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Social Responsibility

Dear Editor,

Charles Richardson's article on whether corporations should be socially responsible (Vol. 45 No. 2) might be deemed a trifle irresponsible itself. It could have informed a reader of the theoretical basis underlying Professor Friedman's argument in favour of profit maximization. That would be the contentions of pareto optimality whereby if firms seek only to maximize their profits then society's resources are used so efficiently that it would be impossible to make anyone better off without harming someone else.

With regard to your other correspondent, Terry Lane, it is obviously someone else. It seems to me that everything our government, is (or should be) of the most basic interest to us all. There are all too many examples in this world, both now and in the past, where the controller and controlled have swapped places to the detriment of those who really matter: the people.

By contrast the flag is but a symbol — a most powerful symbol to be sure. Should it be changed it will be a sad, probably infuriating, day for many (including me) but that alone is unlikely to lead to either riot or mass conscription to the salt mines.

So the strongest opposition to a change in the flag should be, contrary to Ryan's view, for "sentimental rather than logical reasons." As a symbol the flag is strengthened by tradition and longevity. To change it in response to the whim of the moment means the loss of the myriad attachments that so many people presently have to it, in the hope that a new design will, in due course, attract new attachments. We would thereby drop all its present emotional value back to a baseline of zero and start again from scratch. What a waste!

I do not care if the flags flying over our warrior forefathers' heads were the red versions of our present flag. I do not care that it is constructed from three separate items, of which two do not relate to Australia (only the Federation star is ours). I do care that the flag, as a whole, as it stands, has been the flag of Australia, my Australia, from my earliest, dimmest recollection.

Our flag is an indivisible symbol not of its components, but of Australia. To replace it with something else simply because that something else might bear more apt figures would do nothing but destroy it as a symbol. The best we could hope for is that the new flag would recover — in perhaps half a century — some of the emotional significance of the old.

Michael Schwartz, Doncaster, Vic.

The Flag

Dear Editor,

Like your correspondent, D.A. Ryan, I would like to offer a few comments on our flag (IPA Review, Vol. 45 No. 2).

It seems to me that everything is around the wrong way in Ryan's correspondence. The fundamental nature of our political arrangements (republic vs monarchy) is far, far more than mere silent symbolism. How we, the citizens, control our uppity servant, our government, is (or should be) of the most basic interest to us all. There are all too many examples in this world, both now and in the past, where the controller and controlled have swapped places to the detriment of those who really matter: the people.

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Stephen Dawson, Duffy, ACT.

Dear Editor,

D.A. Ryan's rationalization for a new flag (IPA Review, Vol. 45 No. 2) demonstrates the failure of an intellect to understand feelings. He says opposition to change comes, puzzlingly, from "sentimental rather than logical reasons."

He is only puzzled because he can't feel. Nor can he logically recognize that the real person lies in feelings, not in the mechanism of the intellect.

In that sense, he is depriving himself of the benefit of valuing both intellect and sentiment. And my sentiments on this issue are expressed as follows:

LOGIC

Which one is true:
The logic of the intellect or the heart —
When each one seems to stand so far apart?

Which one is you:
The warmth of the heart, the icy cold of reason —
When each one to the other can seem treason?

Each one is you:
Your spirit uses both to find expression.
Each needs to be expressed without repression.

Each one is true:
The mind to reason and the heart to feeling —
The mind incisive as the heart is healing.

My feelings at present are that we need to bend our minds much more urgently to the needs of our million unemployed than to arguing over a well-known and well-respected flag which has symbolized the Australia for which men and women have died and for which many others have given us the best of service.

D.A. Ryan's reasons won't inspire any more love for a new flag than for an old one.

W.W. Mitchell, Willetton, WA.
Parliamentary Reform
Dear Editor,

I read with interest the comments made by Tony Rutherford in his article on 'Improving Parliament' (IPA Review, Vol. 45 No. 2) regarding the even-handedness of the Speaker under a Westminster convention.

In 1950 the Speaker of the House of Commons requested that he be given no party label and since then Speakers have sought re-election as 'The Speaker' and not as party candidates. In general elections since 1950 a Speaker seeking re-election has in fact been opposed.

Conservative MPs who have become Speaker have been opposed on party lines since 1964 whilst ex-Labour Speakers have faced opposition from independents and minor party candidates.

Of course, where the Speaker faces party political opposition the vast majority of the Speaker's votes have been cast for him on a political basis. In the alternative situation where a Speaker has not faced party political opposition the turnout of voters has dropped significantly as a large portion of the constituency concerned has been effectively disenfranchised due to the lack of Conservative candidates in seats that were not safe for Labour.

