra’ from what is actually happening in the real world outside. These people seem to forget that the primary source of monetary policy advice comes from the Reserve Bank in Sydney and that the Reserve Bank Board includes leading businessmen, unionists and economists. Moreover, while Treasurers and other Ministers these days spend a lot of time in Canberra, they are frequently exposed to a wide range of views from leaders of business, unions and other groups. Ignorance of the real state of the economy thus scarcely provides a satisfactory explanation.

Another school of thought blames financial deregulation for inducing an outburst of borrowers who were seduced by bankers who, in turn, were ‘forced’ to compete in order to maintain market share. This was then reflected in the clearly excessive growth of private borrowing (over 20 per cent p.a. for the five years to mid-1989), ensuring a boom-bust result.

Yet another school of thought is that high interest rates are the end result of the use by government of monetary policy for the wrong purposes, including the manipulation of interest rates to suit the electoral cycle. Most importantly, the failure to target lower inflation as the principal objective encouraged excessive private sector borrowing to finance, in particular, purchases of assets whose prices were perceived as being on an ever rising path. This, in turn, produced an enhanced wealth effect which encouraged spending and created a feeling that there was less need to save out of current income. Such spending splurges inevitably come to abrupt ends, the degree of abruptness depending importantly on how long they are allowed to run on.

My own firm view is that the record high levels to which real interest rates were progressively pushed from April 1988 to mid-1989 were importantly the

Des Moore is Senior Fellow of the IPA.
result of such a misuse of monetary policy. Sure, financial deregulation unleashed competitive forces which operated to encourage private sector borrowing. But would such borrowing have expanded at such a rate if monetary policy had been firmly and consistently directed to reducing inflation? I think not.

However, important as the misuse of monetary policy was, it is also important to recognize that the genesis of that misuse is to be found in the flawed economic strategy which the Labor Government adopted right from the outset in 1982-83. As I have tried to explain elsewhere on more than one occasion, the essence of that strategy was to maximize economic growth and minimize unemployment through an expansionary fiscal policy. The strategy envisaged that the wages ‘outbreaks’ that had occurred in the past once the economy got close to full employment would be prevented through an Accord with the trade union leaders who would, in effect, agree to deliver wage restraint in return for concessions on the social wage, including by way of tax cuts. If the expansionary policy led to balance of payments problems, the floating exchange rate would take care of that by depreciating, so the 'theory' had it. Monetary policy was seen as playing a secondary ‘neutral’ role, not bearing down on inflation but at the same time not allowing it to increase.

It is not possible to analyze in detail the various developments in the Australian economy from 1982-83 through to the sustained high interest rate period of 1988-89. The key point, however, is that the latter would never have occurred without the policies of the first four years of Labor rule. Those four years produced such a splurge of debt financed spending, combined with a continued much faster growth in labour costs than any of our trading partners, that in the end Australia was faced with little choice — use high interest rates to restrain private sector spending and to bring down inflation or go down the ‘banana republic’ track of continually rising external debt, high inflation and a regularly depreciating exchange rate, as Mr Keating warned in May 1986. By way of illustration, I mention just one or two facts about the four years to 1986-87, viz:-

- Net public sector borrowings totalled a staggering $45 billion and averaged five per cent p.a. of GDP;
- Total public sector outlays increased from 41 per cent of GDP to 42.5 per cent;
- Net external debt increased from $23 billion (14 per cent of GDP) to $82 billion (31 per cent of GDP), and the public sector accounted for about half of the increase in gross external debt;
- Total private sector borrowing outstanding (i.e. internal and external) increased by no less than 80 per cent;
- The rate of increase in inflation and in labour costs was about double that of our trading partners.

Now, it is true that once the spending problem was identified, relatively rapid action was taken to cut back on public sector outlays and borrowings so that by 1988-89 public sector outlays were back down to 36.6 per cent of GDP and the public sector ran a surplus of 1.6 per cent of GDP in that year. So, why didn’t the elimination of one of the ‘twin deficits’ cause the other deficit to disappear too?

The answer to this puzzle lies with the Accord and the misuse of monetary policy. The lowering of interest rates in the run-up to the 1987 election, plus the large cuts in income tax in the 1987-88 Budget (as part of the Accord’s wage-tax ‘trade off’), combined to provide considerable stimulus to private sector spending. At the same time, the Accord also continued to produce a much faster growth in labour costs than in our competitors. This combination of expanding domestic spending and deteriorating international competitiveness inevitably led to a renewed ‘blow-out’ in the current account deficit. As noted, the only alternative to a marked tightening of monetary policy would have been to move down the banana republic track and allow debtors to escape their burdens through inflation. Fortunately, Labor and Mr Keating at least opted to avoid that.

None of this is to deny that the situation was exacerbated by the incompetent way in which monetary policy tightening was implemented by the Government in the 1988-89 period. In particular, the impression was (again) given at each stage of the tightening that it would be for a short period only. This dragged out the tightening process and required that interest rates be pushed to higher and higher levels before the private sector became convinced that, on this occasion at least, the monetary authorities meant business.

However, the essential reason we “had to have” sustained high interest rates was much less this inept implementation of policy in the 1988-89 period than the earlier flawed economic strategy which caused the continued recurrence of high current account deficits and continued high growth in labour costs. That cycle had to be broken if Australia was to avoid becoming a banana republic. With the recent denting of a major by-product of that strategy — for the first time for many years labour costs actually fell in the June quarter — an opportunity has arisen to break the cycle. Fortunately, Mr Hawke’s agreement with the ACTU threatens to undermine that opportunity and, if monetary policy continues to be eased to accommodate that agreement, we will return to high current account deficits and uncompetitive labour costs. It will not then be long before we again “have to have” high interest rates.

1. Some of this debt reduction involves its replacement by equity and to that extent there is not therefore a net reduction in the total liabilities of the private sector.
2. See, in particular, Australia in Hock: The Way Out and Debt: What Should Be Done, both published by the IPA.
3. This increase came on top of the increase in the last two years of the Liberal-National Party Government from 36 per cent of GDP.
4. The twin deficits are, of course, the budget and current account deficits.
Should a Consumption Tax Replace Payroll Taxes?

JOHN FREEBAIRN

Many contributors to the on-going debate on taxation reform in Australia, especially those from the business community, have advocated using revenue collected from a new broad-based consumption tax to replace existing payroll taxes. Their arguments may have been sharpened by the Budget announcement that, from 1 July 1992, businesses will be required to pay into superannuation funds amounts equivalent to five per cent of their present payrolls, rising to nine per cent by 2000. The response to this announcement indicates the very widespread perception that payroll taxes are seen as a cost imposition on business, and particularly on the employment of labour. By contrast, a consumption tax is seen as a levy on households when purchasing goods and services for domestic consumption. Yet, a more detailed economic assessment indicates that the two types of taxes are virtually indistinguishable in their economic effects.

The Two Taxes in Concept and Practice

The aim of a broad-based consumption tax is to tax at a common rate all purchases of goods and services by households for final consumption purposes. Its practical application involves two options: a single stage retail sales tax as applied by the various States in the US or a multi-stage collection system, such as that which applies in Europe under the title of a value added tax and in New Zealand and Canada under the title of a goods and services tax. With the goods and services tax, all registered businesses receive a tax credit for tax paid on their input purchases. Thus, only the value added at each stage of production of goods and services destined for consumption is taxed. In principle, the two options are identical in their economic effects. However, logic and experience favour the multi-stage system.

In practice the list of items taxable under a broad-based consumption tax will be somewhat less than the ideal. It is difficult to tax imputed rent on owner-occupied homes, and equity therefore suggests also excluding paid rent for home accommodation from the consumption tax. It is difficult to apply a broad-based consumption tax to financial services, and no country with such a tax applies it to them. Some have suggested excluding health and education services because many of them are provided free-of-charge or at a subsidized price by governments and it would therefore be inequitable to tax their privately-provided equivalents. If these adjustments were made, the likely tax base for 1990-91 data would be about $185 billion, or 80 per cent of private final consumption expenditure.

The aim of payroll tax is to tax at a common rate all forms of labour remuneration. In practice, the employer could pay the tax, the employee could pay the tax, or a combination. In Australia the former option is followed, and this is the case I shall analyze.

However, note that payroll taxes presently levied by State Governments are not applied comprehensively. The effect of the threshold exemption is to exclude from the tax base income earned by employees of small businesses and the self-employed. The NSW Tax Task Force of 1988 estimated that in that State only 15 per cent of businesses and 54 per cent of employees were subject to payment of payroll tax. In addition, exemptions for charitable organizations, schools, local governments and others, and special allowances for decentralization and exporters further reduce the tax base. The payroll tax is levied only on the wage and salary component of labour remuneration; superannuation, lump sum termination payments and fringe benefits are generally not taxable. The various exemptions, phase-in zones and supplementary taxes mean the payroll tax is not quite the flat rate tax it might be.

A consumption tax of around three per cent on the broad...
base of $185 billion would be required to collect the $5.7 billion estimated payroll tax for 1990/91.

Who Pays?

A consumption tax and a payroll tax, when both are applied at a single rate on a comprehensive broad base, are very similar. In terms of the allocation of income, a consumption tax falls on income spent but not on income saved and invested. This same effect can be achieved by not taxing the income earned on saving and investment, that is by not taxing capital income. A payroll tax by definition falls directly on labour income, but not on capital income.

Business enterprises have the statutory responsibility for paying payroll tax, and it is envisaged they also would be responsible for collecting and remitting to government proceeds of a broad-based consumption tax. The question is what happens when a payroll tax or a consumption tax is increased.

Business enterprises respond to changes in incentives. They will alter prices charged, incomes paid, output, employment, and so forth as the burden of taxation changes. These price and quantity adjustments depend, however, on such factors as the responsiveness of supply and demand to price changes, on the structure of markets, and on the time period allowed for adjustment. Only after the price and quantity adjustments are added can we assess the net outcome of any change in taxation.

In the end, it is individuals who pay tax, not business enterprises. Business enterprises are merely a convenient institutional arrangement for bringing together labour, capital and other resources to produce goods and services for household consumption. Thus, businesses may pass on taxes to individuals as owners of labours, to individuals as owners of capital (financed through saving), to individuals as consumers, or some combination. The question is whether business enterprises which initially pay both consumption taxes and payroll taxes pass on these taxes to individuals as lower labour returns, lower capital income or higher consumer prices.

While there is room for reasonable debate about the underlying economic and business environment in assessing the effects of a tax, we need to adopt a consistent set of assumptions. In the first instance both a consumption tax and a payroll tax represent an additional cost to business. Business can respond by raising prices, by reducing wage rates, or by reducing returns to shareholders.

Business Response: Cost Mark-Up

Let us suppose that taxes are passed on fully as higher prices. This type of behaviour is associated with situations in which businesses determine their sale prices on costs, and in particular, where they consider they have no influence on labour costs and capital costs. In the case of the consumption tax, this means households as buyers of final goods and services bear all the consumption tax at a flat rate on all items purchased.

The economy adjustment process is a little more complicated for the payroll tax. Initially business costs rise only for that part of their costs represented by labour costs; costs of capital items and purchased materials and services are not directly affected. However, other businesses producing these equipment, buildings, materials and services pay payroll tax and pass on the extra cost. Then, indirectly, costs of non-labour production inputs are increased by payroll tax, and, in turn, these cost increments are passed on to households purchasing final consumer goods. That is, the payroll tax, like the consumption tax, is passed on to household consumers. The increase in costs to consumers is then similar for a revenue-neutral consumption tax or payroll tax.

In the context of a trading economy, such as Australia, the assessment must go another step. The broad-based consumption tax is a destination tax in the sense that consumption purchases made in Australia (by Australians and foreign visitors) bear the tax, exports are tax exempt and imports are taxed. By contrast, a payroll tax is an origins tax in the sense that items produced in Australia are taxed, not items consumed in Australia. This means imports are tax exempt and exports bear some of the payroll tax.

There seems no worthwhile economic argument for replacing a broad-based payroll tax with a broad-based consumption tax

At first glance the contrast of a destination tax (the consumption tax) and an origin tax (payroll tax) might favour the consumption tax option. Relative to a consumption tax, the payroll tax penalizes exports and favours imports. However, the resulting deterioration of the trade balance would induce, in due course, a real currency depreciation to encourage net exports so as to restore the initial balance of trade position. When the trade balance is restored and the real depreciation has worked its way through the system, the payroll tax should have an effect on the economy similar to that of the consumption tax.

Arguments that a payroll tax causes a substitution of capital for labour, whereas a consumption tax does not, are over-simplified. First, as discussed above, payroll tax leads to higher capital costs, because domestic producers of capital goods also pay payroll tax on the labour income of their employees and pass it on, and the real exchange rate depreciation increases the cost of imported equipment. Second, a consumption tax, when financing reductions in income tax, also lowers the relative cost of capital to labour. It does this by reducing the relative tax burden on saving and investment, the sources of capital. That is, both the payroll tax and a consumption tax reduce the so-called double taxation of saving, investment and capital which occurs with an income tax system.
Business Response: Reduce Returns

Rather than pass on the extra cost burden of either payroll tax or a consumption tax to buyers, and ultimately consumers, business might reduce wages to employees or reduce returns to owners and shareholders. This type of outcome is consistent with the supply of labour or capital, respectively, being totally unresponsive to the remuneration level. Thus, in a recession it may be that businesses would find it difficult to pass on at least a part of any increase in tax. This helps to explain the adverse reaction to the superannuation levy. However, note that the same situation would apply to a cost increase whether it comes from payroll tax or from a consumption tax.

Household Treatment

Another way of comparing the payroll tax and a broad-based consumption tax is to look at the financial accounts for a household.

Consider the special case of a household which does not save. Let us say wages (of $100) are the only source of earned income and the after tax income is fully spent. Such a household is indifferent as to whether tax is collected out of wages (the payroll taxes) or out of expenditure (the consumption tax).

Suppose next that the household saves all of its labour income (of $100), invests it (say at a rate of 10 per cent) and spends the disposable income in the next period. Under a consumption tax (say 40 per cent), the household would pay no tax in the saving period and spend the $110 (equal to initial $100 plus $10 investment income) in the second period, of which $44 is tax and $66 is consumption. Under a payroll tax (again of 40 per cent), the household pays $40 tax on the wage income, saves the remaining $60, which earns $6, and then spends $66 next period. Note that consumption is the same. The payroll tax is collected in the first period whereas the consumption tax is collected in the spending period. But the present value of tax is the same $40 for both options.

This complete symmetry of tax treatment requires some special assumptions, for example, flat and constant tax rates, that discount rates and rates of return are identical, and no initial wealth. For more general and realistic assumptions, the argument that the two tax options have similar, but not identical effects, holds as a longer term approximation.

Concluding Comments

Different types of taxes, including the payroll tax and a broad-based consumption tax, should be compared and contrasted only after careful consideration of reactions of the economy to changes in incentives and rewards introduced by the taxes.

In a longer run equilibrium context, a consumption tax and a payroll tax, when applied at a single rate on a broad and comprehensive base to yield the same revenue, will have similar economic effects. The more likely outcome is that they will be passed on as higher prices for consumer goods and services purchased by domestic households and foreign visitors. When used to replace a part of income taxation, they reduce the tax burden levied on saving and investment. There seems no worthwhile economic argument for replacing a broad-based payroll tax with a broad-based consumption tax.

Unfortunately, current state payroll taxes are far from the broad comprehensive ideal. Yet, it would not seem difficult administratively to broaden the base to embrace all employees and most forms of labour remuneration using current federal arrangements to collect PAYE and FBT. Such reforms seem attractive relative to the option of using a broad-based consumption tax to replace the present payroll taxes.

Interestingly, whereas a significant proportion of businesses (including a high proportion of small businesses) are not currently subject to payroll taxes, these presently exempted firms would be subject to any consumption tax which replaced the payroll tax. Their capacity to pass on the consumption tax to final buyers, or to reduce pre-tax returns to the labour they employ, would depend, as always, upon the state of the economy in general and on their own positions in the particular markets which they occupy.

The case for introducing a new broad-based consumption tax rests more strongly in replacing the distorting wholesale sales tax than in replacing payroll taxes.
# Press Index

## The Coalition’s Consumption Tax

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<td>“...it’s one thing to have honest convictions, based on economic rationale; it’s another to convince people that making them pay more for everyday goods is in their interests.”</td>
<td>“Peter Reith underestimates the scepticism of the Australian people if he thinks they will swallow his planned consumption tax without a good look in advance.”</td>
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<td><strong>Sydney Morning Herald</strong></td>
<td>“The Opposition’s courageous decision to take up the consumption tax deserves nothing but praise.”</td>
<td>“By propping up the WST [wholesale sales tax] system rather than adopt a consumption tax, Australia has moved against [the] overwhelming international trend.”</td>
<td>“The Opposition has a tremendously difficult task to sell its consumption tax.”</td>
<td>“The basic economic facts [favour] the tax. Yet the realpolitik is that if Dr Hewson [and co] don’t produce details and explain them...the mother of all scare campaigns being whipped up by Labor will work.”</td>
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<td><strong>Financial Review</strong></td>
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<td>“...there are attractions in the proposal to shift some of the Australian tax burden from earnings to spending.”</td>
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<td><strong>The Advertiser</strong></td>
<td>“The Liberals must promise immediate and specific benefits, not some theoretical economic mish-mash from the Harvard Business School.”</td>
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<td><strong>The Courier Mail</strong></td>
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**Republicanism**

If the press — the fourth estate — were the government and a referendum were not required to change the Constitution, Australia would very likely be a republic. But despite the near consensus in the press, only one in five members of the public believes that Australia should become a republic. The section of the media that understands this best is not the newspapers, but the large-circulation women's magazines who know that a Royal event is guaranteed to boost circulation.

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<th>The Advertiser (Adelaide)</th>
<th>“It is all the more difficult to say that the people control the destiny of a proudly independent Australia when our monarch is a foreigner...this is confusing to the growing proportion of Australians from a non-English-speaking background.”</th>
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<td><strong>The Australian</strong></td>
<td>“While we can never deny the historic debt we owe Britain, it would be odd indeed if we had as our Head of State someone whose sovereign rule is qualified by her nation's membership of a union of European States.”</td>
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<td><strong>The Age (Melbourne)</strong></td>
<td>“Whatever form is chosen from the many available models, a decision to abandon the last vestiges of monarchical rule would mark Australia’s maturing as a free nation.”</td>
<td>“It may happen and, if so, it will not greatly change the national destiny. But it is more likely to...just fade away until next time.”</td>
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<td><strong>The Sun-Herald (Sydney)</strong></td>
<td>...the Federal Government's proposed education program is a welcome decision.”</td>
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<td><strong>Canberra Times</strong></td>
<td>“It has long been inevitable that Australia, eventually, would become a republic.”</td>
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<td><strong>Courier Mail (Brisbane)</strong></td>
<td>“A referendum would leave any decision with the people, after all.”</td>
<td>“If it ain't broken, and the constitutional monarchy part of our system isn't, don't fix it.”</td>
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<td><strong>The Mercury (Hobart)</strong></td>
<td>“A declaration of independence, cutting the last substantial political link with Great Britain, would be an announcement that Australians were finally Australians.”</td>
<td>“...it is Britain which is abandoning us, not we who would be abandoning Britain.”</td>
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<td><strong>Daily Telegraph-Mirror (Sydney)</strong></td>
<td>“A full-blooded debate over whether Australia should become a republic is long overdue.”</td>
<td>“By any normal standards this should be a lay-down misere for the republicans. Both logic and history seem to be on their side.”</td>
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IPA Review, Vol. 44 No. 4, 1991
Republican Mischief

In July, with a generous representation of literati and activists among its founding supporters, the Australian Republican Movement (ARM) was launched. Its goal: to see Australia become “an independent republic” by 2001. “It is time we ceased dividing our soul,” declares Thomas Keneally in the Movement’s official pamphlet. But the republicans are more likely to exacerbate than allay divisions.

BRUCE A. KNOX

Whether as a citizen (and subject) or as an historian, I find the latest manifestations of republicanism depressing when they are not merely astounding. The ALP Conference has gratuitously, though with far from overwhelming enthusiasm, resolved to seek an Australian republic by 2001. Could it be that the movers of the resolution hope to re-establish the party’s credentials with some members and former members by raising an emotional issue which has nothing whatever to do with the material problems facing this country? On the other hand, attacks on the monarchy have not been notably profitable in the past: so perhaps it is just a blunder.

The coincidentally (?) born-again republican movement (ARM) is another matter, irresistibly reminding one of both mutton dressed up as lamb and a wolf in sheep’s clothing. It claims to be a response to the present circumstances of Australia and to be therefore attractive to recent settlers and to the young. Both these groups ought to be warned that not a single item on the ARM agenda is new; even most of its leading faces are out of a repository.

To the accompaniment of disingenuous protestations of desire to avoid political controversy, we are presented with newly phrased versions of theory and fantasy as to what might have been, what ought to be, and what can (or might) be — if only certain characteristics of our existence could be got rid of. Ingenious doctrines are advanced to convince us that our destiny depends on acceptance of institutional discontinuity brought about by denying the authenticity of a key segment of Australian experience. A republic, we are earnestly assured by a professor or two as well as ARM, is inevitable. Republican journalists and others assert that no rational case can be made for the retention of constitutional monarchy in this country, and that their ‘reasoned’ arguments are answered only by ‘inchoate anger’ and ‘emotion’. Yet the movement is so unsure of the outcome that we are to be subjected to a campaign of indoctrination — referred to as “educational process” and the like.

This requires, not primarily a defence of the monarchy (though that is implied), but a reply to ARM and the Labor republicans. At all times and in all places, those who propose massive change must justify themselves, must demonstrate the necessity of their proposal beyond reasonable doubt. In all the years that well-known republicans have been active, they have failed to produce a case convincing enough to sway anything like a majority of Australians. ARM is similarly lacking. Yet they aspire to achieve constitutional change by a referendum. It would certainly not be unopposed, even if a government could be found to sponsor it. Despite the ‘reasoned’ arguments which ARM and the ALP promise us, the campaign would be conducted at an emotional level: indeed, the basic propositions most heard from ARM, involving ‘identity’, ‘maturity’, and so on, already set the emotional tone. Won or lost it would have heightened social and political (and perhaps other) divisions in this country to an unspeakable extent. Certain changes to the Constitution are in fact needed. The amendment process has always been treated with suspicion by the electorate. Our doctrinaire republicans would bring it into actual disrepute by linking it to a purpose which is, on present showing, little more than frivolous or self-indulgent on the part of a clique.1

Perhaps out of deliberate disrespect, the public face of republicanism shows no recognition of the long process by which our parliamentary institutions have developed. In our case, continuous with that of Great Britain, the Crown has been integral to it, so that parliamentary government is synonymous with constitutional monarchy. I must emphasize the “our”. It was not, as our republicans seem constantly to urge, some sort of alien imposition on post-1788 Australians. On the contrary, it has been self-developed over a period of some 150 years by constant and creative interaction of local with imperial factors.

By the mid-1850s parliamentary government was established, entirely under local control. It at once exhibited local peculiarities. But let us be clear. Here was an authentic case of institutional transference. Our present system and status

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stem directly from this, and it is incomprehensible without the monarchy as both the originating element and the enabler of continuing political and constitutional development. It is, of course, rationally possible — in a fashion much favoured by too many 'intellectuals' — to deny the validity of the process and start again. Constitution-mongering is a world-wide phenomenon. Looking at the results I wonder how it can be seriously suggested that we should aspire to join in.

Meanwhile, the constitutional monarchy of Australia is in place, and the political system it supports works well in any rational sense of the meaning of those words. It could work better. That end is surely not served by assaulting its practical and historical integrity. Our republicans would, they say, leave our institutions as they were, except — a mere detail! — that the hereditary monarch and her representatives would be replaced by a president (obtained we, and ARM, know not how). It is alleged that no large change would be involved and that it would be a simple matter. This is contrary to common sense and to reputable legal opinion. Merely to produce a president would involve adding a new dimension of political contest to what already exists. The business of converting our institutions — including, for instance, any State or States in which a majority for change was not obtained — would be complex and difficult.

The ‘Colonial’ Factor

The republican case is linked, of course, to the argument which holds that we must dispose of our 'colonial past', to do which we must remodel our Constitution to eliminate any suggestion that we have, or even had, something specially to do with Britain or, worse, the British Empire. More than probably, here is the arrière pensée of the leading republicans. It leads them into curious modes of argument. We lack, it seems, 'maturity' by not being a republic. More, we are told that Indonesians and Japanese consider that we have not ‘won our spurs’, that 'we are alone in a region of ex-colonies.'

Apparently beyond republican apprehension is the idea that the empire which they hold in contempt or which — as they are deliciously discomforted to find — others hold in contempt, did not oppose but largely produced Australian national existence. One has the impression that the republican ideal would be to be able to demonstrate 'independence' by indulging in some dramatic gesture which would give us a feeling of being somehow like the United States (inevitably!) or (more surprisingly) Indonesia: what we needed was revolution and secession, blood and hatred. As we cannot have them — at least I suppose it is accepted that we cannot — we must adopt surrogate means to cleanse and elevate ourselves.

Republican propositions in this vein expose the destructive and essentially negative character of the republican movement. The same people who make them — the Duttons, the Hornes, the Keneallys, the d'Alpuget's — doubtless deplore the so-called 'cultural cringe'. They wish, however, in constitutional matters, to earn the good opinion of utterly dissimilar countries by conforming to the prejudices and practices of those countries, pretending to emulate or share their experiences. They apologize for Australia's being what it is: an abasement far, far worse than that lately and pragmatically undertaken by Senator Evans.

This suggests that they have not enough self-knowledge to indicate to Indonesians and others that, whatever they may think of themselves, we are not the victims of 'colonialism' but its beneficiaries. Of course, republicans as much as anybody have a problem as to the standing of Kooris and other Aboriginal people in the matter; but their tragedy and their future will not be resolved by making a villain out of that authority which alone made some attempt to control the depredations of its subjects upon Aborigines. We cannot be expected to repudiate the legacy of colonization, or to exhibit independence by misrepresenting our history.

Anglo-Saxon-Celtic Australians, and anybody who joins them here, are in fact precisely the colonizers. Our institutions of government, as well as many other things, reflect this and, dare I say it, are at least not inferior to those of other countries. Our self-respect, our independence, and our maturity are to be demonstrated by asserting this when necessary, not by cringing to alien taunts. By somewhat the same token, the prospect of our 'destiny in the Asian-Pacific region' is anything but a reason to disinherit ourselves of the most prominent symbol of our overwhelming cultural affinity — which is, it cannot be too strongly repeated, European: and Britain's partial integration into Europe is reason for paying greater, not less, attention to our shared institutions and values.

A related factor from which republicans hope to extract much mileage is 'demographic changes'. They urge that recently arrived immigrants from Europe and Asia cannot be
National Unity

On the assumption of a continuity of our parliamentary democracy, the alternative to an hereditary constitutional monarchy is an elected head of state. Can a head of state who emerges from an electoral struggle be “above the battle”? No matter how substantial the majority by which he or she was elected, anyone familiar with electoral response will realize that today’s majority may wane and disappear tomorrow, perhaps for reasons which have little logical justification. In any case, even if the majority remains, there must always be a distinct proportion of the population which does not favour the person chosen and which may be ready to exploit any situation which seems likely to discredit the successful candidate. One has only to take an overview of republican governments in the world to realize this.

The monarchy provides its own succession, and thus some promise of stable continuity. The House of Windsor, now Windsor Mountbatten, has served well. Its succession is known. There is in reality less embarrassment likely in the acceptance of an hereditary succession than would be experienced in an elective selection, particularly where the head of state is a constitutional monarch acting within the constraints of responsible government with a Ministry chosen out of parliamentarians elected on adult suffrage.

There is one other consideration to be borne in mind. In Australia, national unity easily eludes our grasp. Due to our federation superimposed on colonial separateness and our geographical distribution, the attainment of national unity has always been difficult.

Few, if any, great events have bound us to each other. Our pattern of industrial relationships, unfortunately, is deeply divisive. Our political divisions are largely based on time-worn prejudices emotionally expressed rather than upon philosophically developed principles. Party politics carried into nearly every phase of our lives tends sharply to divide us. If we are not careful, our new ethnic mix of population may tend to exacerbate rather than to overcome the divisive elements of our national situation.

Thus, the presence of a head of state untouched by any of these or similar divisive factors can have an important effect on our progress towards national unity. In the monarch we have a head of state who is quite apart from party politics but who can form in her person a rallying point for us all, affording us one of the very few symbols of unity which modern life has so far left us.


expected to understand, let alone find acceptable, the condition by which Australia acknowledges a sovereign who not only is ‘not Australian’ (in the crude sense meant by Messrs Horne and co) but resides in a country 19,000 km distant. This is touted as new. Yet lack of affection for the monarchy or its government, or for the mother country, was hardly unknown amongst some British immigrants since the beginning of settlement. It is quite extraordinary that the preferences or prejudices of immigrants to a country should be cited as, in themselves, reasons for changing the constitutional and political structure of that country. That Anglophobe immigrants — and that they are numerous is far from certain — will support ARM is likely. That their opinions and their existence should be elicited as a reason for others to support ARM is palpably out of order. The respect paid to them by our republicans is uncomfortably akin to their sensitivity to ‘regional’ expressions of contemptuous disbelief that we have not jettisoned our ‘colonial’ monarchy.

Besides, most people presumably choose to come to Australia to enjoy the benefits and opportunities associated with institutions which are essentially British in origin. In an important sense, it is precisely the ‘Englishness’ of our institutions which accounts for their relative openness to newcomers. To expunge that ‘Englishness’ — were it possible — would result in a far less tolerant, less liberal society.

Doubtless a considerable number of adult immigrants experience an initial difficulty with the subtlety and complexity of our constitutional system. Why, though, must they be supposed to remain puzzled? It is true that no effort is made to enlighten them, while their children at school will look in vain for a curriculum which makes sense of such aspects of Australian history and government. But they have a right to feel more than a little insulted to have it asserted or implied that they are incapable of acquiring an understanding of this one of the peculiarities of their adopted country. In short, recent non-British immigrants might not be particularly flattered by ARM’s concern for their sad predicament, and might not supply the movement with the supporters for which they hope.

One final point. National unity is made much of by ARM. The understanding they wish to convey is that the Crown is unsatisfactory for the purpose. Australians, they say, are distracted by owing allegiance to what some of them are pleased to call a ‘foreign monarch’. In fact, a non-resident monarch who, as it happens, is head of state for 17 different nationalities around the Commonwealth, is a remarkably convenient symbol for allegiance in a country where people from diverse ethnic backgrounds co-exist.1

Republicanism rhetoric on the nationality of our monarch invites an ironic comparison. When, driven from the Commonwealth in 1960, South Africa narrowly voted to become a republic, the Afrikaner leadership were delighted that the minority in the (white) population could no longer, as they put it, look to a foreign allegiance to sustain them. The event was to Dr Verwoerd and his like symbolic of the fall of Afrikanerdom in its long struggle with the British empire. Those of us with a modicum of memory might experience a sense of déjà vu when contemplating some of the utterances of the ARM spokesmen.

1. There are, however, republicans of a different calibre. In a recent issue (August 1991) of Eureka Street, Dr John Hint, who is not noted for mad or left-wing views, foreshadows “a conservative case for an Australian republic.” See the last paragraph of the present article.

2. Dr Hint wishes to show “that a republican Australia would be a new source of identity and a way of re-establishing some sense of citizenship, as against the pluralism which seems to have run riot in some formulations of multiculturalism.” We have thus, alas, diametrically opposed remedies being proposed for a single ailment.

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Edward VIII’s Downfall

No Comfort for Republicans

R. J. STOVE

To understand the latest orgy of republicanism — promoted by an ALP which has forgotten everything Bob Carr ever told it about the evil of dirigiste education campaigns — one should read two things. First, Lord Macaulay’s superb exposé of Barère: the French Revolutionary careerist whose demagogic whining our Australian republicans so uncannily echo. Second, a biography of Edward VIII, such as the recent and well-researched if over-charitable one by Philip Ziegler. Edward VIII’s downfall offers no comfort for republicans; far from revealing anything misguided in the institution of kingship, it illustrates the folly of trying to cheapen that institution by hysterical up-to-dateness.

For Edward VIII as an individual there is little to be said. Forty-five years after he took early monarchical retirement, the best analysis of his character is still that of Stanley Baldwin, who said that a statue to Mrs Simpson should be erected in every British market-place, to thank her for aborting Edward’s reign. With Edward, standard modern biographical chattering about ‘persona’ and ‘masks’ is a doomed pastime, because there was nothing for him to mask. Tear off the outward tinsel of Edward, and one is left merely with the real tinsel underneath. Nobody expects — no sane person wants — the British royal family to start producing philosopher-kings; but a certain sense of realism is not too much to ask, and Edward VIII was unique among recent British sovereigns in quite failing to possess it. His private behaviour was no more crass or humiliating to its victims than that of his grandfather Edward VII; the difference between the two was that the older Edward confined his oafish stupidity to a handful of intimates, and in public life maintained the strictest decorum. The younger Edward, despite or because of his self-conscious trendiness, had failed to grasp the elementary fact that all monarchies were much more precariously balanced contrivances after 1918 than they had been before 1914. Even the need for political neutrality on the monarch’s part largely escaped him; though George V willingly, and Edward VII reluctantly, acknowledged it.

Had he lived in Holland, Sweden or some other such ‘bicycle-monarchy’, Edward would doubtless have tried to create scandal by bunging on wall-to-wall pageants. In a country which was already rather good at providing wall-to-wall pageants, he tried to create scandal by aping a democrat. This meant whole-hearted and indiscriminate Americanism: including the pretence that he, like any American President, was really Just Plain Folks. It escaped Edward’s notice that the USA is among the world’s most class-obsessed nations: what interested him was the shadow of America, not the substance. Transatlantic jazz, cocktails, stomach pumps and affectations of breezy egalitarianism shocked Edward’s staider countrymen: that was recommendation enough for them in Edward’s view. Edward’s secretary, Alan Lascelles, presciently remarked of him that “I always feel as if I were working, not for the next King of England, but for the son of the latest American millionaire.” Typical of Edward’s attitude was his fondness for a unique roll of lavatory paper which, when torn from, played the national anthem: thus obliging the lavatory’s hapless occupant to stand to attention. Eat your heart out, Scott Fitzgerald.

His japes — like the antics of all feverile meddlers with the status quo — were condoned by the tired old excuse that he was bringing ‘fresh air’ to a stuffy

Philip Ziegler, King Edward VIII
Collins, 1991, RRP $19.95 paperback

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Ignorant of Responsibilities

"The most modernistic man in England," as Lady Cunard had called him, remained (according to new private secretary, Major Hardinge) "entirely ignorant of the powers of a constitutional sovereign, and of the lines on which the King's business should be carried out." Our present Queen, for example, has always made a point of knowing who every single Australian or Canadian state/provincial premier is, and how long that premier has been in office. As Sir Ninian Stephen recently observed, she might not want to, but she knows she needs to. Edward, by contrast, simply could not be bothered.

Those who worked under him repeatedly testify to the fact that his grasp of his forebears' achievements or of his own responsibilities was non-existent. Hence his increasingly desperate suggestions for saving his throne when the crisis came. This amateurishness was, it must be said, fully shared (though with more justification) by Mrs Simpson herself, whose knowledge of English history must have stopped short of Henry IV Part II: the old man had not even breathed his last when Edward gave orders that all the palace's timepieces - which punctuality-conscious George V had insisted on being kept 30 minutes fast - be put back to the proper hour: "I'll fix those bloody clocks," Edward snarled.

Canadian state/provincial premier is, and how long that premier has been in office. As Sir Ninian Stephen recently observed, she might not want to, but she knows she needs to. Edward, by contrast, simply could not be bothered.

"After I am dead," George V had grimly observed of his heir, "that boy will ruin himself in twelve months."

Ziegler showed, baseless: partly because such an occupation would have entailed a certain measure of hard work. The famous gesture he made when meeting Hitler was not exactly a salute; nor was it among history's most ostentatious non-salutes. In its boneless ambiguity, it will do as a symbol for Edward's whole life.

So does the squirm-inducing tale of Edward VIII furnish any grounds whatever for gloating by Gough 'Robespierre' Whitlam, Geoffrey 'Danton' Dutton, and all the rest of our republican vociferators? The answer is that Edward was the completest validation of the royalist system which nurtured him. When a fatuous, spoiled, mentally arrested, double-crossing, pigishly self-indulgent priapist becomes head of state for Britain and its Empire, he can with a little Prime Ministerial and archiepiscopal effort be persuaded to step down before he is pushed. Yet when a fatuous, spoiled, mentally arrested, double-crossing, pigishly self-indulgent priapist enters the White House, nothing short of Lee Harvey Oswald's bullets removes him thence. This is progress?
The Flag: symbol of our national identity

“While the republican issue is on the agenda, perhaps the Government should also consider redesigning a new national flag,” editorialized the Sydney Sun-Herald on 30 June. The Ausflag campaign has been revived along with republicanism. But the case for changing our national flag is as weak as ever.

SANTO SANTORO

“The flag that is now Australia’s national flag, which is based on the Blue Ensign, is a very beautiful flag. It is probably the most beautiful flag in the world.” Few Australians would argue with that forthright statement, but many may be surprised by its source — the controversial politician and judge H.V. Evatt, speaking as Leader of the Opposition in 1953.

The Australian flag is firmly established as one of the most cherished of our institutions. Every survey of opinion reveals an overwhelming level of support for the current flag — in fact this strength of commitment overshadows the support given to any political or governmental structure.

Despite efforts to create a contrary mythology, our flag is an authentic, home-grown symbol springing directly from the consciousness of Australian nationhood. It is worth recalling that at the time of federation in 1901, more than three-quarters of the population was Australian-born — the ‘sunburnt country’ was their first and only homeland. Consider the response to the competition held to choose an Australian national flag — some 32,000 entries were submitted from a nation of 3.7 million people. (It is quite false to claim — as do representatives of the Ausflag organization — that the rules of the competition stipulated the inclusion of the ‘Union Jack’ in the design. The advertisement published in the Commonwealth Gazette on 29 April 1901 contained no such requirement.) The winning design was chosen unanimously by the seven judges representing all aspects of Australian life.

Since then it has been flown with pride at all significant national occasions — from the beaches at Gallipoli to the opening of Parliament House in 1927; through both World Wars and other conflicts; and to herald the achievements of Australian heroes in the fields of aviation, sport, and other endeavours. Given this proud history and an unquestioned degree of support from the people of Australia, there really should be no debate about the future of this national symbol. In fact, attempts to manufacture popular sentiment for a change as a spurious sort of ‘200th birthday present’ in 1988 came to nothing.

At present our flag is flown more widely and more frequently than probably any time in our history. Yet some misguided souls persist with efforts to tear it down. Let us look at the reasons they give for their campaign. Firstly, they claim that the Australian flag is not recognized as such by the wider world community. Well, it is a fact of life that Australia is a lightly populated continent ‘down under’, and it is less likely that citizens of other countries would know the Australian flag as well as the “Stars and Stripes” or “Hammer and Sickle” of the superpowers. Yet Australia is not the only country with this ‘identity problem’. How many people would recognize the flag of one of our nearest and most powerful neighbours — Indonesia? (In fact how many know that the red and white bars of the Indonesian flag are identical to the flag of Monaco; or that if you turn them upside down you have the Polish flag?)