No Speaker seeking re-election (since 1950) has yet been defeated although the constituencies held by both the ex-Labour Speakers were subsequently gained by the Conservatives at the 1983 election.

The practice therefore in the British Parliament is for the Speaker to become independent but continue to face opposition at subsequent elections.

Peter Bolitho,
East Brighton, Vic.

Technology Transfer
Dear Editor,

In your recent article 'Technology Through the Looking-Glass' (IPA Review, Vol. 45 No. 2), you state several inaccuracies about British Technology Group.

Firstly, BTG is the world's leading technology transfer organization, which has been in existence for well over 40 years. BTG's total revenues last year were £30.71 million. We have some 9,000 patents covering some 1,600 technologies, and the end product sales value of currently licensed products from BTG amounts to over $2 billion per annum.

Last year we shared some £7.86 million with inventive sources; invested £12.88 million in technologies and received an inflow of 684 inventions — an increase of 31 per cent on the previous year.

More researchers and companies than ever before are bringing their ideas to BTG.

Secondly, we certainly have had a "major win" with Cephalosporins. We have also had major successes with:

- Synthetic Pyrethrins, Synthetic pyrethrins account for one-quarter of the world's foliar insecticide market and BTG-licensed formulations constitute about 50 per cent of the world pyrethrin market, worth some £760 million annually.
- Cholesterol Assay, In diagnostics, BTG's patented cholesterol assay is virtually the sole method used worldwide to measure blood cholesterol levels. More than 80 licences have been granted to companies such as Technicon, Eastman Kodak, Abbott Laboratories, Beckman and Boehringer Mannheim.
- Magnetic Resonance Imaging (MRI), MRI is one of the major breakthroughs in medical diagnosis this century — comparable in its importance to the discovery of X-rays. BTG has licensed this technology to the world's leading manufacturers of MRI equipment — General Electric, Siemens AG, Philips, Hitachi, Toshiba, Shimadzu and Picker.

This only names three examples. We also have considerable other 'potential winners' in the pipeline.

Even in these difficult recessionary times, BTG is still signing licence agreements with major international companies at a rate of over one a week. We have some 1,600 inventions in our portfolio of which 600 have been licensed to industrial manufacturers worldwide.

I trust this puts the record straight for your readers.

Tony Christmas
Head of Corporate Communications
British Technology Group, London.

Defending Freedom
Dear Editor,

In 1988, in response to my request, you allowed me to use the article 'Deadlier Than War' by Professor Rummel that was published in IPA Review, Vol. 41 No. 2.

Since then I have circulated many copies of the excellent article to politicians and others. As a consequence the facts were used in many articles and debates.

I have also made a number of attempts to have the article published in Dutch periodicals — however, all those attempts were unsuccessful. It seems that editors consider such hard truths unfit for their readers! What a pity.

The Dutch Defence of Peace Foundation, which I chair, has recently decided to circulate copies of the article to a group of activists who regularly receive 'Selected Papers' on subjects of interest to the purpose of our foundation, i.e. the promotion of "...the readiness to defend and advance the values of Western Civilization..."

We feel in our Board that Rummel's article is very relevant indeed to the so-called New World Order (what a miserable term!) in which people seem to forget that totalitarian movements and dictators have always been with us and will continue to be with us.

May I thank you once more for allowing me to make use of the article.

Dr J.C. Ramaer,
Belgium.

The Editor welcomes letters for publication. Letters may be edited for reasons of space or clarity. They should be addressed to The Editor, IPA Review, Ground Floor, 139-136 Jolimont Road, Jolimont, Vic, 3022, and normally kept to no more than 300 words.
Why the Budget Will Not Work

"Correct diagnosis is three quarters of any cure." If this maxim is anywhere near correct there is a need to assess whether the current 'Keynesian' approach of the Government, widely supported in the media and (with qualifications) in the business community, towards reducing present disastrous unemployment levels is taking sufficient account of how such levels have been reached. The need for "correct diagnosis" was brought home to me vividly when, during a recent radio interview, it was suggested that present unemployment levels showed that Australia has had enough of economic rationalist policies and that, as an advocate of such policies, I should pull my head in!

First, some history

The irony of the suggestion that free-market policies are the cause of unemployment only struck home later. In early 1987, I resigned my position as Deputy Secretary in the Commonwealth Treasury after 28 years in that institution advising successive Federal Governments. A major factor influencing this decision was my conviction, born of that 28 years experience, that governments had become so interventionist that they were actually causing economic and social instability.

I felt, therefore, that I could make more of a contribution by 'going public' rather than continuing the losing battle of trying to reform from within.

About six months prior to resigning I had had a major disagreement with the then-Head of Treasury over advice which I felt impelled to provide to Treasurer Keating — in effect, that unless there was a major reduction in the then existing extent of government intervention, the Australian economy was heading for serious trouble. Eventually, that advice went forward and, I believe, contributed to the Government's decision to budget for a lower deficit than it had previously had in mind.

But the slight lowering of the 1987-88 budget deficit by the Government was no more than a marginal detraction from the continued high degree of government intervention in the economy. Since about mid-1984 I had been particularly concerned about the whole Accord strategy of trying to lift Australia's economic growth through a highly interventionist policy of expanding demand and employment. The strategy was based on the idea that, if only inflation could be contained by having trade union leaders agree to restrain wage demands in return for concessions on the 'social' wage (including tax cuts), the economy and employment would be able to grow at a faster rate — and there would be lower levels of unemployment.

A nice theory! What I questioned, however, was the notion that, with an expansionary fiscal policy and a monetary policy that was 'accommodating' inflation, Australia would be able to sustain growth at a faster rate than the average for OECD countries. At that time (mid-1984) Mr Keating's personal advisors 'explained' to me that, if the expansionary policies led to balance of payments problems, the floating exchange rate would take care of those problems by depreciating the Australian dollar. Fearing that, however good in theory, such a policy would not work in practice, I sought from that time on to have it accepted that this expansionist intervention by the Federal Government needed to be modified.

That did start to occur from about 1985-86 as far as budget policy
was concerned (although by then much of the damage in terms of the external debt blow-out had already been done). However, with a Reserve Bank which consistently refused to acknowledge that a 20 per cent per annum increase in credit supply posed potential problems, monetary policy continued to pursue its accommodatory course with respect to inflation. The Bank argued that the increase in credit largely reflected the effects of traditional financial institutions regaining market share following financial deregulation. Also, our consumer price inflation rate was not increasing. This view overlooked the fact that consumer prices had increased relative to our major trading partners and had been allowed to remain at a rate that could only encourage increased borrowing and speculation which would lead in due course to a bursting of the bubble.

The operators of monetary policy under the Accord strategy effectively said to borrowers: "We are going to pursue a policy of high growth and, while we will keep inflation under 'control', we will not be pushing prices down. Further, the days of 'credit squeezes' are over." In circumstances where controls over lending and borrowing had been removed, giving more or less assured access to funds for all and sundry, this constituted a virtual guarantee that Australians would end up with a massive debt problem.

In short, what I am suggesting is that the main cause of our existing problems is the deliberately interventionist policies pursued by the Federal Government. Those policies were pursued with a view to increasing the rate of growth in demand and employment while refusing to take any effective action to deal with the rigidities of our labour market. Against the background of endemic inflation, that led to a rate of spending and borrowing which could not be sustained except by a marked improvement in productivity. That improvement did not occur, and could not have occurred without a reduction in government intervention in labour markets and in the protection of private and public enterprises from competition. The hyperbole that accompanied the various policy statements by the

### Unproductive Spending

The 1992-93 Commonwealth Budget includes a large increase in spending both for its own purposes (8.8 per cent increase) and as grants to the States and local governments (10 per cent increase). Total spending by the Commonwealth, excluding assets sales, is set to increase by $9.2 billion in 1992-93 and lead to a budget deficit (excluding assets sales) of $16.5 billion.

The main focus of the Commonwealth budget is job creation, with spending on employment and other labour market programs set to expand by $891 million or 48 per cent in 1992-93. The other programs to receive large increases in funding include welfare ($2.5 billion or 7.3 per cent), education (10 per cent), transport (77 per cent) and local government grants (142 per cent).

The Budget is biased towards consumption and will therefore produce few long-term jobs. Data provided by the Minister for Employment Services indicate that only 15 per cent of the jobs produced by the various job creation programs will be 'new' jobs.

Notably, a large portion of the transport projects, flagged in the One Nation package and included in the Budget, have been assessed by the National Rail Freight Commission as uneconomic.