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More importantly, however, these claims about the degree of international recognition enjoyed by the Australian flag betray a fundamental misunderstanding about the purpose of national symbols. Our flag is first and foremost for Australians to identify with — as they do: it was not adopted for the convenience of other nationalities.

Secondly, the claim is made that the presence of the Union Jack on our flag indicates that Australia is still a colony. Does any Australian today believe that we are governed from Britain? What do these Ausflag people take us for? Yet at the same time we cannot renounce our history. It is a matter of record that our heritage of European settlement and economic development, and our social, political and judicial institutions all derive from the British example. As Justice Michael Kirby remarked in 1983: "We do not advance Australia by ignoring our history, overlooking our majority population and denigrating fine institutions inherited from Britain..." Further (in a comment which could refute the claim that a new flag is necessary now because some 30 per cent of Australians trace their origins to sources other than the British Isles), he notes that "the tolerant principle of multiculturalism actually flourishes best in a country which derives its institutions, laws, and basic culture from Britain."

To say that we need to strip the Union Jack from our flag to show that we are a sovereign nation is like saying that a person who turns 18 must burn his birth certificate in order to prove that he is an adult. How far do we go in this juvenile quest to demonstrate our 'independence'? The very name 'Australia' was popularized by the British navigator Matthew Flinders — should we dispense with it, as well as our State titles of Queensland, Victoria and New South Wales? In the 1950s A.A. Phillips coined the term 'cultural cringe' — the feeling that to show you were any good you had to be successful overseas. Australia is a much more mature and confident society now, and we should not succumb to the syndrome that we still need to 'prove ourselves' in the eyes of the world by scraping the flag adopted nearly 90 years ago.

Many nations recognize their history in their flag and also incorporate references to their parent countries. For example, Brazil's flag includes the blue and white of Portugal and Mexico's includes the red of Spain. Other flags incorporate the Union Jack despite the fact that there is absolutely no remaining link with the British nation or Commonwealth — for example the Republic of South Africa and the State of Hawaii.

Many of the alternatives that have been suggested in this country would do little but create confusion. The colours of green and gold, often favoured by advocates of a new Australian flag, already feature prominently on many nations' flags — from India and Ireland to the Ivory Coast, Nigeria, Brazil, Guayana, Jamaica and Bolivia. Perhaps our rapidly approaching 'banana republic' status is the motivation behind calls to incorporate the green and gold into our national flag.

Other suggestions are more in the nature of corporate logos. If in 90 years' time we tire of the kangaroo or some other new symbol on the flag, do we call in the advertising experts from Madison Avenue for a 'product relaunch' and a 'new identity'? A flag is meant to be an enduring national symbol, not something with 'built-in obsolescence' to be cast aside in favour of an alternative which is (momentarily) more trendy or photogenic. Australia is a relatively young country and our flag (one of the few links we have with our past) has over time become invested with deep-rooted emotions and traditions. (Those who claim that our flag ignores the place of Aboriginal Australians in our nation may be unaware that the Southern Cross plays a central role in Aboriginal mythology.)

The Case of Canada

According to the Ausflag group, Australia should follow the lead of Canada in replacing its flag. While I have nothing but respect for the good people of Canada, their experience is totally irrelevant to this country. Canadian society is divided between the Anglophones and Francophones. The latter (French Canadians) settled the country before the British colonists, and have since remained a linguistically distinct community. They constitute the vast majority of the population of Quebec, one-third of New Brunswick, and a significant proportion of Ontario and Manitoba. The adoption of a new flag 25 years ago was meant to address this problem of "two nations within a nation" — but in fact it is sobering to note that the change has not assisted in creating a real national spirit. Despite Ausflag's ludicrous claim that "the Canadian maple leaf has been an unqualified success in giving Canada her own national and international identity" (a flag does not give an identity, it symbolizes an identity), we read of the constitutional agonies through which Canada has been passing recently. It has been suggested that the outcome could well be the break-up of the Canadian nation. The disaffected Francophone minority (whose sensibilities were meant to be appeased by the scrapping of the former flag with its Union Jack) now prefer to fly the fleur-de-lys of France!

This highlights what perhaps is really the most important aspect of this issue — that any move to change our flag would lead to a lengthy and probably bitter debate, with the potential to exacerbate political divisions, to set newcomer against native-born, and migrant against migrant. It is unrealistic to imagine that any alternative could command anything like the degree of support for the current Australian flag, particularly after the acrimonious debate which any change is certain to entail. Of course, we should recognize that this is not a partisan issue — all political parties claim to support the retention of our flag. It is rather disappointing, therefore, that the Labor Party, which features the flag so prominently on its logo, refuses to enact a Bill requiring approval by referendum before any change is made to the flag.

Australia has a flag of which we all can be proud. As one who chose to make his home in this fine country, I am grateful for all the qualities symbolized by our flag. I cherish our heritage from Britain of freedom and the rule of law under the Crown, which is represented in the Union Jack. As Edmund Burke reminds us: "people will not look forward to posterity who never look back to their ancestors." I look forward to helping build an Australia which lives up to all of the promise and potential enjoyed by this "land of sweeping plains and rugged mountain ranges" under the Southern Cross. ■
The Federal Government’s decision to prohibit mining at Coronation Hill has sent shock waves through the mining community. But the long-term consequences, unless the decision is reversed, will be felt by us all.

JOHN R. BURTON

The Prime Minister’s unilateral and entirely self-serving ‘decision’ about mining at Coronation Hill must go down in history as the most illogical resource management decision ever made in Australia. As a test case — which it undoubtedly is, despite Prime Ministerial protestations to the contrary — it may prove to be disastrous to Australia’s economy.

Mining commenced at Coronation Hill in 1954. Between 1954 and 1964 a total of 13 mines operated in that part of the upper South Alligator catchment that has since been euphemistically designated as a “Conservation Zone”. There is no evidence that the mythical god-demon Bula exhibited any concern whatsoever during that period.

In the late 1980s the Federal Government moved to extend Kakadu National Park through the purchase of two run-down grazing properties, ‘Gimbat’ and ‘Goodparla’, comprising land that has accurately been described by my friend Harry Butler as “clapped out buffalo country.” Research undertaken by one of my students during the 1988-89 wet season indicated that those two heavily-eroded properties contribute sediment to the South Alligator River at a rate four or five orders of magnitude higher than any mining activities at Coronation Hill could generate.

When the move to Kakadu Stage Three was in progress, the Federal Government, conscious of the very high mineral value of the Upper South Alligator catchment, set aside a 2250 square kilometre Conservation Zone for further exploration. A Federal Minister stated publicly and in writing that this was “one of the most highly-mineralized areas in the world”, of such potential economic importance that it should not be sterilized through National Park declaration. The same Minister declared that mining at Coronation Hill, then at an advanced stage of investigation, would be permitted to go ahead subject to the usual environmental impact constraints.

The Coronation Hill Joint Venture group submitted a detailed draft environmental impact analysis — arguably the best example of such a study yet produced in Australia — in 1988. Following public comment, a final study was presented to the Federal Government in mid-1989. The Commonwealth Department responsible for

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THE DIRE IMPLICATIONS OF CORONATION HILL

H. M. MORGAN

The decision on Coronation Hill is not merely bizarre, it is resonant with foreboding. Unless it is strongly resisted and overturned within a short period of time, this decision will undermine the moral basis of our legitimacy as a nation, and lead to such divisiveness as to bring about political paralysis. It will become impossible for any government to protect the economic well-being, or even the security, of the country if threats arise from doctrines or groups claiming immunity through notions of 'sacredness' or sanctity. As Senator Peter Walsh recently pointed out, the Commonwealth Aboriginal Heritage Act (1984) can be used to delay, indefinitely, any mining project anywhere in Australia. It can also be used to block urban development as has happened in Perth. If Bula necessitates the forgoing of economic benefit imposed on some 17 million Australians is another matter — but that is essentially what the Prime Minister's decision involves. It is interesting to speculate upon what his response would be were somebody to propose the imposition of the ten Commandments — a cornerstone of the religious beliefs held by millions of Australian Christians and Jews — on the entire Australian community.

Resource Industries Emasculated

What have we come to? Australia is in the midst of what most of us would agree is a major depression. Our economic viability as a nation must depend now, and for a long time into the future, on our primary industries: mining, agriculture and forestry. Forestry, once a proud industry, has been emasculated to the stage where we now import nearly $2 billion worth of timber every year. Our agriculturists and graziers, once the mainstay of Australia's economy, are collectively on their knees. Mining is now prohibited on something like 40 per cent of the land area of the continent, reserved as national park, nature reserve, sacred site or what-have-you. And mining companies must now be very painfully aware that although they might expend $10 or $20 million on exploration, planning, and detailed environmental assessment of a given project, there is no guarantee whatsoever that the same project will be allowed to proceed.

Where are we heading? Are we destined to become a nation of bartenders and bus drivers, earning our income entirely from the ferrying of overseas tourists to and from our magnificent collection of World Heritage Areas, National Parks and Sacred Sites?

And what am I going to tell my students in the future? Can I any longer promote the apparent myth that resource management is a noble and worthwhile profession, based on scientific data, rational problem-solving, and carefully-considered, multi-objective decision-making? Or should I give up and admit that resource management decision-making, in Australia at least, is based entirely on caprice, political expediency, and the quest for personal power?

Hugh Morgan is Managing Director of Western Mining Corporation. This is an edited version of a speech delivered to the Adam Smith Club in Melbourne.
and the expropriation of property rights at Coronation Hill then, ultimately, any religious nut, no matter how weird, can effectively expropriate property rights, anywhere.

That may seem an extreme statement. But no political decision takes place in isolation. The Coronation Hill decision was made after years of debate, enquiry and argument, a process which cost many, many millions of dollars. The implications of it will, inevitably, permeate through the entire body politic, and cause, imperceptibly, like some cancerous intrusion, a terminal disability.

Already we see Premier Carmen Lawrence of WA, herself a former Aboriginal Affairs Minister, seeking to ward off the spirit of Bula II, by threatening special legislation with respect to Hamersley's Marandoo iron ore project. At Yakabindi, Dominion Mining Ltd is suddenly threatened with Bula III, and similarly, the Premier has committed her Government to amending legislation if necessary.

Australia is an immigrant nation, a settler nation. Its institutions are predominantly British, but a significant proportion of our population comes from other parts of the world. Many of these immigrants have become deeply attached to our institutions, but some of our politicians have yielded to the temptation to try to play ethnic politics with predictable and deplorable results. By doing so they have undermined, in some measure, the legitimacy of our institutions, and the political cohesion of the nation. This most recent decision on behalf of Bula, or at least Bula's adherents, which introduces notions of special privileges for special gods, will set the scene for religious strife as well as ethnic competition.

Coronation Hill is by far the most important victory which the greenies have secured. Economically it has been calculated as being much, much smaller than Wesley Vale. The truth is we will never know, unless the decision is reversed, just how big or small a mine Coronation Hill might turn out to be. The history of Mt Isa should warn us about making economic calculations on the results of a relatively small number of exploratory drill holes.

But Wesley Vale was decided, allegedly, on scientific grounds and is thus open to revision on scientific grounds. Coronation Hill, contrariwise, was decided by the Prime Minister himself, invoking all the authority of his office, on religious grounds. After the Cabinet meeting in which he overruled a majority of his cabinet, he defended the decision on the grounds that "the Jawoyn believed it would be 'a sacrilege and a desecration' for mining to proceed" (The Age, 19 June 1991). The official Prime Ministerial statement contained the following significant passage:

"I have said, and I repeat, that it is extremely presumptuous to question the integrity of Aboriginal beliefs simply because they are outside an intellectual framework with which most of us are comfortable. The Jawoyn have made it absolutely clear that they regard Coronation Hill as a sacred site and that mining should not be allowed."

The Prime Minister did not use the word 'blasphemy' in connection with mining Coronation Hill, but he would have been more honest if he had. Salman Rushdie was sentenced to death by the Ayatollah of Iran for blasphemy, and lesser punishments for blasphemy have been prescribed in English law. I cannot recall any prosecutions for blasphemy in my lifetime, and it is now a common occurrence on stage and screen and in art galleries.

Some comments of the Deputy Chairwoman of the ALP's caucus environment committee, Mrs Jeanette McHugh, are also significant in this context. She attacked her committee chairman, Mr Gary Johns, over his questioning of Jawoyn beliefs. Asked about Mr Johns's suggestion that the Jawoyn invented their claims to Coronation Hill after the discovery of gold, she said:

"That is terrible. How dare anyone say that about someone else's beliefs. It is clear that the Aborigines saw the discovery of gold as a confirmation of their beliefs. That is a regular occurrence for Aboriginal people, to find in the land some new feature which fits in perfectly to their totally coherent framework of beliefs.

"It seems to me that Aboriginal people keep secret some of their sacred beliefs until they are under threat. How dare someone just insult people in such a way. Would they like their own beliefs insulted in such a way" (The Age, 18 May 1991).

The decision on Coronation Hill was, beyond argument, a religious decision. The only way, therefore, of overturning Coronation Hill is through redefining the connection between the discretionary power wielded by a Prime Minister, by virtue of his office, and his religious beliefs. The relationship between church and state is now back on the agenda, with all of the consequent risks and difficulties which arise.

The Defeat of Economic Rationality

Like the fall of Singapore in 1942, Coronation Hill was a shocking defeat. Although threatened, Singapore was deemed impregnable. Likewise all the pundits were confident that with the election won, and the environmentalist objections comprehensively rebutted, economic rationality would
prevail with regard to Coronation Hill. The Government would concede the strength of the arguments in favour of development and the project would finally get the go-ahead.

The Japanese came down the Malayan Peninsula on pushbikes, and took Singapore from the rear. The Allied guns were facing in the wrong direction. Mr Justice Stewart listened to the economic arguments, and considerable sums were spent on contingency valuation studies. He conceded that the mine would not be environmentally hazardous. However, the decisive argument, the attack from the rear, was delivered by

Most of the property which forms the economic basis of this country is now politically vulnerable.

his anthropologists. On the strength of a tradition going back to the early to mid-1980s (the time when exploration for gold at Coronation Hill began in earnest) Coronation Hill was deemed to be part of the Jawoyn sickness country; mining would unleash the spirit of Bula; tragedy would follow.

On the Monday before the final Cabinet deliberations on Coronation Hill, Mr Hawke addressed students at a Catholic girls' school in Sydney.

The following exchange was recorded for us by Michelle Grattan (The Age, 22 June 1991):

PM: "It's an enormous presumption for us to say to about 300 people, you are irrational, fancy believing that Bula is there. I mean where is our God?

Student: Then where is our economy?

PM: But OK, that's right. Is your God important to you? I mean if you thought your God was there? ...

There is a great deal to be gleaned from that exchange. First, let us consider the 300 people alleged to believe in the sanctity of Coronation Hill. The Prime Minister's emphasis on 300 suggests, at least prima facie, that there is some numeric threshold which is important here.

The second point to note is that from the Prime Minister's language we can deduce that any god will do. We can all have our own gods and we can put them wherever we want to have them. The jealous God of the Ten Commandments, the Old Testament and the New Testament has been put alongside Bula or any other local spirit to be conjured up from the ground. The question then arises: will the Prime Minister defend them and their resting places, one and all?

The question of the number of believers was also taken up by Mr Justice Stewart after his address to the National Press Club on the occasion of the release of the Resource Assessment Commission's (RAC) draft report on Coronation Hill on 12 February last. Bruce Juddery of Australian Business, after stating that he was an agnostic, asked the Judge how he could balance the religious values of the Jawoyn with the

religious values of people such as Hugh Morgan of Western Mining.

Mr Justice Stewart first congratulated Bruce Juddery on his agnosticism, and then, at interminable length, said that everyone was entitled to their own belief. Mr Juddery came straight back and said:

"I have no doubt that the directors of Newmont can come up with enough co-directors of the joint venture, BHP Gold, etc, not to mention the employees who greatly outnumber the total numbers of Jawoyn, who would ascribe to something like Mr Morgan's stated position. He is a straightforward corporate Christian. How do you weigh, on a democratic basis, 200,000 employees of BHP Gold and the other joint venturers, against the 200 Aborigines at Coronation Hill. Surely you've got to come up with a numerical value at some stage or another, or does the value vary with the distance at which you live from the mine site?"

Mr Justice Stewart:

"It's not a question whether there are 200,000 corporate Christians as you describe them and only 200 Jawoyn...you don't have to come up with a number. What we are trying to do is look at all of these questions...That's just one of the things we have to look at, the environmental and cultural values of the zone. Of the zone. As far as I know Mr Morgan doesn't live there."

It is not, then, apparently a matter of numbers. At least as far as Mr Justice Stewart is concerned it is where you live that counts. Dr Colin Howard, in an opinion for the Australian Mining Industry Council (AMIC), noted that Mr Justice Kearney disallowed a Jawoyn land claim to an area near Coronation Hill (but closer to the Jawoyn's traditional areas) on the grounds that there was no sufficient spiritual connection to the area. But for Mr Justice Stewart it is clear that near enough is good enough.

For many years Mr Hawke has claimed to be an agnostic. Such a claim is no longer tenable. No agnostic would put his position as Prime Minister on the line against a majority of his Cabinet and, as the detailed press reports of the Cabinet meeting indicate, speak with such passion against the mining industry and with such feeling for the sacredness of Coronation Hill as to be close to tears.

Neo-Paganism

The Prime Minister has, quite simply, become what is best described as a neo-pagan, and his defence of paganism has become more emotional as the Coronation Hill debate progressed. A crucial part of his neo-paganism is a doctrine of special, if not unique, spirituality of some Aborigines. This spirituality is so precious that it apparently requires recognition and preservation by the state.

We should note here that distinctions have to be drawn
between 'real' Aborigines and what Clyde Holding once described as 'token' Aborigines. A 'real' Aborigine is one who is opposed to mining. The Prime Minister, in dismissing Aboriginal demands for mining at Jabluka, said at a business lunch held during the course of the ALP Federal Conference in Hobart:

"When Aboriginal people take a view that it would be sacrilegious desecration of a sacred site to proceed, they are entitled to have that taken as determining the issue.

When it's a matter of whether something should proceed, that's only one among a number of issues."

It is very clear from that statement that it is only when Aborigines are claiming sacrilege and desecration that they are taken into Mr Hawke's protective arms. If they want to mine, they do not receive his respect or his protection.

Despite the constitutional prohibition on the establishment of religion, Bula has come close to religious establishment status as far as the Prime Minister is concerned. Section 116 of the Constitution tells us:

"The Commonwealth shall not make any law for establishing any religion, or for imposing any religious observance, or for prohibiting the free exercise of any religion, and no religious test shall be required as a qualification for any office of public trust under the Commonwealth."

It would be interesting to see how the High Court would handle a challenge to Coronation Hill on this ground of imposed religious observance.

What has happened at Coronation Hill is that the principle of religious toleration has been turned upside down by a Prime Minister who seeks to impose his own religious, neo-pagan obsessions on the whole nation. Christianity has not merely been disestablished, it has been superseded, and Mr Justice Stewart's interpretation of Jawoyn belief enthroned instead. When compared with the Jawoyn elders, no other religious group in Australia wields, through the Prime Minister, such political power. No other religious group can give rise to a repudiation of repeated government commitments and cause a major expropriation of property rights.

Toleration is not an end in itself. It is a means to an end, that of civil peace and concord, of national integrity, of prosperity. The Salman Rushdie affair has shown very clearly where toleration must end, and where the defence of sovereignty must begin.