The allocation of funds for public works appears to be determined more by politics than by the need to enhance the nation’s productive capacity. Local government grant recipients tend to be in the marginal electorates. And since councils are almost solely in the business of providing social services, these grants are unlikely to add to the nation’s capacity to generate exports and real jobs. According to the National Road Transport Commission, spending on road repairs also appears to be directed more to marginal electorates rather than to the worst roads.

Mike Nahan

and borrowing, he faced a problem generated by his own rhetoric. Since we had been told that the Government would never impose a credit squeeze, many were initially unconcerned about the tightening and, believing it to be a temporary phenomenon, took no action to reduce debt and repair balance sheets. In order to convince people that it was serious, the Government had to increase interest rates to much higher levels than should have been necessary — and to hold them high for much longer than should have been necessary. The end result is the much deeper cutback in spending and employment than should have occurred.

### Loss of Confidence

The foregoing is relevant to the present situation. The inescapable fact is that people have lost faith in the capacity of governments to ‘manage’ the economy and they are tired of being told that this or that ‘package’ of policies will restore employment growth and economic prosperity. This is almost as much a problem for the Opposition as it is for the Government — though it seems certain to prove fatal for the Government. The present reality is that the Government can ‘stimulate’ all it likes: but the confidence is not there to
produce a response that will lead to a sustained improvement in spending and employment. People are saying, in effect: "You have told us so many times in the past that you are 'bringing home the bacon' and it hasn't happened. Why should we believe you now?"

Their attitude is exacerbated by the perceived need to give priority to repairing corporate balance sheets and personal wealth positions following the excessive borrowing of the 1980s and the subsequent fall in asset prices. The 1992-93 Budget will scarcely have removed the doubts. On the one hand, it seeks to 'kick-start' the economy through a large increase in spending (5.9 per cent in real terms excluding asset sales), including a whole raft of programs specifically directed at reducing unemployment. On the other hand, by contrast with the early budgets of the Hawke era, the Government is giving considerable emphasis to the temporary nature of the stimulus and has suggested that by 1995-96 the large underlying budget deficit will be back to manageable levels or, if it is not, there will be tax increases. There is also an acknowledgment that Australia needs "a considerable period when the rate of growth of domestic production exceeds that of domestic demand." Against this background, to imply, as an academic member of the Reserve Bank Board did in a TV interview prior to the 1992-93 Budget, that the main option for reducing unemployment was through Keynesian pump-priming is not only irresponsible but downright misleading.

A permanent reduction in unemployment must be based on increasing public sector saving through a return to budget surplus.

cent p.a. in real terms last year, much lower (appropriately) than the 3.5-4.5 per cent p.a. growth in the period running up to 1989-90, although higher than the 0.5 per cent increase in 1990-91. Against this background, to imply, as an academic member of the Reserve Bank Board did in a TV interview prior to the 1992-93 Budget, that the main option for reducing unemployment was through Keynesian pump-priming is not only irresponsible but downright misleading. The point is that, while such an easing could have some temporary positive effects at the margin, it would not provide the basis for a sustained reduction.

Restore a Budget Surplus

Indeed, as recently as last February the Government (rightly) committed itself to reversing the stimulus in One Nation and moving back to a budget surplus by 1995-96: because it accepted that, in order to lift economic growth on a sustained basis, Australia has to increase the deplorably low rate to which saving has fallen as a result of a whole raft of government interventionist measures over the past 20 years. Contrary to when I first advocated it publicly in 1987 (when I was ridiculed by The Australian Financial Review), it is now widely accepted that any medium-term strategy for the Federal Government should include a contribution by that Government (and, possibly, other Governments too) to national saving via the running of a surplus. Such a strategy for central governments also now forms part of the perceived wisdom of international agencies such as the OECD and IMF. The fact that the 1992-93 Budget abandoned the surplus objective further reduces the Government's credibility and, hence, the likelihood of sustained recovery emanating from the Budget.

A permanent reduction in unemployment must be based on a fiscal policy that is predicated on increasing public sector saving through a return to budget surplus. (Of course, while this is a necessary condition, it is not a sufficient one: there will also need to be a whole host of other steps, which cannot be explored here, to increase the competitiveness of private and public enterprises.) There needs to be a realization that, just as an increase in the Budget deficit may not reduce unemployment even in the short term, so a reduction in the deficit need not be 'contractionary', particularly if it is accompanied by other measures that provide an environment which restores confidence to consumers and businesses. If Opposition Leader Hewson can establish that the package of policies contained in Fightback! holds out such promise, we will surely find that his policy of reducing the deficit is in fact 'stimulatory'.

To return to my theme: the failure of successive governments to 'manage' the economy has come to a head with Labor's failure during the 1980s to succeed with probably the most interventionist strategy ever attempted by an Australian government. Until it is recognized that it was such government intervention, and not the pursuit of economic rationalist policies, that has caused our present problems, we will be in danger of repeating past mistakes and of avoiding the very policies needed to reduce unemployment on a permanent basis. Moreover, the more that credence is given to 'stimulatory' government intervention as the means of reducing unemployment, the longer it is likely to take to start down the path to permanently lower unemployment. ■
Inside the Covers of Ros Kelly’s Education Kit

RON BRUNTON

The recent *Give the World a Hand* education kit, which was endorsed by Minister for the Environment, Ros Kelly, contained a great deal of nonsense. Some of this has already been pointed out in the media. But so far no one seems to have commented on the way it celebrated “non-Western ways of life.”

The kit describes the Yanomami (actually Yanomamô), who number about 10,000 people and who live in the forests of the Orinoco River basin of southern Venezuela and northern Brazil. The Yanomamô are slash-and-burn cultivators (although this term was not used), who supplement their gardens with food obtained from hunting and foraging. After three paragraphs about the Yanomamô environment and patterns of work the kit states:

“The people use the forest carefully — for the Yanomami, the environment is part of a larger spirit-world which they treat with the same respect they have for each other. They have developed elaborate rituals and ceremonies to display their love of the forest.

“Their forest continues to be threatened by mining companies and the [Brazilian] military, which claims that the lands, along the border with Venezuela, are a militarily sensitive area.

“The people say they would like white people to understand why the preservation of the hills is so important to them. They want white people to help them defend their lands and to work side by side to preserve their way of life.”

Before ‘white people’ rush off to enlist in the defence of the Yanomamô way of life, they may like to learn a bit more about the “respect they have for each other.” A number of anthropologists have studied Yanomamô culture, and perhaps the most prominent is the American, Napoleon Chagnon. In their introduction to the first edition of Chagnon’s study, *Yanomamô: The Fierce People*, the general editors of the series in which it was published observed:

“This is indeed a book about a fierce people. Yanomamô culture in its major focus, reverses the meanings of ‘good’ and ‘desirable’ as phrased in the ideal postulates of the Judaic-Christian tradition.

A high capacity for rage, a quick flashpoint, and a willingness to use violence to obtain one’s ends are considered desirable traits.

“The Yanomamô appear to be constantly on the verge of extranormal behaviour, as we define it, and their almost daily use of hallucinogenic drugs reinforces these drives to what might seem to the outside observer to be the limits of human capacity. Life in their villages is noisy, punctuated by outbursts of violence, threatened by destruction by enemies.”

Chronic State of Warfare

In the third edition of his book, published in 1983, Chagnon wrote:

“I spent 41 months with the Yanomamô, during which time I acquired some proficiency in their language and, up to a point, submerged myself in their culture and way of life. The thing that impressed me most was the importance of aggression in their culture. I had the opportunity to witness a good many incidents that expressed individual vindictiveness on the one hand and collective bellicosity on the other hand.

“The fact that the Yanomamô live in a chronic state of warfare is reflected in their mythology, ceremonies, settlement pattern, political behaviour, and marriage practices.”

Using figures obtained from another anthropologist, a study of violence published a few years ago in the international journal, *Current Anthropology*, showed a Yanomamô homicide rate that was over 15 times the 1980 rate for the United States as a whole, and around three times the 1985 rate for Detroit. The Yanomamô also have a high rate of infanticide, and because men prefer sons, considerably more girls are killed than boys. As Chagnon notes “many women will kill a female baby just to avoid disappointing their husbands.”

Perhaps it can be said that by keeping their population down the Yanomamô live in some kind of harmony with their natural environment. But if so, it is only because of the total disharmony of their relations with each other.

Dr Ron Brunton is Director of the Environmental Policy Unit of the IPA, based in Canberra, and an anthropologist.
Decline since December 1989 of the number of people employed in the private sector: 9.1%

In the public sector: 0.8%

Net assets held by the Victorian and New South Wales branches of the Federated Miscellaneous Workers' Union: $36.7 million


Hansard (Senate), 25 June 1992.

Commonwealth payments to the States and Northern Territory as a percentage of Commonwealth revenue.

In 1983-84 38.8%

In 1990-91 28.4%


Australian Bankers' Association.