Property Rights

Coronation Hill was an exercise in political discretion which is incompatible with our most fundamental institutions, in particular the rule of law and the vital role of property rights in our economic life. On the precedents thus established no property right in Australia can be regarded as secure unless it has the support of the Prime Minister. A Prime Minister will not expropriate when he deems that a political backlash will cause him great damage.

Most of the property which forms the economic basis of this country is now politically vulnerable. Farming leases, for example, are resumed for national parks. Mineral leases are now held at the discretion of governments. Freehold property, particularly farming property, is subject to draconian environmental regulations which can greatly reduce its value.

Without security of property rights there cannot be prosperity. All economic activity is based on the use of property. Economic decisions, particularly investment decisions, involve the weighing of risks and returns. If those who are responsible for making these decisions cannot be confident that property rights will be respected by the Crown, then investments, other than for hit and run opportunities, will not be made.

The common values which provide the foundation for our national legitimacy are freedom, the rule of law, our parliamentary institutions, our traditional readiness to accept immigrants (a value now undermined by the officially promoted multiculturalism). They must be brought to bear against the neo-pagans and green antinomians who threaten our prosperity and eventually our survival.

The counter attack on the religious crazies and the green antinomians must include the following elements:

- The de-sancification of national parks. Many of our national parks are now becoming weed-infested run-down tracts of land. Mimosa is taking over Kakadu; blackberries the high plains of the Southern Alps. 'Sacred' wilderness is religious nonsense and has become an economic burden.

- An end to religious privilege. Blasphemy against Jewish and Christian symbols is commonplace. We are certainly not prepared to accept the rule of the ayatollahs concerning Muslim blasphemy. If the Prime Minister gets away with deciding that blasphemy against Bula, and only Bula, is not to be allowed then we will end up living like the Jawoys. And that is the condition of life upon which over a billion dollars of taxpayers' money is spent, every year, in search of amelioration.
National Disinterest

In determining foreign policy we should not be persuaded by those who equate altruism with the good and self-interest with evil.

MICHAEL LIND

In the aftermath of the Gulf War, many who had opposed the military liberation of Kuwait could be heard criticizing President Bush for not committing American troops to combat in Iraq on behalf of the rebellious Kurds. If one Vietnam syndrome has been cured, another lingers: after the fall of Saigon, George McGovern, a harsh critic of American involvement in Vietnam, wanted the United States and other nations to invade Cambodia to liberate the Cambodian people from Pol Pot's Khmer Rouge.

Perhaps this simply represents a 'genocide' exception to the non-interventionist norm of contemporary American liberalism. I suspect there is more to it than that. Underlying such paradoxical inversions of ordinary strategic thinking is an entire morality, a morality that equates the good with altruism, and evil with self-interest. The less a policy benefits the nation undertaking it, the nobler the policy and the nation. This might be called the politics of national disinterest.

The cult of national disinterest is not uniquely American. Modern Europeans have now surpassed Americans as purveyors of saintly sentiments in world affairs. The vital Wilsonian tradition of the United States notwithstanding, it is difficult to read the effusions of German Foreign Minister Genscher or President of the EC Commission Delors without reflecting that these days realpolitik finds more of a home on this, the US side of the Atlantic. Power has matured America, while impotence has rejuvenated Europe.

More troubling is an inclination one finds at times in the writings of Central European intellectuals like Milan Kundera and Adam Michnik and observers of the region like Timothy Garton Ash. This is a tendency to draw a contrast between a global, or at least 'European', loyalty, and a nationalism that is presumed to be a threat. To be sure, ethnic hatreds and statist economics in the former Soviet bloc should be discouraged. Still, it seems rather ironic that the nations of the East, having just regained their autonomy from a transnational empire spouting universalist rhetoric, should immediately be counselled to renounce or attenuate their particular identities in favour of a new universalism.

The equation of justice with altruism is so pervasive in public discourse that even self-described realists can find themselves manoeuvered into taking one side of a supposed debate between 'morality' and 'the national interest'. Needless to say, once realists allow the debate to be defined in such terms, they can hardly avoid sounding like the Grand Inquisitor. All too often, for example, realists claim that their views are based on a perception of 'original sin'. To suggest that man's evil nature forces us to settle for a second-best world of multiple independent communities is implicitly to concede, however, that a truly good world would resemble the utopias of Dante or Wendell Wilkie.

The Morality of Self-Interest

Such a concession is foolish. Pluralism, the political division and diversity of the world, is not an unfortunate necessity but a positive good. The division of the world among independent power centres can only be justified, however, by a morality that does not find the model of moral behaviour in prodigies of self-sacrifice. Elements of such a defence of moral self-interest can be found in the Western ethical tradition, for example, in the Catholic idea of 'ordinate charity': your duties are first to yourself and your family, then to your friends and associates, then to your city and nation, and only then to mankind at large. Although duty, like gravity, may extend in theory across the universe, it becomes so quickly attenuated with distance that the duty of Americans to Tibetans — and of Tibetans to Americans — is as limited as the power of the moon to raise tides on Pluto.

This is surely for the best, because knowledge, like duty, diminishes with distance. As Joseph Schumpeter points out, "when we move still farther away from the private concerns of the family and the business office into those regions of national and international affairs that lack a direct and unmistakable..."
link with those private concerns... the sense of reality is... completely lost." That is why, he maintains, most people attend to great world events with considerably less intellectual rigour than they bring to their jobs and hobbies. It follows that in some cases the duty of the prudent and moral statesman is to reject some humanitarian adventure favoured by the public, on the grounds that it has neither a significant stake in the outcome nor a genuine understanding of the circumstances. At the risk of proposing heresy in an era in which vox populi is vox dei, one might suggest that in foreign affairs at least the government sometimes has a firmer sense of reality than the poll-answering public.

If the US President had proposed imposing a surtax on income to pay for relief of the Kurds, and conscription to garrison Kurdistan, popular enthusiasm for the Kurdish cause would probably have dried up rather quickly. "In the United States, preserving one American life seems more important than saving hundreds, perhaps even thousands of Kurds," Steven V. Roberts complained in the New Leader in March. This is a fact; is it a reproach? Are the American people immoral because, like most peoples, they place the highest value on their own?

It can be argued, of course, that responsibility increases with wealth and power. Both assets are produced, however, by careful husbandry, and by careful husbandry they must be preserved. As Edmund Burke observed, "In every arduous enterprise, we consider what we are to lose as well as what we are to gain; and the more and better stake of liberty every people possess, the less they will hazard in a vain attempt to make it more." The more one has, the more one has to lose: Burke's argument against risky attempts to increase freedom marginally in a good society applies with even more force to riskier attempts to install freedom in bad societies.

Does this make a secure, wealthy country nothing more than a version of Wagner's Fafnir, a great reptile grumbling "Leave me be!" as it coils atop its glittering hoard? If the wealth of the nation were the wealth of the government, perhaps the accusation of selfishness could be made. But surely one of the basic premises of our republic is that the treasure and blood of the nation are the trust of the government and not its property. The government stands in a fiduciary relationship to the people. What would one think of a banker who considers it ignoble to make a profit for his clients through prudent investments, and prefers to lavish their funds on the needy?

The statesman as banker is admittedly less inspiring than the statesman as knight or saint, notwithstanding the military successes of mercantile republics from Athens and Rhodes to Venice and the Netherlands. In the Gotterdammerung of the Third Reich, though, one can perceive the consequences of an attempt to revolutionize a modern society around warrior values. The rule of the socialist saints in the Soviet Union and other communist countries proceeded from terror to moral as well as material bankruptcy. The solvent, it appears, shall inherit the earth; in this light, the multiple meanings of 'interest' might be reflected upon, profitably.

Loyalty to the Nation

The corporation — the body politic — that makes a profit (often at the expense of others) and shares it on the basis of membership, not need, is one of the oldest models of political society. An even older model is the family. From the universalist point of view, nations look very much like families, entirely too much, in fact, so that nationalism is suspect as a form of nepotism. Seen from the vantage-point of the family, the state looks much more abstract, more universal. Indeed, the partial transfer of loyalty from Montagues and Capulets to something as abstract as Italy is no small achievement of the moral imagination. In their hurry to get on with a merger of the entire human race, advocates of national disinterest all too often demean the effort involved in persuading, say, a Portuguese-American in Massachusetts that he has something morally significant in common with a Chinese-American in Seattle — that is to say, nationality. It cost the United States a bloody Civil War and generations of racial and regional strife to achieve even the 'narrow' nationalism that put a Colin Powell and a Norman Schwarzkopf together in uniform at the head of a victory parade.

Even the small-scale cosmopolitanism of the nation-state is difficult to sustain. Consider two contemporary democracies, India and Germany. India's peace and unity are threatened by new generations of Indians for whom ethnic and religious identities are more important than any abstract sense of 'Indianness'. In Germany a different phenomenon has produced somewhat similar results. An American observer of German politics can find it difficult to sympathize with the grudging attitude of many prosperous West Germans toward reunification. Reunite the Fatherland? Sure, as long as my middle-class subsidies are not threatened. Consumerism and welfarism can be solvents of national identity as effective as tribalism.

The proponents of a politics of national disinterest may have it wrong, then. They see a world in which the progressive plans of altruistic universalists are held back by retrograde nationalists, whether in Washington or Sofia. It may be, however, that this is an issue only for a very small intelligentsia. The most important moral and political struggle in the world today may be between relatively selfless nationalism and relatively selfish parochialisms, of religion, race, class, region.

Those who identify state morality with state altruism are not dangerous because they are likely to bring about a world unity which is undesirable as such, whatever its character. There is not the slightest chance of that happening in the conceivable future. Rather, the politics of national disinterest is threatening because its proponents, while failing to create genuine transnational loyalties, may well succeed in

If the nation-state is morally discredited, the beneficiary may be not mankind but class and tribe.
attenuating, even destroying, the attachment of people to the largest practically effective moral community, the nation-state. The danger, in other words, is that the denationalization of, say, Canada, will not produce good North Americans or Westerners or world citizens, but only parochial provincials. If the nation-state is morally discredited, the beneficiary may be not mankind but class and tribe. It would not be the first time that a sentimental conception of human life inadvertently encouraged the very passions it sought to suppress.

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**Realism and Folly about the USSR**

Eighteen months ago Phillip Adams wrote (in his Weekend Australian column) “the consensus in the US is that Ron [Reagan] is either a fool or a liar...It was preposterous that a mediocre movie actor with a slim grasp on reality could become president of the US.” There was a ‘consensus’ among the left-leaning intelligentsia. But, as recent events in Eastern Europe prove, it was not Reagan who had “a slim grasp on reality.”

“The Soviet economy has made great national progress in recent years.”

John Kenneth Galbraith, Professor of Economics, Harvard University, New Yorker, 1984.

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“It is a vulgar mistake to think that most people in Eastern Europe are miserable.”

Paul Samuelson, Nobel Laureate, Professor of Economics, Massachusetts Institute of Technology Economics, 1981.

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“Can economic command significantly compress and accelerate the growth process? The remarkable performance of the Soviet Union suggests that it can. In 1920 Russia was but a minor figure in the economic councils of the world. Today it is a country whose economic achievements bear comparison with those of the United States.”

Lester Thurow, Professor of Economics, Massachusetts Institute of Technology, The Economic Problem, 1989.

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“In an ironic sense, Karl Marx was right. We are witnessing today a great revolutionary crisis — a crisis where the demands of the economic order are colliding directly with those of the political order. But the crisis is happening not in the free, non-Marxist west, but in the home of Marxism-Leninism, the Soviet Union...What we see here is a political structure that no longer corresponds to its economic base, a society where productive forces are hampered by political ones.”

June 1982, Address to the British Parliament.

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“The years ahead will be great ones for our country, for the cause of freedom and for the spread of civilization. The west will not contain communism, it will transcend communism. We will not bother to denounce it, we'll dismiss it as a sad, bizarre chapter in human history whose last pages are even now being written.”

May 1981, Commencement address at Notre Dame

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“...no one can deny that it has made tremendous economic progress.”

Lester Thurow, Professor of Economics, Massachusetts Institute of Technology, The Economic Problem, 1989.

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“The Soviet Union is not now nor will it be during the next decade in the throes of a true systemic crisis, for it boasts enormous unused reserves of political and social stability that suffice to endure the deepest difficulties.”

Seweryn Bialer, Professor of Political Science, Columbia University, Foreign Affairs, 1982/83.

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“On the economic front, for the first time in its history the Soviet leadership was able to pursue successfully a policy of guns and butter as well as growth...The Soviet citizen — worker, peasant, and professional — has become accustomed in the Brezhnev period to an uninterrupted upward trend in his well-being...”

Seweryn Bialer, Professor of Political Science, Columbia University, Foreign Affairs, 1982/83.

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With acknowledgments to Young America’s Foundation.
Saddam the Saviour  Ask the man on the street which world leader he most closely associates with the saving of lives: how many would nominate Saddam Hussein? Improving the image of Iraq, after its recent history of war and persecution, would be a challenge for the most energetic of public relations specialists. In August, the Iraqi Embassy in Canberra set about addressing the problem: it announced that an Iraqi doctor, Mish’al Al-Saari, had discovered the cure for cancer. According to the announcement, “the treatment has proved successful beyond dispute and without any side effects...” The significance of this discovery, the Embassy’s press release continues with zeal, “calls for the medical world to cease spending money and other resources in its frantic fight against virus and cancer diseases...” The news of this remarkable discovery, which apparently took place on 11 August 1989 (why have we been denied knowledge of it for so long?) “was naturally given wide enthusiastic coverage by the Iraqi media.” The Australian media (lackeys of US imperialism) ignored it — giving this column the scoop. Cynics might remark that if cancer is disappearing as a cause of death in Iraq, that is only because of intense competition from other causes.

Scouts Not Prepared for This  In the land of litigation, the American boy scouts are under pressure to change their ways. For one thing, they may not be the boy scouts for much longer. Five Californian girls plan to sue the movement unless they are allowed to join. A similar case, according to USA Today, is brewing in Florida. On another front, twins Michael and William Randall are suing for being expelled from the scouts for refusing to promise “to do my duty to God and my country.” The twins don’t believe in God. The American Civil Liberties Union is backing them. Finally, Timothy Curran, 29, is taking legal action after being refused as a volunteer scout leader because of his professsed homosexuality.

Elevated Status  In keeping with the trend toward dressing up ordinary jobs with grand titles, the London Daily Mail has contributed the following suggestions for new titles: Visual interface hygiene technician: window cleaner; speculative investment consultant: bookie; mobile cash-flow accumulator: beggar; multi-level personnel relocator: lift operator.

The Choice is Choice  Under the heading “There is a Basic Difference between the Models of the Market (Unplanned) Economy and the Command (Planned) Economy,” Objective 1.4 of the Year 10 Social Studies Teachers’ Guide (published by the WA Department of Education) reads: “Students should be able to compare and evaluate the economic systems of the USA and USSR.” A worthwhile objective, but then things begin to drift into ideological fantasy, made all the more blatant by recent events in (what was) the Soviet Union: “Centrally administered socialism tends to produce higher rates of economic growth...” Tell that to the Soviet people if you dare. The document does acknowledge that command economies are inefficient distributors of goods and “give lower preference to individualism,” but concludes on a note of limp relativism: “The final decision as to which is the better system is difficult. Obviously, there are advantages and disadvantages of each system.”

Property Rights Recede  The owners of a property in Wahroonga, NSW, were recently fined $5,000 for felling a tree on their own property. They wanted to build a tennis court on the site, but the Council withheld permission to have the tree, a Californian Redwood, removed. In addition to the fine, the owners were ordered to plant another Californian Redwood to replace the one they cut down. Not a major case perhaps, but further evidence of the erosion of property rights in Australia.

Prostitutes’ Rights Expand  The Australian Federation of AIDS Organizations has endorsed a motion “recognizing and supporting the rights of HIV-positive sex workers to be sexually active commercially and in their personal lives.” And the secretary of the Federal Government’s Inter-governmental Committee on AIDS has told The Age that she thinks it is inappropriate for HIV-positive ‘sex workers’ to be treated differently from other HIV-positive people. The Committee wants to have the condition of HIV-positive among ‘sex workers’ recognized as an industrial disease, if it is contracted in the course of employment. As Lauchlan Chipman, Professor of Philosophy at the University of Wollongong, points out, this would make prostitutes with AIDS eligible for workers’ compensation.

Spare the Rod or Go to Jail  Parents should be charged with assault if they smack their children, a conference at the Australian National University on children’s rights and the law was told recently. Michael Freeman, Professor of Law at University College, London, gave a potted history of social relations in the West: “…there was a time when we beat prisoners, there was a time when we beat wives, there was a time when we had and beat slaves. Now children are the only ones who come into this category.” He predicted that in 50 years’ time it would be “inconceivable” for adults to hit children lawfully in Australia.

Just as prohibitionists refuse to differentiate between the use and abuse of alcohol, fall who imbibe are
alcoholics) so Professor Freeman treats all corporal punishment as physical abuse.

Beyond Balance  In July The Age chose to publish a short item highlighted in bold on its front page stating the views of Ali Kazak, the PLO's representative in Australia, on, of all things, the bid by the Conrad Black consortium to buy the John Fairfax media group. "Mr Black was pro-Israel," explained Mr Kazak, apparently seeing no need to elaborate.

In a follow up letter to The Age, Adam Slonim protested. Why should the PLO's views on Australian media ownership be given front page coverage, he asked.

Mr Slonim made a further request: "Now that The Age has raised the PLO to new heights of domestic importance, would they please publish the PLO's attitude to shop trading hours and whether the football draft system favours the Eagles?"

Self-Deception  Selective schools — which accept only students with high academic ability — are harmful to students, believes Herb Marsh, Professor of Education at the University of Western Sydney. Selective schools, he thinks, are detrimental to the self-concept of students: "In a selective school a student will have to work very hard just to get average marks, affecting self-concept, learning and absence. In a comprehensive school, a student who works hard can be one of the best, thus enhancing academic self-concept. " The higher the self-concept, according to Professor Marsh, the better the performance.

There are data which conflict with Professor Marsh's theory. In an international Mathematics test conducted in six countries in 1989, American pupils performed worst while Korean students performed best. In terms of self-concept (measured by degree of agreement with the statement "I am good at Mathematics") Americans scored the best while Koreans came last. High self-esteem in an uncompetitive environment can breed complacency.

The Song is Over  Readers who enjoyed Shaun Kenalley's comparison of the films Dead Poets' Society and Stand and Deliver (IPA Review, Oct-Dec 1989) will take some comfort in the news that the real life teacher on whom Robin Williams based his portrayal of John Keating has lost his job. According to the report in the Melbourne Herald-Sun, John Campbell, who once taught Robin Williams, was unperturbed about his record at the private school in Detroit where he had taught for 28 years: "I have never followed the textbooks," he said. "During the tests we sing 'Yellow Submarine'."

Cross Words  An Australian-Arab community group is demanding that the Macquarie Dictionary be withdrawn from sale because it promotes racist ideas. A spokesman for the Australian-Arabic Welfare Council told the Canberra Times that certain words and definitions in the dictionary were considered offensive by Arabs and Lebanese. The offensive words include 'Lebbo' and 'Lebanese back', defined as a feigned bad condition used as a basis for claiming workers' compensation. The publisher of the Macquarie Dictionary pointed out that just because a word is in the dictionary does not mean he approves of it.

The Arab community is surely not the only group with cause for complaint, as Rudy Zeeman in a letter to The Australian points out: "Being an Australian of Dutch descent, I now call for the withdrawal from sale of all dictionaries [because] of their denigrating, offensive and racist definitions of the following terms: Dutch courage, double Dutch, going Dutch, Dutch treat and, to cap it all, Dutch cap. I also want the British to apologize for coining the expressions."