<table>
<thead>
<tr>
<th>Country</th>
<th>Bank Accounts</th>
<th>Credit Cards</th>
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<tbody>
<tr>
<td>Switzerland</td>
<td>97</td>
<td>4</td>
</tr>
<tr>
<td>Holland</td>
<td>93</td>
<td>1</td>
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<tr>
<td>Germany</td>
<td>92</td>
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<tr>
<td>United States</td>
<td>63</td>
<td>60</td>
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<tr>
<td>Britain</td>
<td>83</td>
<td>33</td>
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<td>Italy</td>
<td>59</td>
<td>1</td>
</tr>
<tr>
<td>Japan</td>
<td>63</td>
<td>60</td>
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</tbody>
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Number of Australians with credit cards: 9.5 million.

Australian Bankers' Association.
Change since 1983 in the number of 15-24 year-olds with university degrees: 43 per cent increase. With trade qualifications: 11 per cent decline.


Ranking of Australia out of 22 OECD countries in terms of competitiveness

[16TH]


 Australian employees who would prefer to negotiate their pay and conditions directly with an employer: 64 per cent. Employees who would prefer a trade union to act on their behalf: 29 per cent.


<table>
<thead>
<tr>
<th>Change in Newspaper Circulation 1972-92</th>
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<tbody>
<tr>
<td>West Australian                       $+21$</td>
</tr>
<tr>
<td>Courier Mail                          $-4$</td>
</tr>
<tr>
<td>The Age                               $+15$</td>
</tr>
<tr>
<td>Sydney Morning Herald                 $-1$</td>
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<tr>
<td>The Advertiser                         $-5$</td>
</tr>
<tr>
<td>The Mercury                           $+1$</td>
</tr>
<tr>
<td>The Australian                        $+10$</td>
</tr>
<tr>
<td>Financial Review                      $+52$</td>
</tr>
</tbody>
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Average monthly prison population in NSW (1990): 5,311. Rate per 100,000 population: 91.2. Average monthly prison population in Victoria: 2,291. Rate per 100,000 population: 52.4.


Population Change 1972-91

<table>
<thead>
<tr>
<th>%</th>
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<tbody>
<tr>
<td>Western Australia $+51$</td>
</tr>
<tr>
<td>Queensland         $+61$</td>
</tr>
<tr>
<td>Victoria           $+18$</td>
</tr>
<tr>
<td>New South Wales    $+21$</td>
</tr>
<tr>
<td>South Australia    $+17$</td>
</tr>
<tr>
<td>Tasmania           $+14$</td>
</tr>
<tr>
<td>Australia          $+29$</td>
</tr>
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Change in the participation rate in the Australian workforce*

<table>
<thead>
<tr>
<th>March 1983-March 1992</th>
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</thead>
<tbody>
<tr>
<td>(percentage points)</td>
</tr>
<tr>
<td>Males                 $-2.4pp$</td>
</tr>
<tr>
<td>Married Females       $+10.6pp$</td>
</tr>
<tr>
<td>All Females           $+7.3pp$</td>
</tr>
<tr>
<td>Persons               $+2.6pp$</td>
</tr>
</tbody>
</table>


Potential savings in public health expenditure in Victoria if staff salaries and staff per occupied bed in acute care public hospitals were reduced to the average for other States:

$307$ MILLION


Average subsidy per patient per day paid by the Commonwealth for State Government nursing home beds

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
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<tbody>
<tr>
<td>NSW</td>
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<td>ACT</td>
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<tr>
<td>NT</td>
<td>$33.55</td>
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Hansard (Senate), 25 June 1992.
Private Firearm Ownership and Democratic Rights

Laws designed to restrict gun ownership further will not reduce the murder rate, but they do pose a threat to the rights of Australians.

DAVID LEYONHJELM

Laws controlling private ownership of firearms in Australia have been significantly amended in recent times. Victoria and NSW have severely restricted the types of firearms that may be lawfully owned and the conditions attached to licences while other States are also amending licensing laws. The Commonwealth Government is encouraging these changes as well as using its powers to prohibit the import of many types of firearms, notwithstanding that they remain legal in several States.