No Interest in the National Interest  All those college courses in gender and the media had to lead somewhere. The National Working Party on the Portrayal of Women in the Media has been formed to cut down on sexual stereotyping in the media and critically examine the gender distribution of jobs. Helen L'Orange, deputy chairwoman of the working party and first assistant secretary of the Office of the Status of Women, gives us some idea of what we can expect. "Our view is that at the moment women do not get a fair deal from the media," she told the Sydney Morning Herald. "And I'm not just talking about women as presenters or women in the industry, but women as the audience. If you take the Gulf War as an example, there were millions of dollars spent covering the Gulf War — and I'm not sure that is a subject that is of particularly great interest to women." It requires a very parochial view of women to believe that they would not be interested in the fate of half the world's oil supplies, the deterioration of international aggression and the fate of Australian servicemen and their allies (including female military personnel).
The ‘Nationalist’ Revival

EVENTS in Yugoslavia, Iraq and the Soviet Union illustrate, in especially dramatic form, one of the more far-reaching and perhaps ominous developments in world politics: the demands of ethnic separatism. Its effects are almost everywhere destabilizing and disruptive, both politically and economically. It has caused much bloodshed and seems certain to cause more. It is a clear — if unhappy — answer to those who hoped that, with the collapse of communism and the end of the Cold War, the world could enter an era of peace and co-operation.

These developments come in a period of unprecedented globalization and interdependence in news, data and information, the movement of money and investment, of technology, of travel and trade. The assertion or re-assertion of particularist claims of a political, economic or cultural kind is a reaction against these tendencies to global homogenization implied by interdependence.

Such claims for autonomy come in a great variety of guises and shapes. Twenty years ago, in the advanced world, we were all enjoined to be blind to racial and ethnic differences. We even established various kinds of equal rights or anti-racism instrumentalities to enforce these principles. Now, in sharp contrast, separate ethnic identity is frequently the basis for quite specific claims to special treatment and resource allocation. Here in Australia, the phenomenon appears in those versions of ‘multiculturalism’ which treat ethnic groupings as separate social and economic entities and demand their maintenance and support from the resources of the community at large. In Europe, the assertion of Scottish or Basque separatism poses great difficulties for the central governments in London and Madrid. Across the Islamic world, such difficulties are further compounded by religious differences which have already had major effects for world politics. The claims of the Baltic states, the Kurds in Iraq and Turkey, the Eritreans, Slovenes, Georgians and a dozen others could lead to significant changes in world patterns of states. In many cases such developments have led, or will lead, to war.

Many, if not most, of these separatist demands rest on claims for ‘freedom’ and ‘liberty’. But where does this claim for separate ‘freedom’ end? Is any group, however defined, entitled to a politically separate and internationally recognized existence? And in any case, who or what is to be ‘free’ and free from, or to do, what? On this last point, there has been a marked shift of emphasis, at least in the Western tradition, over the last 150 years. The classic liberal approach emphasized the liberty of the individual. Today, and despite some talk of ‘human rights’, we are invited to give unquestioned priority to the ‘freedom’ of ethnic or national entities. There is a clear connection here between focus on the collectivity and the stress on racial separatism noted earlier.

Yet it seems clear that the ‘freedom’ of groups or ‘nations’ from control by others is by no means always compatible with the welfare of their individual members. The independence of Eritrea or Tibet or the Baltic states or the Kurds or the Ibos would indeed be likely to lead to greater liberty for individual Eritreans, Tibetans, Latvians, etc. But there can be even less doubt that Ugandans and Burmans were far freer and better off under British rule than they have been since becoming ‘free’, that West Irianese were better off under the Dutch and East Timorese under Portugal than either group has been under Indonesian rule, that Cambodians have been incomparably better off under a Vietnamese proconsul than they were under Pol Pot or that North Koreans had better, perhaps even freer, lives under Japanese rule than they have had under Kim Il Sung.

Disputes over borders

Separatism leads to other difficulties, notably that of borders. That often involves classic problems of territory. The world is full of such unsolved problems: Kashmir, the Sino-Soviet border, on any number of points along the borders between various Soviet republics, the Sino-Indian frontier, the demarcation line between West Irian and Papua New Guinea, control of the South China Sea. Problems of that sort have been accentuated by policies of settling certain ethnic groups in new regions by way of colonization: French in Noumea, Russians in Latvia, Han in Sinkiang. These problems often create tension and war.

Other difficulties can have to do with refugee or migrant flows across...
borders. There can be no doubt that Poland and Germany are already deeply fearful of an increasing flow of refugees, perhaps in their millions, from a disintegrating Soviet Union. (It is one major reason for Chancellor Kohl’s wish to give Mr Gorbachev more economic aid.) Austria is under similar threat from Yugoslavia and Rumania, France from North Africa, the US from Central America and Malaysia from Vietnamese and Cambodian refugees. These flows create great potential problems, possibly the greatest since the migrations which helped to bring about the collapse of the Roman Empire. In the advanced world, the wish to help refugees, sustain human rights, and the impulse to racial equality, will increasingly clash with the wish for national self-determination, economic and social cohesion and, indeed, national security.

There are also trade-offs between the political and religious independence of ‘nations’ and their economic welfare. When the US President, Woodrow Wilson, promoted the principle of ‘self-determination’ in the settlement which followed World War I, it was one of the chief criteria for the creation of new states, in a region where it was impossible to draw ‘national’ boundaries which would precisely delimit single ethnic/national groups and ensure that the new entity would be economically viable. That notion has now fallen by the wayside. The United Nations obviously includes a number of ‘nations’ which could not by any stretch of the imagination be called economically viable.

Under contemporary conditions of interdependence, viability is both harder to define and harder to attain. Economic clout has to do with many matters, but certainly also with size. It is not by chance that Europe is creating a huge united market or that the three strongest economic entities in the world are Europe, the US and Japan. Other things being equal, therefore, the Slovenes are likely to be more deeply dependent than a united Yugoslavia and the Baltic states more strongly dependent than a united USSR. Ethnic or religious separatism is apt to lead, fairly directly, to economic weakness, though separatist leaders rarely say so. It is therefore certain to create more political entities which must rely on economic aid and other benefits from outside. That process can hardly fail to increase ‘national’ disputes and resentments and, at the same time, lead to an increasingly complex network of ‘international’ arrangements as well as a burgeoning international bureaucracy.

Foreign Ownership

Examples, albeit non-violent ones, of how the new facts of international life will clash with popular nationalism can be found quite close to home. Consider, for example, the issue of ‘foreign’ ownership or control, which has received much recent publicity in relation to the fate of the Fairfax newspaper group. Precisely why is ‘Australian’ ownership or control more desirable than ‘foreign’? Is it that foreign owners would pay less attention to Australian national interests than Australians would? Where is the evidence for that? Surely, if anything, the opposite is true: foreign companies tend to be more and not less punctilious about obeying Australian rules and regulations, if only because, as foreigners, they are politically more vulnerable. Or do more of the profits of foreign firms go abroad? Does not, follow, either. Foreign corporations pay taxes and employ local labour like anyone else. Moreover, the nationality of shareholders has no necessary connection with the ‘nationality’ of the firm. In any case, what should be the criteria for judging a firm’s nationality? The location of its headquarters? The area where most of its operations take place or from which its profits derive? If the latter, does that mean that once over 50 per cent of BHP’s operations and profits are offshore (which might happen quite soon) then BHP will have ceased to be Australian? Or should the passports of the Directors be the determining factor? Or the passports of 50 per cent of the shareholders? But who could possibly know? Imagine, quite hypothetically, that 51 per cent of the shares of BHP were owned by three banks. One bank’s headquarters were located in London, but 51 per cent of its shareholders were Australians, the majority of whom were institutions, themselves 35 per cent owned offshore. Another bank was located in Australia, but 60 per cent foreign-owned, and a third had its headquarters in Australia, but 55 per cent of its operations were offshore and two-thirds of its shares were owned by Australian institutions with majority foreign holdings of various nationalities. Would BHP, under such circumstances, have ceased to be Australian? The idea is patently absurd.

Robert Reich has nicely illustrated the problems of trying to assess matters in such national categories by reference to the US purchaser of a Pontiac car, who might pay US$20,000 for it. About $6,000 of the price would go to South Korea for routine labour operations, $3,500 to Japan for advanced components, nearly $3,000 to data processing and advertising done anywhere, most of the remainder coming to rest with “strategists in Detroit, lawyers and bankers in New York, lobbyists in Washington, insurance and health-care workers all over the country and General Motors shareholders ... an increasing number of whom are foreign nationals.”

Unfortunately, considerations of this sort will not stop the public or the media from demanding, under labels like popular and ‘democratic’ will or national interest, what no one is any longer able to deliver. What can be delivered, and what governments are delivering, is greatly increased and more detailed controls, in practice if not in name. But they are controls of a new kind. They are controls by administrative and political direction, by the clear threat of special or retrospective regulation or legislation. Ministers are demanding conformity with the “spirit of the law” as interpreted by themselves — next month or next year. Together with that has gone an increasing politicization of the law, in all its aspects. In other words, what governments can deliver is a highly populist and unavoidably arbitrary government by men, instead of government by laws. And all of modern history testifies to the threat which such government by men offers to the liberties of the very citizens it pretends to defend.
Listen to the Footsteps

People vote with their feet. The pattern of interstate population movement in Australia is a source of fascinating insights into changing economic and political conditions around the nation.

GEOFFREY BLAINEY

Every year one of the most important collective decisions in Australia is made by people who move, who step somewhere else. We don't often discuss these movements of people and yet they have profound consequences. Even when we were passing through smooth economic times, the silent footsteps were intriguing. But the times are no longer smooth.

Since 1850 Australia has three times run up rather serious overseas debts. The two previous difficulties, in the early 1890s and the early 1930s, were much worse. But we have not yet emerged from our troubles, so a final comparison is premature. Indeed today's debt burden and Australia's lack of competitiveness are not yet being tackled and so they may well subdue us longer than is really necessary.

The question absorbing those who run businesses is: will the sick man begin to recover by the end of 1991? No less vital is the question rarely asked: will the sick man fully recover in the next five years? The answer, on present evidence, must be "No". Even when confidence revives and employment recovers, the economy will remain brittle. Indeed, when the world economy falters or slows the next time, say in the later 1990s, Australia will falter more than most.

Our economic problems are all soluble. We solved them in the past, sometimes with pain. But nothing can be solved if we shut our eyes and turn our backs. The federal election of March 1990 was for the nation's leaders a national exercise in shutting the eyes.

Flashback: Exactly a Century Ago

It is salutary to look at the early-1890s for comparisons. Then, as now, Australia was much worse off than most other parts of the western world's economy. Inside Australia, then as now, Victoria was the main sufferer. We are inclined, with casual confidence, to think that we are very unlikely to repeat the mistakes of the past. We say "it can't happen here." But it is happening here — the impossible is happening here.

Believe it or not, we are roughly following the path of the Victorians of a century ago. Once we realize that, we might begin to change direction. We know from recent experience the milestones of that slippery path. Heavy overseas borrowing, export income too low, a crisis in the balance of payments largely ignored, the State government living far beyond its means, pressures to pay debts becoming acute, some major financial institutions collapsing, the property market in a fainting fit, unemployment increasing. This gloomy succession of milestones was almost unimaginable 15 or 18 months ago. The fall in prices of rural exports has aggravated it. Maybe the Gulf War has slightly moderated it — who knows at this stage? What is the next step along the path? It is probably loss of population from Victoria, maybe losses on a large scale.

A century ago, when Victoria was buffeted by financial failures, it lost population on a startling scale. Between 1891 and 1905 Victoria lost through net migration as many people as it had gained by net migration in the previous 30 years. I am simply pointing to what can happen when an economy is, as they say at the football, concussed. Victoria is especially vulnerable for another reason I will explain below.

The rate of growth of population affects how we use up the surplus capacity created in a speculative boom. The Victoria of 1891 had far too many suburban houses — today we have no such glut. But Victoria 100 years ago also had a glut of city offices. In 1899 in Collins Street — at least seven years after the cessation of the boomtime construction projects — it was possible to ride in the elevator to the top of many newish office buildings, only eight or nine years old, and find not one tenant on their upper floors. These offices included a building on the corner of Elizabeth Street and Flinders Lane: taller than any office block in Europe. Two-thirds of its space had

This article is an edited version of a speech delivered in February 1991 to a dinner organized by AMROP International, an executive search organization with offices around the world.

Emeritus Professor Blainey has published many books on Australian history, including The Tyranny of Distance, Triumph of the Nomads and A Land Half Won. His most recent collection is Blainey: An Eye on Australia, published by Schwartz and Wilkinson.

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not yet been leased when the building was eight years-old. Significantly, Melbourne again has a sizable glut in office space, with the addition of 38 per cent to the stock of office space between December 1989 and 1992.

What if Victoria, for the next seven years, rightly cuts down its public sector which is a huge consumer of office space in the city? What if Victoria's population, as in the 1890s, grows only slowly for a considerable period? A city hit by severe economic troubles can recover more slowly than we imagine. During the depression of the 1890s, Melbourne's population was quickly passed and outstripped by Sydney. For some 70 years every single census showed that New South Wales was growing faster than Victoria.

Then the tide was turned. From 1947 to 1954 Victoria, at last, grew more speedily in population than did NSW. In the next seven years — the early Bolte years — Victoria repeated the victory, its rate of growth exceeded only by South Australia's. Manufacturing was booming in Australia, and Melbourne was strong in factories. Moreover the black coal of NSW was ceasing to be the turbine of the nation's economic progress; and the rising importance of brown coal and petroleum gave Victoria the break it had longed for. Victoria had another advantage. In those days most migrants came to Australia by sea, and they reached Port Melbourne before they reached Sydney, and in Melbourne most left the ship. To this day Melbourne remains the home of the main wave of emigration from continental Europe — the Balts and Germans, Dutch and Ukrainians, Italians and Maltese, Greeks and Yugoslavs.

In this astonishing post-war rejuvenation, Melbourne grew at a faster pace than Sydney in some 25 of the first 30 years. About 1976 Sydney finally grabbed or re-grabbed the ball. Once again it began to grow more rapidly than Melbourne. The high property prices of Sydney were one sign of its new victory.

The economic forces that had favoured Victoria subsided. Manufacturing became less important as a magnet for population; the European migration that had long favoured Melbourne was challenged by Asian, Middle Eastern, American and Pacific Island migrants all of whom favoured Sydney. The haven for New Zealanders fleeing their own waterlogged ship was also Sydney. Since airways now surpassed the seaways as Australia's link with the world, and as Sydney was the main airport, it attracted the new finance houses that came to Australia. In tourism Sydney also outshone Melbourne. Sydney became the city of the Japanese yen; it was also the city of the American and Hong Kong and Singapore dollars and such Chinese money as was worth pocketing.

Sydney was now on rollerskates while Melbourne limped. Hardly a hint of this was aired in the Victorian State election campaigns of the 1980s. It is a sign of the weakness of Victoria's Opposition parties that they allowed Labor to boast about Victoria's impressive level of employment, and so win the economic debate. In fact, Victoria's unemployment was low in the 1980s partly because so many of the unemployed or the prematurely-retired Victorians went north to live.

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<th>SOURCE OF POPULATION INCREASE FOR QUEENSLAND</th>
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<tr>
<td>1987</td>
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<tr>
<td>%</td>
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<tr>
<td>Natural increase</td>
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<tr>
<td>Interstate migration</td>
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<td>Overseas migration</td>
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Source: ABS.

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<tr>
<th>OVERSEAS IMMIGRANTS TO AUSTRALIA WHO SETTLE IN NSW AND VICTORIA (NET)</th>
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<td>1977</td>
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<td>NSW</td>
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Source: ABS.
Unemployment was low partly because the government, without counting the cost, was employing more and more people in the public sector. A key fact did not even enter the debate, namely that in the years 1976 to 1986 Victoria and Tasmania tied for the booby prize as the States growing slowly in population.

Admittedly in the last two years, Victoria has grown more rapidly than New South Wales in population. That is a temporary revival. The most likely cause is that the Greiner Government boldly began to do what the Cain Government failed to do: pruned a lot of the dead wood from the public sector and especially the railways. In other words, Victoria is already vulnerable, without the present bad news.

**Government:**

Australia's Sun Hat

Part of the challenge to Victoria and to New South Wales too comes from far away. It comes from the big warm outer States and Territories. They are experiencing one of the most remarkable population shifts in Australian history. If it continues at the same pace as in the last 30 years its implications will be profound.

In the days of the Model-T Ford some observers used to say that Queensland and Western Australia had our future in their hands. They were called “the coming States” because they had a vast area and untapped resources. They were always coming but never quite arriving. Even in the 1950s when Arthur Fadden was Treasurer, they did not show the steady pace of growth they have since displayed. The census of 1961 revealed that Queensland's population had been growing at only the national average, while Western Australia was below the national average. Then came the 1966 census, the Harold Holt census if you like. In rate of growth Western Australia was suddenly on top, having jumped from fourth to first, while Queensland was third. Then came the 1971 census, the Billy McMahon census. Western Australia and Queensland were on top. They have remained the pacemakers ever since. This year’s census will show them still on top.

For the last 20 years, Western Australia and Queensland have in aggregate been increasing their population at twice the percentage of NSW and Victoria combined. There is no real sign that the pacemakers are tiring. In the year ending June 1989 the two big outer States were growing at nearly three times the pace of Victoria and NSW. In certain years of the later 1980s, Perth and Brisbane each grew at nearly four times the pace of Melbourne.

Will this Sun Hat of the Australian continent continue to grow far more rapidly than the old power base? We used to believe that the mineral boom was the main cause of their growth. And yet WA and Queensland continued to outstrip the rest of Australia even in the 1980s when minerals and other primary industries were no longer the dynamo of growth.

A preference for a warm climate is one ingredient of the economic success of the Sun Hat of Australia. In the United States, the dramatic rise of California, Florida and Texas mirrors the power of the new sunbelt. Leisure now challenges work as a determinant of where people settle. The growing number of retired people and the ease of air travel partly explain the popularity of Queensland with its thousand-mile tourist coast.

In the year ending June 1990, Queensland gained more people through interstate migration than it gained from all other causes — namely natural increase and immigration from overseas. Queensland's rate of increase from interstate migration alone exceeded NSW's rate of increase from all sources combined. New South Wales, especially Sydney, is the diligent supplier of settlers to Queensland — Victoria had been in the mid-1980s. Sydney is passing into an unusual stage: it is now the mecca for overseas migrants but the source of the great exodus of Australian-born people. Ethnically it is likely to become Australia's New York.

Western Australia is the other large gainer from interstate migration. If WA were not isolated I am sure it would compete with Queensland as the mecca for those dissatisfied with where they live. Cheap air fares could make Perth more a magnet. But it still cannot compete with Queensland in tourism.

I am tempted to include the Northern Territory with the big outer States. It shares their geographical characteristics and their special interests. It is different in this respect: that it has few people and they depend far more than WA and Queensland on federal funds. The Northern Territory is a kind of single-mother living mainly on subsidies. Darwin is in many ways a tropical clone of Canberra, a public-service town. With the locking up of so much of the Northern Territory resources because of Aboriginals', conservationists' and anti-uranium claims, and with some restraint on the federal budget in recent years, the Northern Territory has recently ceased to gallop ahead in population. In the last three years (July 1987 to June 1990) the Northern Territory has become, in its rate of population growth, the snail of Australia. Even Tasmania has performed more impressively.

**The New Map for Australia?**

What if Queensland, Western Australia and the Northern Territory continue to grow faster than the rest of Australia by the same margin as in the recent decades? Today they hold about 27.5 per cent of Australia's population. By the year 2050, if the present trend continues, they will have about 45 per cent of Australia's population. In short the six year-olds now at school will, in the year of their retirement, see some 45 per cent of Australia's population living in the big outback States

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and Territories. Now I am not positively predicting that in the next 60 odd years this will happen. I am simply saying that if Australia continues to experience the pattern of population growth of the last 30 years, it will need new economic and political maps.

It would be a very different Australia if the big outer States formed a counter-balance to the south-east corner. After all, these outer States tend to have different priorities and attitudes: traditionally they take defence more seriously, they have a different perspective on Aboriginal issues, they are more conscious of the closeness of Asia, they are slightly less interested than the south-east corner in big government, slightly more suspicious of Canberra. Moreover, their economic impetus stems more from natural resources. If these big outer States continued to grow, the Labor-Liberal rivalry could cease to be the dominant contest of national politics and could be rivalled by the contest between the south-east corner and the rest of Australia. In several topics this conflict has already happened. The momentum of Aboriginal land rights came to a halt about 1986 when Western Australia (a Labor Government, mind you) rebelled against the generosity of the south-east corner in giving northern and western land to Aboriginals.

In the long-term the swing of population towards the big, warm, outer States could well be in Australia’s interests and therefore indirectly in the interests of all Victorians. Meanwhile Victoria has to face its own economic difficulties. It has performed poorly since about 1975 in attracting and retaining people. It has performed poorly despite — perhaps because of — the huge injection of money into job creation. The bad news of the last nine months can only aggravate Victoria’s plight. We should bear the footsteps.

And yet there is wide, wide scope for optimism in Victoria. With thought and effort, Victoria could dramatically improve its waterfront, its railways, and the public transport in the cities. With common sense it could transform its education system (if you can use the word ‘system’ instead of subsidized chaos). With effort and imagination Victoria could transform its tourism, one of its grave weaknesses. With deft lobbying in this new era of privatization it could challenge the way Qantas has helped make Sydney the international airport. By taking thought it could smarten up what is left of its manufacturing industry, and with some flair and drive it could even compete with New Zealand in supplying packaged fruit and vegetables to South-East Asia.

With determination, Victorians could also make the massive state bureaucracy less costly and less massive; with forethought they could work towards eliminating the incredible duplication and overlap of Federal, State and Local government services in the same field. And these are only the beginnings. With such changes, Victorians would give all Australians a lead in making the nation more competitive. With such opportunities, who can be pessimistic?

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**Flexi-Time**

Timekeeping audits leaked from the Victorian Public Transport Corporation in July showed an extensive system of rots for which Victorian taxpayers are, of course, bearing the burden. An extract from an audit of the Freight Services Division follows.

In the case of sickness occurring on the 6.15am shift, it was regular practice to cover the absence with another employee from the 2.15pm shift...

My concern is that these employees are being paid for time when not on duty. In one case, for example, [an] employee rostered [for the] 6.15am shift reported sick at 6.20am and was replaced by an employee from the 2.15pm shift who claimed working from 6.15 am to 10.45pm (meal 30 minutes). On checking the address of the employee called in to cover the sickness, I noticed that the employee could not possibly have started prior to 7.30am or later, a conservative one and a quarter hours later than claimed.

I spoke with the Timekeeping Co-ordinator Central who informed me these people are paid to 10.45pm but are permitted to leave the premises around 8.15pm, a difference of two hours and 30 minutes to what was claimed. I was told that these employees while they sign on personally are all signed off by the Supervisor. It appears to me that there is a need to review the rosters in this area as perhaps Container Trains depart around 8pm. The nett effect of this practice is 3 3/4 hours at double rate. As to the extent of these overpayments, I can only guess but I consider there is an urgent need to investigate this matter more fully.

Considering the instance of sick leave, it is quite possible large overpayments have occurred on sick pay coverage alone and for many years at that.

[24 of the 65 employees took sick leave during the fortnight.]
Closing the Door on Immigration

Net immigration to Australia has fallen from a peak of 171,000 in 1988 to 111,000 in 1990. In the wake of the recession, however, calls for a further substantial reduction have intensified. Wolfgang Kasper on page 11 argues against heeding such calls, while below, Robert Birrell explains why he believes a substantial cut in immigration is long overdue.

ROBERT BIRRELL

During the 1950s and 1960s there was some consistency between the Australian Government's immigration and economic policies. In particular, the promotion of import replacement manufacturing created employment opportunities for migrants. Critics now argue that this strategy produced an uncompetitive industrial base. However, few have critically examined the implications for immigration policy. Current strategy is to encourage only those industries which can sell competitively in export markets or compete with imports. Since Australia's comparative advantage lies with mineral and agricultural industries whose labour needs are limited, what use does Australia have for additional migrants?

This view is contested by some economic rationalists. For instance, Wolfgang Kasper et al argued in 1980 that if Australia followed 'libertarian' policies it could productively absorb more migrants than under the 'discredited' protectionist (or 'Mercantilist') alternative. They argued that deregulation and reduced tariff protection would unleash Australia's productive capacity.

After a decade of experimentation with such policies the burden of proof lies with the 'libertarians'. Many new jobs were created during the boom of the late-1980s. But they were mainly in people-servicing and city-building areas. Employment in manufacturing languished, rising from 1,146,000 in May 1986 to just 1,203,000 in May 1990, to fall sharply to 1,124,000 in May 1991. In addition, few new export-oriented manufacturing concerns have emerged to replace firms decimated by declining tariff protection.

With growth in the service and city-building areas arrested and limited prospects in internationally traded goods and services, the vulnerable nature of Australia's labour market has been exposed. Over the May 1990 to May 1991 period net growth in the labour force of 84,600 plus and net job loss of 177,200 produced an increase in unemployment of 261,700. With 812,000 unemployed as of May 1991 Australia is awash with surplus workers. Many more have withdrawn from the labour market and thousands are stacked up in the education system. The number enrolled in higher education alone has grown from 389,968 in 1986 to 485,075 in 1990.

It will take years to work through this backlog given current economic problems. The Government cannot pump prime the economy without breaching the balance of payments constraint. Even if an optimistic four per cent per annum growth in GDP was achieved over several years it would make little impression on the surplus work-force. This is because with recent structural adjustment labour productivity is likely to accelerate from the low 1.2 per cent level of the 1979-88 period to at least two per cent per annum in the early-1990s. A two per cent rate of labour productivity in a context of four per cent GDP growth implies employment growth of around two per cent per annum or an additional 160,000 jobs. This will barely keep pace with labour force growth (including some 50-60,000 migrant workers should net immigration continue at 100,000 or more). We face years of unemployment in the 800,000 range. Why complicate the problem by sustaining high migration?

In response migration advocates usually argue that we need to look beyond immediate circumstances. Some say that the 'libertarian' alternative will work if applied more vigorously. Others retreat to abstract econometric models which 'prove' the benefits of immigration through the promotion of economies of scale and the encouragement of new investment. There is a place for debate on the impact of such long-term
factors. But this theorizing is of little relevance to our present economic crisis. Rather, it functions to deflect attention from the current problems generated by immigration, and the urgent need for the Government to respond with a flexible immigration policy. I now turn to why this should be given priority.

Immigration and the Labour Market

Skilled Workers

In the late-1980s the Government acted to make the selection system for Independents and Concessionals (mainly siblings), more relevant to Australian skill deficiencies. This included a floating pass mark calibrated so that the best applicants were selected up to the numbers required. So far so good. With the recent disappearance in skilled vacancies one might have expected the pass mark to be raised. But in effect it was lowered. In mid-1990 the Government increased the points allocated for those aged under 35 (as well as other minor upward adjustments), but left the passmark for both Independents and Concessionals unchanged. The reason was that with applications declining — especially from Western Europe — it needed to make selection easier in order to achieve its targets. It is now easier for those whose skills are surplus to Australia’s needs to gain a visa. In the case of Concessionals (19,000 targeted for 1991-92), applicants with sub-professional skills can now gain entry and, unlike Independents, they can do so without having their English language proficiency assessed. The fact that a migrant has professional skills vastly over-supplied in Australia has no effect on his or her current selection prospects.

Consider the case of engineers. They constitute the largest single category of skilled arrivals. In 1989/90, 2,830 engineers arrived with permanent visas. At least 2,000 are likely to come in 1990/91 and again in 1991/92. Yet thousands are currently unemployed in Australia. We cannot be precise as to the number because the Government has embargoed the release of this information by the CES. However, sources indicate that some 2,200 were registered in Victoria, over half of whom were migrants. In Western Australia an Institution of Engineers survey concluded that over 300 migrant engineers were unemployed in that State.

Why add to the burden? We face a massive task of retraining their numbers required. So far so good. With the recent disappearance in skilled vacancies one might have expected the pass mark to be raised. But in effect it was lowered. In mid-1990 the Government increased the points allocated for those aged under 35 (as well as other minor upward adjustments), but left the passmark for both Independents and Concessionals unchanged. The reason was that with applications declining — especially from Western Europe — it needed to make selection easier in order to achieve its targets. It is now easier for those whose skills are surplus to Australia’s needs to gain a visa. In the case of Concessionals (19,000 targeted for 1991-92), applicants with sub-professional skills can now gain entry and, unlike Independents, they can do so without having their English language proficiency assessed. The fact that a migrant has professional skills vastly over-supplied in Australia has no effect on his or her current selection prospects.

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Why add to the burden? We face a massive task of retraining the workers emerging from our own education system. Their numbers reached 5,177 in 1989 (including 627 overseas students) and are certain to increase given the recent build up in the numbers receiving technical training.

One response may be that highly qualified people like engineers will find alternative employment. Perhaps, but only after the trauma of adjusting to a new career, and after the Australian taxpayer has contributed via retraining expenditures.

Low Skilled Workers

Here we approach the nub of the migration problem. The workers worst affected by the recession have been those with low skills, particularly where employed in manufacturing and construction industries. Recently arrived migrants of non-English-speaking backgrounds (NESB) have been especially hard hit. Of those arriving since the beginning of 1986, 21 per cent were unemployed as of May 1991 compared with 11 per cent of those from English-speaking countries. Their labour force participation level is also low. As of February 1991 only 66.4 per cent of NESB migrants arriving since 1986 were in the work-force compared with 76.3 per cent of English-speaking migrants.

This is a serious and costly situation since such migrants are significantly over-represented in the ranks of the long-term unemployed. The current migration program is certain to add to their numbers. This is because the family reunion intake is now drawn predominantly from Third World countries, most of whose populations speak little English. In 1991/92, 50 per cent or $6,000 out of the total program of 111,000 has been allocated to Immediate and Concession family categories, and another 12,000 to the refugee/humanitarian category.

Currently, around 30 per cent of adults in the family categories and 79 per cent of those in the refugee/humanitarian category have poor English or none at all. Their outlook is competition in shrinking low-skilled labour markets as the Government reduces protection for the remnants of Australia’s low-skilled manufacturing industries.

The Costs of Migrant Settlement

Perhaps if the Australian exchequer was flush with funds these difficulties could be overcome. But current budget constraints suggest there is little prospect either of rectifying the work-force problems or providing for the housing needs of NESB migrants.

The Language Issue

This illuminates Australia’s inability to provide for NESB migrants. There has been a number of recent reports lamenting the build up of English language deficiencies amongst the NESB origin work-force and the wastage of skills and low productivity resulting.

The main English language program for adult migrants is the Adult Migrant Education Program (AMEP) — for which $82 million was allocated in 1990-91. It provides short courses for some 70,000 persons annually — but as of 1990 there was a backlog of 50-60,000 applicants seeking placement. The Government’s recent Green Paper on the issue comments that “At current immigration levels, this backlog will continue to grow.” Moreover, such is the pressure for places that migrants are required to exit the AMEP at low levels of proficiency. According to an official estimate, 60 per cent of the participants exiting the AMEP during 1986-89 did so at levels below that “required for survival needs.” The same report estimates it would cost $700-$800 million over five years to bring all AMEP clients plus the backlog of longer term migrants with English difficulties up to their “optimum theoretical social and vocational proficiency levels.”
Similar problems apply to Commonwealth funding of English as a Second Language (ESL) programs in schools. Mr Greiner has bitterly complained that in NSW his Government cannot keep up with the demand.

"The stark fact is that schools are forced to set their priorities for ESL in favour of those children with the lowest levels of proficiency. Inevitably, many others miss out. In 1989 almost 20,000 children who were assessed as needing ESL assistance got none."8

Strangely, none of those painting this bleak picture go on to conclude that a partial solution might be a cut back (even on a temporary basis) in the NESB migrant intake.

**Urban Infrastructure**

The pattern here is much like that of language services. The Government is maintaining a high migration intake at a time when it cannot afford or is no longer prepared to finance the city building necessary to accommodate the people involved. The fact is that during the 1980s most of Sydney's growth in households (and therefore in dwelling demand) and nearly half that of Melbourne and Perth derived from overseas migration.9 This will continue to be the case during the rest of this century unless there is a further sharp cut in migration.10

The Commonwealth's financial constraints have mainly bitten through cuts to the borrowing allocations of infrastructure providers - like the Sydney Water Board - and to local Councils. In response, State Governments have directed their instrumentalities to move towards user-pays principles. This will soon lead to a sharp increase in the price of housing in outer-suburbia. There is also growing pressure to channel people to medium and higher density housing in established suburban areas in order to save on infrastructure investment. Such housing is rarely accessible in price to first home-buyers, and for most is simply not what they want. A cut back in migration would not solve the problem, but it would make the States' task of financing outer suburban detached housing considerably easier.

The migration intake has recently focused on Sydney - Australia's most expensive city. Sydney is attracting a third of Australia's net intake though it contains only 22 per cent of Australia's population. Those locating in Sydney come disproportionately from the family and refugee/humanitarian stream, and in particular from low-income Third World countries - notably the Philippines, Lebanon, and Indochina. These people settle in Sydney because that is where their sponsoring relatives are and where their communities have developed the most extensive range of cultural and language-specific services. The juxtaposition of this low-income stream in the city with the highest housing costs implies long-term problems of housing affordability and welfare dependency.

**The Dynamics of Immigration Movements**

The excesses of past migration policy are now returning to haunt us. As of February 1991 out of a total work-force of 8.55 million, 1.23 million were of NESB origin. Many of these are recent arrivals who do not have the English language or occupational skills needed to fit Australia's new ideal of a slimmed-down, technically sophisticated and competitive work-force. While the Australian Government has taken some of the tough decisions needed to get control over this situation - particularly the introduction of the Balance of Family ruling regarding parents (only families with half or more of the siblings in Australia can sponsor their parents), immigration selection is not yet under control, in the sense of reflecting Australia's current economic priorities.

The problem is growth in the family reunion intake. Those sponsored under the Immediate Family criteria come as of right, while as indicated above the assessment criteria for Concessionals is weak. Immediate Family numbers (mainly spouses), have doubled during the 1980s (from around 20,000 to 40,000 per annum). They continue to grow because most of our migrants now derive from Asian and other Third World societies, where subsequent chain migration pressures are high. Even for the skilled migrants these chains tend to penetrate to lower skilled persons with limited English.

The Indo-Chinese refugee experience illustrates the echo effects of past intakes. In 1989/90 Vietnam was the largest individual country source for spouses and parents from overseas (2,676 of the former and 4,398 of the latter). If Australia continues with its present predominantly family and refugee/humanitarian intake it is probable that, like Canada, the 'uncontrolled' immediate family component will increase.

The family category intake in Canada (parents, spouses, children) has increased from 38,514 in 1985 to 73,267 in 1990 and is projected to increase to 100,000 in 1992.11 This upsurge partly reflects a recent increase in on-shore asylum claimants, partly a (temporary) decision to permit landing to non-dependent children, and partly the long-term chain migration effects of past arrivals (in Canada's case mostly from Asia and the Caribbean).

About the best the Australian Government can now do is manage the situation. Having planted the seed of communities with a high propensity to nominate relatives — by foolishly opening up a large inflow of brothers and sisters during the 1980s - we face continuing high Immediate Family intakes. The situation could, however, be stabilized if the Concessional Family category was eliminated.

**Can We Break the Cycle?**

A worrying feature about this situation is the extent to which current migration is adding further fuel to the migration lobby. The diversity of new migrant communities and their need for settlement assistance has encouraged a proliferation of ethnic associations and of professionals servicing them. The political noise they create frightens our politicians and distracts from rational debate on the issue.

An incident from the 1990 National Immigration Outlook Conference illustrates the point. Some 700 persons attended - mostly representing ethnic communities or professionals serving them. During one session they were addressed by Phil Ruthven, a business consultant who specializes
in outlandish population forecasts. He told delegates that the very notion of limits to Australia’s population was absurd given our ‘huge’ under-utilized resource base and the covetous eyes of over-populated nations to our north. He spoke of Australia’s population reaching 91 million by 2088 (assuming ‘modest’ growth of 1.7 per cent per annum), and a possible 170 million which, if we planned properly, would not damage “our delicate ecology.”

This nonsense received rapturous applause. That such a view could be featured in an allegedly serious conference let alone produce such a response indicates the obstacles to rational debate on the issue.

This incident also goes to the heart of what should be central to the debate over Australia’s long-term population future. What matters is not whether for a few decades we could absorb another 5-10 million migrants by squandering the dividend from our non-renewable resource endowment in a grand city building exercise – but whether such a population would be sustainable. Once we deplete the quarry we must depend on our renewable resources.

Careful scientific evaluation of our renewable resources indicates that only 10 per cent of Australia’s land can support crops after rainfall, terrain and soil constraints are taken into account. As of 1978 only 25.9 million hectares were estimated to be still open for development – most of it marginal land. If all this potential was exploited, including making maximum use of all irrigation potential, it has been estimated Australia could ‘carry’ some 50-60 million people. But it would mean no further agricultural exports and it would require the consolidation of urban settlement in high density locations, particularly in Tasmania where there is lots of water but not much arable land. The economic, social and environmental costs of even approaching this theoretical capacity would be immense.

Considering both our stewardship obligations to the land we live in, and our responsibilities as global citizens, the most constructive role we can play in present circumstances is to contribute to the reduction of population pressures elsewhere by, for example, assistance for birth control programs. The wealth we will have to spend in providing for future migrants would be better spent to this end than by maintaining a migration program that has largely lost its rationale.

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The Case for Sustained Immigration

WOLFGANG KASPER

ONE of the most remarkable attributes of Australia since the end of the second World War has been the outstanding performance in accepting immigrants. Relative to the size of the population, Australia has been second only to Israel in absorbing permanent settlers. The enormous influx of people has, on the whole, been integrated with remarkable tolerance and success. Immigration has transformed the nation and enriched the ‘gene pool’ of ideas and approaches to living and producing. It has made this a much more fascinating and attractive place, where — within...
the framework of a civil society based on the rule of law, political stability and a predominantly European democratic civilization — a thrilling cultural experiment is under way: the interaction of the world's two greatest civilizations, the European and Far Eastern. ¹ Immigration has also greatly increased the population of this long-peripheral continent. Without the contribution of immigrants, we would not have gone from only 7.6 million people in 1947 to 17.5 million now, and this would be a much smaller and far less important nation on the international scene.

Immigration affects profoundly what sort of society we are and who may be our friends, neighbours, colleagues at work, even our sons- and daughters-in-law and our grandchildren! It is therefore only normal that immigration should come under critical review. After all, it is a traditional sovereign right of nations to admit and reject immigrants.