Most of the impetus for this new legislation arose in response to the three mass shootings that occurred in Queen and Hoddle Streets in Melbourne in 1987, and in 1991 in Sydney’s Strathfield Plaza. In each case a lone and apparently deranged individual killed a number of people using a semi-automatic rifle, although in the Queen Street case the firearm was so extensively modified that it was only capable of operating as a single shot rifle.1

The recommendations in relation to firearms of the 1990 National Committee on Violence,2 since taken up by the Australian Institute of Criminology which has as its Director the Committee’s Chairman, set out a program of action for the Commonwealth Government that it is still pursuing. It seems inevitable that even further restrictions will follow, notwithstanding that the original report has been roundly criticized.3

Much of the justification for the new legislation, particularly that in Victoria and NSW, is based on the premise that it will prevent another shooting of this kind. Nothing could be further from the truth. The potential for massacres is totally unchanged, yet the democratic landscape is radically altered.

In the process of implementing the new restrictions a massive erosion of the civil rights of hundreds of thousands of law-abiding firearm owners has occurred. Moreover, the status of the law in the eyes of these and other members of the public has been seriously undermined.

The issues are of importance to everyone in the community, irrespective of their interest in firearms. They relate to the right of governments to turn law-abiding citizens into criminals, to hold all members of a community group jointly responsible for the activities of a few individual members of it, and to utilize public resources in a demonstrably ineffective manner by failing to differentiate between ordinary members of the community and those who pose a threat to it.

The debate about firearm ownership is rarely rational or objective. Indeed, so hysterical and ill-informed has it been that many shooters see themselves as the victims of an orchestrated campaign in which their rights, including the right to be heard, count for nothing. Opposition to firearm ownership has become, like many contentious causes, ‘ideologically correct’.

The common view about firearms is that they are causally linked to the level of community violence, particularly murders and suicides. The evidence refutes this. Indeed, all the data indicate that the amount of violence occurring in a community has little to do with firearm ownership and a great deal to do with cultural and historical factors.

One of the best illustrations of this is Switzerland: where it is mandatory for all able-bodied males to have a military rifle and ammunition in the home, in keeping with that country’s policy of defence preparedness. The level of violence of any kind in Switzerland is quite low. The shooting sports are very popular and officially encouraged as a means of increasing defence preparedness.

By contrast, in what used to be Yugoslavia appalling violence is being practiced against innocent civilians, using weapons supplied by governments, to settle rivalries and hatreds that originated centuries ago.

In Australia there is simply no correlation between the murder rate and the stringency of firearm laws. The Australian Institute of Criminology reports that the homicide rate in Australia has not significantly altered in 50 years. Objective studies of the association between violence and firearm laws have reached the same conclusion.4

Those States having the least restrictive laws (e.g.

David Leyonhjelm is a recreational target pistol and rifle shooter, and historical firearms collector.

10 IPA Review, Vol. 45 No. 3, 1992
PRIVATE FIREARM OWNERSHIP AND DEMOCRATIC RIGHTS

Australia and South Australia). That there are far more relevant factors than firearms is illustrated by the observation that the Northern Territory has a murder rate six times the national average with firearms responsible for just 11 per cent of these, in spite of having the highest level of firearm ownership in the country. The Aboriginal communities in which most of the murders occur simply do not use firearms to commit homicides.

Even in the United States where murders due to all causes, including firearms, have increased, there is no evidence of a relationship between these and the laws controlling gun ownership. Washington DC, for example, shares both the most restrictive firearms laws and the nation's highest murder rate.

In general terms, communities having a cultural or historical tendency to settle grievances with violence will be inclined to use whatever means are available, including firearms. Those where peaceful resolution of disputes is traditional, where there are practical legal remedies available and which provide for democratic consultation, have no inclination towards violence, with or without firearms.

With respect to individuals, the notion that murderers are law-abiding citizens who might have stayed law-abiding if they had not possessed firearms is demonstrably false. Far from being ordinary people (or even ordinary criminals), the characteristics of murderers suggest remarkable indifference to human life and welfare - even their own. Almost invariably they have a background of serious crime, drug abuse, family assaults and psychiatric or personality disorders. In a lot of cases the question is not so much whether they will kill themselves or others, but when they will do so.

The evidence also shows that the availability of firearms has no effect on the suicide rate, influencing only the method used. In Japan, where firearms are almost impossible to obtain legally, the suicide rate is greater than in the United States and other countries where firearms are available. Simply put, where firearms are accessible they are used to commit suicide. Where they are not, other means are used. In terms of the number of deaths, the result is tragically the same.

Much of the recent legislation has been directed at controlling certain types of firearms, principally the so-called assault weapons. These are poorly defined but are mainly considered to be intermediate calibre, semi-automatic rifles having a military origin.