The Economics of Immigration

The arguments about the short-term economic consequences of immigration have long dominated the debate, namely whether immigration adds more to demand (thus raising economic activity and employment) or supply (raising unemployment in years of slack demand). A definitive answer is hard to establish. New migrants probably take initial income cuts because they have a lower productivity than at home. But as they learn the complex skills of living and working in the new country, their productivity and incomes tend to rise rapidly. And their children tend to make an above-average contribution to income, tax revenue and job creation in the longer run.

There is also the argument that migration increases the size of national markets and the economies of scale in production. But this argument has great weight only if we think in terms of a closed economy, artificially separated from the world by tariffs and high transport costs. However, from the 1990s onwards, we must see ourselves as part of an integrated global market place. The relevant market place for more and more Australian producers has therefore little to do with the size of the national population.

I interpret the contradictory evidence on these narrow economic issues as indicating that, on balance, immigration has raised the growth rate of real per capita incomes and helped to lift employment somewhat.² But this is, in my view, not the critical argument about immigration.

What matters much more are the very long-term social and economic influences. Immigration has the potential to greatly enhance the know-how, the skills, the trading contacts which are so essential to modern economic growth. We have learned in economics that the wealth of nations in mature capitalist market economies grows mainly because of these "software contributions to growth", especially human capital, and not because of physical capital accumulation — the "hardware of growth." Australians would not have developed this vast, often inhospitable continent into a mature, affluent economy without a steady addition of migrants' skills. One only has to compare the life experience, cultural diversity and economic development in Australia over the past generation with that of New Zealand which has pursued a much more restrictive and lobby-dominated "picking-the-winners" approach to migrant selection! One will then quickly appreciate the culturally enriching impact which the diversity in migrants has brought to Australia. Recent studies on US immigration also stress the enriching effect of fairly open immigration and the strong comparative advantages that the United States has in the world because of the wealth of immigrant talent.³ In short, our stature and our wealth-earning potential in the world of 2050 will owe much to open and sustained immigration policies.

Social Welfare and the 'Ethnic Subsidy Industry'

The basic arguments about immigration in Australia have become greatly confused during the 1980s and early 1990s by the totally separate problems of social welfare largesse and subsidized multiculturalism. The fact that all residents of Australia have access to a bountiful trough of government hand-outs if in need, means that we have to be less welcoming to poor immigrants than otherwise. Immigrants who can, immediately upon arrival, draw on the dole, subsidized housing and health services, and a great many other state provisions may become an unacceptable burden to the average taxpayer. Moreover, and different from most other immigration countries, Australia now offers a wide range of specific and costly post-arrival services for immigrants, which are funded by taxes and which can be seen as discriminating against Australians of long standing. Moreover, members of different cultures do not only display great differences in their work ethic, but also differing degrees of agility in subsidy-taking. This probably means that only fairly homogeneous societies can afford a general welfare state without intrusive controls and that ethnically diverse societies are advised to rely more on market mechanisms and self-provision. Over the long-run, the generous provision of welfare probably attracts more risk-shirkers and subsidy-takers to Australia, whereas countries like the United States attract immigrants that are capable and willing to fend for themselves.

An even more controversial problem that tends to get compounded with immigration is the burgeoning multicultural subsidy industry. The Fraser and Hawke Governments have seen political gain in politicizing ethnic diversity by offering ethnic minority groups hand-outs, presumably in exchange for votes. In response, different ethnic groups have displayed greatly varying "subsidy-extraction capabilities."⁴ On the whole, these tax-funded subsidies can be seen as a racial discrimination against the majority of Australians, not only the Anglo-Saxon majority, but also migrant groups that have not been much interested in public hand-outs, like the Chinese from outside the Peoples' Republic, or the Germans.

The offer of political hand-outs has, of course, produced many 'ethnic entrepreneurs'. They are leading ethnic groups which are being defined more and more sharply and whose
subsidy receipts depend on ethnic divisions being maintained. This has also contributed to the objectionable fact that young Australians, who are born and educated here and who would never want to live in badly-managed countries from whence their parents emigrated, agitate publicly on behalf of some far-away republic that is of little interest to most of us. Subsidized ethnic ‘apartheid’ also raises the transaction costs in society, for example by eroding the pressures to speak and understand English.

Historic evidence on mixing political preferences with race or religion — from the religious wars that shook Europe to the recent inter-racial experiences of Uganda, Malaysia, Fiji and Sri Lanka — should serve as a warning to us. If we keep subsidizing political mechanisms that inhibit the gradual, organic integration of the various immigrant groups into the One Australia, we may one day have to pay a high price. This is not to say that we should or can force the integration of immigrants, which is a personal, gradual process. But we must axe the ‘ethnic subsidy industry’ if we want to reap the long-run benefits of sustained and diversified immigration.

How to Maximize the Benefits of Immigration

The major benefits that open immigration can bring to Australia depend on policy. First, we should realize that the real benefits are long-term. This should prevent us from activist social engineering, switching the ‘immigration tap’ on and off, depending on the annual rate of unemployment. Second, we should shape immigrant selection so that it enhances the long-term growth potential of this nation. Selection criteria which favour self-reliant settlers with some financial and skill capital and discourage welfare-rent seekers can play a useful role in this. As the world population increases and as the number of inter-continental migrants who want to find a better place to earn a good rate of return on their talents keeps rising dramatically, this politically stable, still reasonably well-run country can be choosy. The times when Australia had to offer assisted passages to attract people are long gone.

The moment will come before long when we will have to re-evaluate how best to ration migrant intake. In the wake of the recent decision to discontinue the business migration, which had been poorly administered and which was apparently abandoned on ideological grounds instead of being repaired, we should rethink migrant selection policies. The current points system, which underpins bureaucratic rationing, might be replaced by a price-rationing system. In my view, Australia should conduct worldwide auctions of the right to settlement in Australia. The receipts from such a ‘club-joining fee’ would repay incumbent Australians for the free public goods that they and their forefathers have created. The receipts would also compensate Australians to some extent who have to share free public amenities (such as a good environmental quality, space, or lack of congestion) with the newcomers. Another advantage of such a system would be that we attract people of some means and with the will to recoup the up-front outlay that they incurred in gaining access to Australia. Australian companies that now sometimes obtain skills by sponsoring immigrants may have to pay the settlement cost; they may find it sometimes more economical to train young Australians instead. The right to settlement should, of course, not convey automatic access to social welfare which should be earned by residency over a period of time and by the visible commitment of adopting Australian citizenship.

Whatever admission mechanism is used, Australian authorities will have to conduct screenings of the character of intending immigrants and should possibly also rate the potential for successful integration in our society by looking at age, background and knowledge of English. Discounts on the auction price could be granted to attract specific groups of new settlers, and exceptions can be made on humanitarian grounds.

Last, but not Least...

For the time being, we still enjoy the choice of how many and whom to admit. Geography allows us to keep most illegal immigrants at bay, in contrast to other attractive democracies with capitalist market economies in North America and Western Europe. But over the long-term, Australia, a relatively empty part of the world, cannot insulate itself from the fundamental fact that the world population will have grown from 1.7 billion people at the start of this century to 6.3 billion at the end (more than 3.5-fold!). Man has been a ‘migratory animal’ long before nation states tried to erect borders against newcomers and nourished xenophobia to promote political control. Now that the phenomenon of nation states has passed its heyday and that the transport-and-communications revolution heralds an era of globalization, we must approach the emotional topic of immigration with a global vision. If we failed that test, we would one day lose the sovereign right to control access and our capacity to defend our way of life against trespassers would be greatly weakened.

2. This was also the verdict of the Fitzgerald Report on immigration: Committee to Advise on Australia’s Immigration Policies, Canberra: AGPS, 1988.
6. For a detailed discussion of the proposal to sell the right to settlement, see: W. Kasper, Populace or Language? Rethinking New Zealand’s Immigration Policy, Wellington, New Zealand Business Roundtable, 1990.
Rock Music: Decadence or Harmless Distraction?

For a conservative, there is much to despise about rock music. Along with drugs, promiscuity and left-wing politics, rock music is seen by many as symbolic of the decline of our culture. Ronald Conway, for example, once described rock as "one of the major unrecognized agents of cultural pollution and collective neurosis in the Western world." It was in fact a rock festival, Woodstock, that was nominated by a number of conservatives as a low point in the history of the West.

Rock is seen very much as a causal factor in drug-taking, promiscuity and other gross indecencies. One need not document too painstakingly the behaviour of bands and swarms of groupies on tour, images of Jim Morrison exposing himself on stage circa 1970, Jimi Hendrix burning the American flag at Monterrey around the same time, and more recent song titles such as 'F-the Police'. Conservative commentators such as Allan Bloom (in The Closing of the American Mind) have even suggested that the rock beat simulates that of sexual intercourse.

More generally, rock culture runs counter to the conservative temperament in its favouring of the exotic to the familiar, the garish to the tasteful, the youthful to the time-tested, instinct and energy to reason and commonsense, the crude to the subtle, the false and ephemeral world of 'appearances' to that which is concrete and true.

Status in the rock world is achieved overnight by populist fancy rather than hard work or an aristocratic training in ethics. Wealth is flaunted with all the worst characteristics of the nouveau riche, being spent on Lear jets, beach houses at Malibu, the upkeep of pet monkeys and reptiles and, of course, the ultimate in this world of appearances, the facelift. One gets the feeling, especially with the increasingly common music video, that one is not watching real people but primed mannequins created for us by slick 'entrepreneurs'.

Even when rock culture and its adherents try to deal with the real world and its problems there remain overtones of insincerity, exhibitionism, shallowness, vanity, messianism and utopianism. Since the 1960s, the inimitable Lennon-Ono team has taken the honours in every category, with their numerous publicity stunts (e.g. peace protest sleep-ins, appearing nude on record sleeves) and songs such as 'Imagine' (which envisages a world which has dispensed with religion, nationality, private property and, presumably, meaning).

In their wake have assembled a particularly pathetic supporting cast of other, lesser rock stars who find it necessary to endow us with mumbled platitudes about the fashionable issues of our time, foremost among them South Africa, nuclear disarmament, the plight of the Aborigines, and the environment. Such displays of 'social conscience' are often no more than a cynical and hypocritical parading of the ego. Conway reports that Joan Baez "sang songs about poverty at ten thousand dollars a concert"; for example, 'We Shall Overcome' at Woodstock apparently netted her $18,000.

The most notorious latter day example is the film, In Bed With Madonna, in which we see a designer-clothed Madonna lying beside her mother's grave, only to be enlightened shortly afterwards with her opinions on oral sex. In short, it has become obvious that Jean-Jacques Rousseau is alive and well and living on MTV.

When not nouveau riche, shallow, over-sentimental, exhibitionist, vain or utopian, rock culture can be surly and proletarian. At best, it dovetails, along with Levis jeans, black leather jackets

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and big American cars, with the standard romanticized middle-class ideas of the working-class providing an earthy and sometimes welcome change from the automats of the Top 40. At worst (and here I proffer the group AC-DC), there are incessant references to prison culture, serial killing, genital size and amatory encounters in the back seats of cars.

Hard rock, heavy metal, punk and thrash also part with conservatism when they become over-anarchic. Concerts of this genre are often little better than riots. In 1983, for example, the Hammersmith Odeon was nearly destroyed by skinheads rioting during a performance by the German 'industrial' band, Collapsing New Buildings. The musical part of the evening consisted of renditions on a variety of instruments, including electric drills, power saws, hammers and mallets. Little wonder when the dancing associated with such music is replete with devices such as the head-bang (throwing one's head back and forward in time to the music), the thrash (a similar concept but with faster and more circular motions; more creative use of the hair), the slam (slamming into each other while dancing, often while sporting razor blades), the pogo (jumping idiotically into the air as if on a pogo stick) and the stage-dive (self-explanatory).

Counterpoint

All of this seems to present a fairly devastating case against rock culture. However, there are two sides to every story. Rock culture may not be replete with virtues, but it is certainly less harmful than some conservatives claim.

Conservatives have a particular talent for identifying weak spots and anomalies in our culture and the individuals who comprise it, but strike problems in the recommendation of specific corrective actions. In the case of rock music, what will be the conservative corrective? The option of banning it would run counter to the instincts of most conservatives in preserving cultural freedom.

In addition, rock is divided into a number of very different sub-cultures. Surely the squeaky-clean Donny and Marie Osmond, and the Sex Pistols do not pose an equal threat to our culture and society. There are Christian rock bands just as there are those that dabble in satanism.

On top of this, while elements of the conservative critique of rock music are penetrating, others are clearly wrong. The music itself, for example, is not always an invitation to sexual promiscuity. It is arguably, in fact, the least sensual and provocative variety of music in the world. Jazz is a much greater culprit in this respect. In the places where young people gather and listen to it (i.e. pubs, nightclub and concerts), rock music prevents rather than encourages sexual encounters. As opposed to the very risque tango or waltz, modern-day rock dancing does not encourage actual bodily touching. Furthermore, the music is usually so loud that it encourages, at best, shouted and half-heard snatches of conversation - a situation hardly aphrodisiac - and as far removed as possible from the softly-spoken sweet nothings which are still the stuff of real seduction. As far as 'losing inhibitions' is concerned, the consumption of alcohol is a far more effective agent than rock music.

Despite persistent problems with marriage breakdowns and homelessness, the young are more socially conservative than they were 20 years ago. Rather than returning to the naivety and rigidity of previous generations, however, the majority have inherited the best of a more relaxed and matter-of-fact demeanour about social issues.

Rock, too, seems less outrageous. This is, in part, due to the fact that it is no longer new and has thus lost its capacity to shock. Although many performers and their associates still carry on with the same Morrison-style hijinks as they did in the 1960s, these actions are seen for what they are - stupid and shameful, if not simply funny. They are rarely applauded as representing a profound blow against a 'repressive' social order. It is possible to be respectable and sane - to shun drugs, hold down a job and be capable of conducting an intelligent conversation - and still like rock music.

Conservatives love to complain about current morals and the state of our culture. Often, however, there is ambivalence in this. Toqueville had mixed feelings about democratic culture in America. Tom Wolfe felt a mixture of repulsion and admiration for Ken Kesey and his Merry Pranksters in The Electric Kool-Aid Acid Test.

In the end, however, one is tempted to ask whether rock should be taken so seriously anyway. As Plato observed over two thousand years ago in The Republic, it is clear that the world of popular music and its followers is not the place to look for deep truths. Despite its cult status with some, rock culture to most people is something of a spare-time distraction, like thumbing through New Idea, or like the reading of popular novels a century ago. Rock is at its best when it is least pretentious: it is made to be instantly and effortlessly consumed, not pondered over.

2. Ibid.
Fred Nile has produced angry reactions from some of Australia's leading writers with his call for immoral books to be culled from the school reading list.

RECENT headlines in major Australian newspapers have drawn attention, once again, to the Reverend Fred Nile's campaign to 'clean up' senior English programs in New South Wales. Because of his widely publicized criticisms of books by living Australian writers which are required reading for Years 11 and 12 students, such well-known literary figures as Peter Carey, Thomas Keneally, David Watson, Richard Neville and Peter Kocan have entered the public debate about what should be read in school.

Responding to the news that Fred Nile wanted Oscar and Lucinda to be removed from senior school reading lists, Peter Carey said to The Australian (16 July) that restricting material on the school curriculum is "absolutely stupid". "I guess Fred Nile is one of those people that thinks society is better when it doesn't question things," Carey remarked. "I'm not hostile towards Christians. People who do make me hostile...don't want us to live in a pluralist society where different ideas can exist." Sounding very like Peter Carey, on Ray Martin's Midday Show the previous week, Richard Neville championed the right of 17 year-olds to experience 'diversity'. He was critical of efforts to restrict their reading in any way.

If the continuing debate about school literature programs were really about 'pluralism' and the availability of books which encourage the young to 'question', it is unlikely that the media would be taking such an interest in it. Who, after all, would argue that senior students should be offered a narrow selection of books, or encouraged to read them in a stupor? Nobody, surely. What Fred Nile is on about is not 'diversity' or 'questioning', which he says he welcomes as much as our prize-winning novelists do, but literary works which students have found offensive, and yet have been forced to study against their parents' wishes. In many schools, Year 11 and 12 pupils have to work on whatever their teachers decide to use as a class text.

Specifically, the Call to Australia Party has been objecting to literature which treats anti-social behaviour, 'negative' states of mind, and depressing ways of life as societal norms. Novels and plays preoccupied with casual or perverse sex, violence, teenage crime, drug-taking, alcoholism and abuse of power, the rejection of lawful authority, vandalism, and other common forms of destructiveness in the modern world, they argue, should not be required reading in schools. It unsettles healthy adolescents to have to 'study' the mental habits of people who are suicidal, or uncontrollably violent, or addicted to poisons - not least, because they themselves are often under enormous pressure to cope with difficult states of mind outside school. What the young need is literature that inspires, that

gives hope, that promises them a future. 1

To the dismay of the proponents of unalloyed 'pluralism', Fred Nile and his team have questioned the place of The Chant of Jimmy Blacksmith (too violent), The Treatment and the Cure (like Equus, too concerned with sexually and psychologically aberrant behaviour), Don's Party and The Removalist (too embarrassing to be read aloud in class) and other critically acclaimed works. And the authors of these books have agreed with him. Keneally, Kocan and Williamson have all said that they were writing for adults, not adolescents, and that they did not intend this literature for the HSC because its subject matter is not suitable for the high school classroom.

Yet because Fred Nile is regularly depicted by the media as a repressive enemy of freedom of expression, many people, including highly-placed academics, refuse to take seriously anything he says, even when his sentiments are shared by the authors of the literature he has criticized. Instead of confronting the tough questions he raises — do books which commend, or treat as morally neutral, loose or destabilizing behaviour belong on required school reading lists? — persons in a position to influence the content of school literature programs prefer to evade them by upholding courses of study which teach the young about 'the human condition' or 'remove cot-

Sinful acts — for example, murder, usurpation, slander and adultery — are the staples of tragedy...

people. For one thing, sinful acts — for example, murder, usurpation, slander and adultery — are the staples of tragedy, a major literary form which senior students, rightly, are expected to study. For another, single acts in themselves do not normally constitute an affront to human dignity. It is the manner in which such acts are rendered that is crucial.

No one objects to the Year 12 study of Oedipus Rex, despite its focus on incest and parricide; but many would oppose the choice of Thomas Mann's The Holy Sinner, because its depiction of incest is very much more graphic, thorough and double-edged. Similarly, almost everyone would agree that Euripides' Medea, which portrays infanticide, is a good HSC choice; but Toni Morrison's contemporary masterpiece, Beloved, a novel about a black mother who murders her little girl rather than see her taken into slavery, is too difficult, and too emotionally complex in its handling of maternal passion, to be comfortably handled by teenagers.

Clearly, undeclared convictions about what pupils are ready for in the senior years, and what should under no circumstances be required reading for them, already influence the members of committees responsible for senior literature programs. But, to date, a fully thought-out set of selection criteria has not been developed. Not just Boards of Study or Education Ministries or Senior Syllabus Committees, but parents, teachers and ordinary citizens ought to be familiar with questions like these2 as they consider the appropriateness of individual texts proposed for senior literature programs:

Why not American Psycho?

An obvious irony in this situation is that, in the interests of varied book selection, neither our best living writers nor educated people more generally would be prepared to defend the choice of American Psycho as a literary text for Year 11 and 12 pupils. Virtually everyone concedes that such a book is inappropriate for serious school classroom analysis. This concession, of course, is effectively an admission that there are legitimate criteria for book selection, and that under these criteria some books are clearly unsuitable as HSC texts.

The problem is that the defenders of 'diversity' flee from the difficult task of naming the criteria upon which they themselves actually rely, or of listing general selection criteria which they believe to be suitable for a broader public — even when they tacitly acknowledge that books which trade in gratuitous violence and pornography are definite No No's for school classrooms.

Understandably, writers, syllabus committees, and other interested parties eschew the idea of a 'check list' (such as that used by Call to Australia) naming specific human activities which should be excluded from works studied by young

Oedipus and the Sphinx: acceptable reading for Year 12, despite the incest and parricide.

What will pupils learn from reading this book? What rewards will close analysis of its central features pro-

What are its literary qualities? What is the quality of its language? Is its vision of life
substantial? Does it have obvious depth? resonance? originality? Is it among the better books available on its subject? in its genre?

Is it suitable for study on analytical grounds?
Is one of the book’s strengths its ideas? Does it explore in a full and balanced way the issues it raises (does it sensationalize, or treat serious matters glibly or one-sidedly)? Has it enough solidity to be taught, or could pupils manage it perfectly well without a teacher?

Is it likely to appeal to adolescents in the senior years of school?
Is its subject matter promising? Is its treatment of its subject mature enough (though not too mature) for the age group? Is its language at the right level of difficulty? Is it suitably challenging? different from other works on the syllabus or in earlier years?

Is it suitable for pupils in Years 11 and 12?
If it handles sensitive issues (e.g. sex), does it handle them in ways that are appropriate to the age group? Does the book set a suitable distance between the experience rendered and the experience of the reader so that its subject matter can be seen in perspective?

To best-selling authors, eager for readers and additional sales, it may not matter whether books are substantial or light-weight, whether their vision of life is balanced, whether they are linguistically and emotionally appropriate for impressionable readers, or whether they enable a youthful audience to stand apart from them so that their central features can be seen with appropriate imaginative detachment. But it certainly ought to matter to adults who are responsible for the education of young people. To act as if parents, and young people themselves, should not be openly concerned about the values present in works set for the HSC is to take a grossly irresponsible view of the aims of schooling. It is also to say, in effect, that there is no good reason for not teaching American Psycho.

Of course we need to restrict what our children are obliged to read in the senior years of school — not out of a priggish aversion to works of unmistakable quality which depict forbidden fruit, but out of a mature understanding of the benefits conferred by literature of quality and an equally mature awareness of the developmental stages in life which must be taken into account when programs of study for young people are prepared. Yes, we must preserve freedom of choice in our literature programs, and we must encourage children to read widely — but without confusing freedom and licence, illumination and time wasting, or censorship and literary judgment.

1. Fred Nile discusses these matters in the Sydney Morning Herald, 16 July 1991, p. 13. He discussed his ‘check list’ for school literature programs on The Midday Show on 11 July.
2. The guidelines listed below can also be found in my IPA Study Paper, HSC Literature Texts in Australia. In that paper I discuss literature selection in greater detail than I do here, and I comment on representative selections in all the states.
Who Stands to Gain?

GREENS have few doubts about the forces that stand between them and a lovely planet. These are the "huge corporate industrial and commercial organizations whose whole raison d'être is to make money," as three green academics from the Centre for Resource and Environmental Studies at the ANU recently put it.

Environmentalist literature is riddled with tales of powerful vested interests who manipulate politicians, media and the public to ensure that their biosphere-destroying quest for profits continues unchecked. True, greens also attack governments, but this is invariably for not governing enough: for not introducing and enforcing more regulations against business, or for not giving more money to green groups and environmental researchers.

The theme of business wickedness is reinforced by the images of popular culture. Films or television dramas showing successful corporate executives as principled and trustworthy have become so rare as to occasion disbelief when they do appear. Even more uncommon are films which suggest that some social or environmental benefits might actually flow from companies seeking out new opportunities and responding to new consumer concerns. So it is hardly surprising that surveys such as the 1990 Australian Electoral Study showed that on environmental matters the public has little trust in industry, but a great deal of trust in scientists, conservationists, and even governments. All of which shows that if corporations really are manipulating attitudes as greens would have us believe, they are doing so in a remarkably inept fashion.

Certainly, there are vested interests in our society, and they may attempt to resist desirable changes. Asking the question cui bono? — who stands to gain? — can often throw much light on social and political processes, provided we recognize that it does not necessarily provide a total explanation. Most societies try to temper self-interest through codes of morality; although the most successful societies go further and endeavour to maintain and refine institutions which enable the interactions of people following their own interests to enhance general welfare. Amongst the least successful societies are those which pretend that self-interest can be overcome; that, through a radical transformation of values and social arrangements, a new kind of human being — green, socialist, or whatever — can be created.

Not many Australian commentators are willing to cui bono? greens or those who provide the scientific framework for their scenarios. This politeness is rather one-sided; those who challenge these scenarios quickly find their motives publicly questioned. So when Dr Brian O'Brien published his carefully argued booklet, Postponing Greenhouse, pointing out that the report of the Intergovernmental Panel on Climate Change did not support the predictions of an impending catastrophe, Greenpeace and the Australian Conservation Foundation said he was acting on behalf of the coal industry. "He doesn't seem to be looking for the truth," charged the ACF.

Keeping the Greens Honest

Asking cui bono? of the greens would not detract from the crucial importance of sound environmental stewardship. Rather, such questions would enhance it by helping to keep environmentalists honest: more concerned to offer a balanced presentation of real environmental problems, prepared to consider solutions which make more economic and sociological sense than the ones they are currently pushing, and more willing to jettison those whose real concern is to beat industrial capitalist societies about the head with their backpacks and dilly bags.

Why, for instance, do greens invariably stress the importance of value change and do everything to disparage market solutions, even in cases where it has already been demonstrated that the latter can improve environmental management? The greens are not talking about incremental modifications in values, where people are urged to stop littering or to think twice before using their car. The 'biospheric vision' they are proposing involves a profound transformation. The moderates talk about changes at least as great as those

Dr Ron Brunton heads the Environmental Policy Unit of the IPA, based in Canberra.
the West went through at the end of the Dark Ages — but in a much shorter time frame — while the loonies are baying for a sentimental version of the Palaeolithic. The scale of the public education campaigns that would be required for even the moderate version would be vast, as would the regulatory apparatus to deal with those who were tardy in making the transition. And, to put it mildly, there is little in recent historical experience to suggest that the outcome of this grand experiment would really be a world of caring people living in harmony with themselves and the biosphere.

As the ideologues of the most recent failure in social transformation might say: comrades, it is no accident that the greens make these kinds of proposals. Consider their New Class background. Teachers, students, artists and entertainers, academics, bureaucrats; all are strongly represented. These are the kind of people who benefit from massive values-changing campaigns and regulatory blow-outs. The political, financial and psychological rewards that flow from frightening and cajoling politicians and the public into supporting programs aimed at reconstructing human nature and society are far greater than those available from working in with human nature and strengthening market mechanisms and property rights. Genuinely free markets have a corrosive effect on vested interests.

And, of course, environmental crises do no harm to the interests of environmental scientists, and all the other researchers who latch onto their coat-tails. ('Multiculturalism and Global Warming', 'Acid Rain and Single Mothers', 'Gays and the Ozone Hole'; everyone knows the game.) This point was emphasized — as it has been elsewhere — by a number of scientists in the British Channel 4 documentary, *The Greenhouse Conspiracy*. Although it received the highest praise in Britain, the ABC has refused to screen this devastating critique of the catastrophic global warming scenario. Perhaps those media-manipulating vested interests have been at work.

But lacking much insight into the methods and politics of science, the public is seldom aware of the tenuous basis of the scientific 'consensus' they are assured exists on greenhouse warming, toxic substances and other contemporary terrors. People do not realize that there is often a considerable contrast in tone between media or policy-driven communications from scientists and technical publications within the scientific community itself. This is the "high road for our peers, low road for the plebs" strategy exemplified in the statement of the American climatologist Stephen Schneider, coming ice-ageist of the 1970s, global warming hero now: "we have to offer up scary scenarios, make simplified, dramatic statements, and make little mention of any doubts we may have. Each of us has to decide what the right balance is between being effective and being honest."

Every environmental crisis, every piece of environmental legislation the greens propose, every resource development they try to block, really needs to have its own Greens And Supporters Effects Statement (GASES) presented to the public. This should analyze the benefits that green groups stand to gain, the implications for the competition between rival groups for market share, the number of new positions that would be created for environmental workers and regulators, the additional funding that would probably be wangled for those researching the matter, and so on. These would be set against the number of wealth creating positions likely to be lost, the export revenue forgone, and other unintended — or perhaps not — economic, social and environmental consequences. Of course, on their own such impact statements should not necessarily be used to justify rejecting the greens' position on any particular issue; but they would certainly help policy-makers and the general public to ask the right questions.

The IPA has just published a book which will also help people to ask the right questions and to propose more sensible answers. *Reconciling Economics and the Environment*, edited by Jeff Bennett and Walter Block, shows how free market processes and private property rights can bring about more effective and cost-efficient environmental stewardship than a regulatory approach. Essays by Australian, Canadian, American and British economists cover issues such as global warming, land degradation, inter-generational equity, toxic waste disposal and ozone depletion. The book also contains telling analyses of the negative environmental consequences of government intervention and the politicizing of environmental management.

*Reconciling Economics and the Environment* is complemented by the papers from the Cato Institute conference 'Global Environmental Crises: Science or Politics?' which was held in Washington, DC in June. At this conference a number of distinguished American scientists challenged the popular visions of the 'crises' of global warming, air pollution and acid rain, ozone depletion, and agricultural productivity. They also described the extent to which contemporary environmental science is becoming politicized. These papers are available from the IPA for a small charge. Those who are truly interested in reducing the influence of vested interests in environmental policy will find much of value in both publications.
New Approaches to the Environment

In Sydney on 3 September, Dick Smith, electronics entrepreneur, adventurer and naturalist, launched *Reconciling Ecoraontics and the Environment*, a new book from the IPA. Edited by Jeff Bennett and Walter Block, the book shows how economics can be used to foster improvements in the environment.

Also speaking at the seminar/book launch were Peter Dundan, Managing Director of AGC Woodward-Clyde; John Quinn, Managing Director of Newcrest Mining Ltd; John Hyde, Executive Director of the IPA; Ron Brunton, head of the IPA Environmental Policy Unit; and Jeff Bennett, Senior Lecturer in Economics at the Australian Defence Force Academy. Copies of the book are available for $24.95 (plus postage) from the IPA.

Also published this month is *The Environment in Perspective*, a collection of articles by a range of authors, with a commentary by John Stone. The booklet includes a timeline tracing the history of environmentalism. It will be mailed to all subscribers and is available to non-subscribers for $5.00 (plus postage).

The US: Internationalism or Isolation?

On 2 September, the Pacific Security Research Institute (PSRI) hosted an important seminar on America’s foreign policy options in the years ahead. Joshua Muravchik, from the American Enterprise Institute, put the case for America “exporting democracy”, while Ted Galen Carpenter, from the Washington-based Cato Institute, argued that the US should adopt a far more limited role in world affairs. A panel of Australians, including Owen Harries, Robert Manne, Bruce Grant and Colin Rubenstein, discussed the implications.

Owen Harries, Editor of *The National Interest* and PSRI President, also spoke on the topic ‘George Bush and the New World Order’.

Indonesia and ASEAN

Dr Soedjati Djiwandono, a board member of the influential Indonesian Centre for Strategic and International Studies and Editor of its *Indonesian Quarterly*, spoke on Indonesian attitudes to regional co-operation at a seminar convened by the PSRI in Melbourne on 17 July.

Reviewing the origins of ASEAN, Dr Soedjati emphasized the fundamental changes in Indonesian external policy between the Sukarno and Soeharto regimes. Under Sukarno the economy was neglected and Indonesia indulged in foreign adventures. Under Soeharto economic development became the national priority and with it the need for a peaceful and stable environment. ASEAN’s principal objective was the continued containment of intra-ASEAN disputes and the insulation of members from interference by external powers.

Dr Soedjati noted that ASEAN had not developed into an effective association for regional economic co-operation: its economies were competitive rather than complementary.

Soon to be published by the PSRI is a collection examining the relationship between Indonesia and Australia. Contributors include, among others, Senators Evans, Hill and Ray and Vice-Admiral Soedibyo Rahardjo, Chief of the General Staff of the Indonesian Armed Forces, as well as Soedjati Djiwandono.
Better Teaching

A successful conference in Sydney and luncheon in Melbourne on new directions in the recruitment and preparation of teachers were held in June. A full report will appear in the next issue of Education Monitor. The papers from the conference will be published and sent free-of-charge to all conference participants and subscribers to Current Issues.

Responding to invitations from leading schools, Dr Susan Moore has travelled to Perth and Melbourne in the last few months giving demonstration classes on Socratic teaching method.

The IPA helped to sponsor the visit to Australia in August of Dr Ken Gadd and his wife. Dr Gadd gave a series of workshops to science teachers on curriculum innovations in Chemistry developed in the United Kingdom for senior secondary students as part of the Wessex Project. Dr Gadd also addressed the Science Teachers' Association and the NSW Board of Studies. The next Education Monitor will carry an article by Dr Gadd on his work.

Soviet Union Visit

Des Moore visited the Soviet Union in June at the invitation of the US People to People organization. He was one of 30 or so professional economists, bankers and accountants who visited a wide range of Soviet research and bureaucratic institutions. On his return, Mr Moore reported on his impressions at the IPA.

Peter Kerr Scholarship

Friends of the late Peter Kerr have established a Foundation with the aim of awarding a scholarship to an outstanding student. Peter Kerr died last year while Director of the IPA. The scholarship will be for a student from Gippsland, where Peter grew up, enabling him or her to complete further studies at Monash University. Charles Goode, IPA President, is a Trustee of the Foundation.

The Foundation welcomes donations, which are tax deductible. They can be sent to The Trustees, Peter Kerr Foundation, Level 41, 55 Collins Street, Melbourne, 3000.

Commenting on the Budget

Des Moore addressed a seminar in Melbourne organized by the Hongkong Bank on the afternoon following the Federal Budget. John Stone addressed a similar seminar in Sydney. Both his and Des Moore’s advocacy of a balanced Budget were singled out for ‘attention’ by Mr Kerin in his post-Budget press conference.

Speakers’ Group

Ian McLachlan, Shadow Spokesman on Industry and Commerce, spoke to the IPA’s Speakers’ Group in August on the subject of industrial relations and union power. Brian Loton, Deputy Chairman of BHP, addressed the group in early September. For information about future speakers, contact the convenor, Adam Fritzsche, on (03) 813 1600.

Posthumous Award for Denis Cordner

The United Nations has created a special award to honour the memory of Denis Cordner, a leading figure of the Queen Elizabeth Trust for Young Australians and a long-time board member of IPA.

At a special ceremony in Sydney on 14 July, Dr Noel Brown, Director of the UN Environment Program for North America, presented the posthumous award to Denis Cordner’s widow Pat and their daughters, Lynette and Sally.

Dr Brown said the award paid special tribute to Denis Cordner “for leadership and excellence and for using his talents to inspire youth to take personal responsibility to serve the human and environment cause with courage, generosity and distinction.”

“Denis Cordner was committed to nourishing qualities of excellence in the young people of Australia.”

At the time of his death in October 1990, Denis Cordner was Chairman of John Holland Holdings Ltd. Denis Cordner had been instrumental in the organization of the Queen Elizabeth Trust’s ‘Future Perspectives’ Forum for Young Australians, which, each year, brings together 100 potential leaders aged 22-29 from widely diverse backgrounds. An account of one such annual forum appears as the ‘Youth Affairs’ column in IPA Review (June-August 1989).

The Trust has itself established a medal, ‘The Denis Cordner Award’, to be presented annually to a past member of the Forum who demonstrates the qualities of integrity, leadership, compassion and a desire to work for the future of Australia – the qualities so much admired in Denis Cordner himself.
IPA BACKGROUNDERS

by Sir William Cole

Superannuation Policy: or the Curate's Egg (January 1991)
Australia has an ageing population. We must save more to provide retirement incomes rather than have ever-growing recourse to the welfare system. Superannuation policy is better than it was but it is still poorly targeted.

Recession has brought the “new protectionists” out of the woodwork. The Government must reject its simplistic notions and press on with genuine micro-economic reform.

The 1991-92 Budget: How to cut Outlays by $6 billion (May 1991)
The Commonwealth Government has misrepresented its spending restraint credentials. Its “own-purpose” outlays have been shielded. This paper documents, in detail, why and how $6 billion should be cut from budget outlays.

Australia’s Choice: More Saving or More Misery (August 1991)
The fact that Australia is not saving enough of its income has very serious consequences for our economic future. Alternative policies designed to slow and halt our free-fall into deeper and deeper foreign debt are outlined.

Slovenia and Croatia: When Should Australia Recognize? by Des Moore. (July 1991)
What attitude should be taken to attempted secession by parts of a country? This paper concludes that Australia should immediately declare its readiness to recognize Slovenia and Croatia as independent sovereign states.

The Guaranteed Minimum Price Scheme: Good Politics, But Bad Government by Mike Nahan (July 1991)
The West Australian Government’s decision to underwrite the State’s 1991-92 wheat crop could cost the WA economy $7 million. The justification for it is insufficient.

Environmental Backgrounders

by Dr Ron Brunton

Many commentators claim that the Green vote brought Labor victory in 1990. This paper examines the evidence, arguing that the Coalition was out-manoeuvred into competing for the green, rather than the blue-collar, vote.

Will Play Money Drive Out the Real Money? Contingent Valuation Surveys and Coronation Hill (February 1991)
A contingent valuation survey supposedly showed that Australians would be willing to pay billions to prevent mining in the Kakadu Conservation Zone. This paper looks at problems with contingent valuation and the specific study.

“It’s Really Our Fault”: Greens and the Gulf War (March 1991)
This paper argues that the response of Green groups to the Gulf War shows that many Greens are driven as much, if not more, by rancour towards the West than concern for the environment.

Aborigines and Environmental Myths: Apocalypse in Kakadu (May 1991)
This paper exposes the erroneous and patronizing assumptions about Aboriginal culture on which the Resource Assessment Commission based its first report on Aboriginal interests in the Kakadu Conservation Zone.

The Significance of Shallow Traditions (May 1991)
The Resource Assessment Commission’s Final Report on the Kakadu Conservation Zone made a number of highly significant admissions about Aboriginal traditions but its conclusions were wrong.

Global Warming: Is there a problem? (January 1991) by Professor Fred Singer
The current evidence for global warming is too slight and contradictory to justify the drastic government action which has been proposed to reduce greenhouse gases ($10).

Science, The Environment and Economic Development (July 1991) by Des Moore
Reports on scientific papers presented at an environmental conference held in the US in June 1991 which contradict or seriously question the conventional wisdom on global warming theory, ozone depletion, air pollution and usage of chemicals.

IPA Backgrounders listed above are available individually for $3 (plus postage) except where otherwise indicated. Ensure that you receive IPA Backgrounders — including Environmental Backgrounders — as soon as they are issued by subscribing now ($80 per year). Write to IPA, 6th Floor, 83 William Street, Melbourne, 3000 or phone (03) 614 2029 to pay by credit card.
The search for energy takes us to the ends of the earth.

The first frontier for Santos was the desert regions of Central Australia. In 1954, Santos took its initial steps towards exploring this frontier for oil and gas. After 9 years, the gas was found. The first oil discovery came 7 years later. Other exploration successes followed but only after some careful planning and a lot of disappointments. The growth these discoveries brought enabled the company to expand its horizons.

Santos is now involved in an exploration programme covering onshore and offshore Australia, the USA, UK, Papua New Guinea and Malaysia. This year it is expected the company will invest more than $100 million in this exploration effort. Santos is now Australia's largest, independent oil and gas company. But there are always new frontiers and Santos is committed to further growth in the 1990's.

Further information about Santos can be obtained from: Santos Ltd, Government & Corporate Affairs, Santos House, 39 Grenfell Street, Adelaide SA 5000.