The new law in NSW, for instance, makes it an offence to own a military-style self-loading centre-fire rifle or any self-loading rifle or shotgun with a magazine capable of holding more than five rounds. Licences to possess other types of centre-fire rifles will only be granted where an approved 'reason' is demonstrated.

Yet the number of homicides carried out with these types of firearms, including in the United States where such firearms are more freely available, is significantly less than with other types or other means. Of the thousands of firearms seized by police in association with crimes in the US, few are either assault weapons or even in military calibres.

Of the 76 firearm-related homicides in 1989-90 in Australia, 80 per cent involved .22 calibre rifles and shotguns. Hand guns, strictly controlled in all States since the late 1920s, made up most of the remainder. This is despite the fact that gun ownership grew from one in six Australians in 1979 to one in four by 1989 while the murder rate due to firearms fell.

The distinction is absurd if the aim is to reduce the lethal potential of the firearms that remain available. A single-shot .22 rifle, in the wrong hands, is no less dangerous than a self-loading centre-fire rifle, military or not.

Apart from their general distaste of anything having a military connotation, those distinguishing between types of firearms seem to be assuming that a gunman is more readily tackled if the weapon is of a permitted type. If so, no-one bothered to ask those who might be called on to do the tackling. The small amount of time required to reload, or the presence of fewer rounds in the magazine, would not enable such heroics.

Military-style semi-automatics may look more dangerous to the uninformed but that is hardly the point. Many butchers' knives look less than friendly as well. While the intermediate military calibres are of lower ballistic efficiency than quite a number of other types, in reality there is little difference in the lethal potential between firearms of any kind.

Disarming the Population

Given the history of ever tighter controls, most firearm owners are convinced the longer-term objective is effectively to disarm the civilian population. Certainly this is the aim of much of the anti-gun lobby and its media supporters. This raises questions about the foundations of our democracy. What is the government frightened of? With just the police
and armed forces having firearms the temptation for totalitarian control must be greater.

The United States' Constitution guarantees the rights of its citizens to bear arms specifically for the purpose of removing a totalitarian government in the event that other democratic means fail. There is strong evidence that the introduction of England's first firearms law in 1920 was a response to the 1917 Bolshevik Revolution in Russia. It certainly had no other justification, the level of armed crime being almost non-existent.13

With constitutional safeguards to inhibit potential dictators (although none that could not be overturned) and no history of revolution, Australians are much less sympathetic to this argument. Yet there is some historical merit in it. In considering whether to invade the country during the Second World War, the Japanese viewed the presence of an armed citizenry as a major disincentive.

A desire to make the community safer for ourselves and our families can hardly be considered unreasonable. Moreover, keeping firearms out of the hands of violent criminals and the mentally unstable is unanimously seen as a worthwhile objective, especially by firearm owners. Regrettably, measures purportedly designed to achieve these aims do nothing but erode the rights of law-abiding firearm owners.

One of the most tragic of these has been the need for such people to decide whether to become criminals by failing to dispose of firearms rendered illegal. Simply by doing nothing an owner becomes a criminal. Both in Victoria and NSW there are said to be tens of thousands of people electing to find convenient hiding places in the hope that future governments will make their firearms legal again.

A politically-condoned precedent for this was established in NSW in 1988 when the Unsworth Government introduced anti-firearms legislation to take effect three weeks prior to the elections. The then-Opposition stated that its first action on obtaining government would be to repeal these laws, which it subsequently did.

The issue is far more significant than simply disregarding speed limits. Otherwise law-abiding people are threatened with penalties of imprisonment for periods of up to 10 years. In placing these people in such a position, governments are fostering a decline in respect for the law itself, one of the factors that leads to a rise in community violence in the first place.

There is a further principle that affects everyone. When two people in Victoria and one in NSW go berserk, in each case possibly as a consequence of mental illness or the use of certain types of drugs,15 all firearm owners are made to pay. Logically, it means all men are responsible when one man commits rape simply because they also have a penis (not an irrelevant analogy since the control of firearms is promoted as a women's issue). It is also consistent with the Nazi practice of punishing a whole village when one or two of its inhabitants were involved in the resistance.

A frequent question from non-firearm owners is why firearms are wanted. The fact is, most shooters think of their firearms in the same way that golfers think of their golf clubs. Shooting little holes in paper, which is what most are used for, makes as much sense to non-shooters as hitting little white balls to non-golfers. There is a proud sporting tradition associated with shooting. At the Commonwealth Games Australia regularly wins medals in shooting. A more mature approach to gun ownership could see us winning at Olympic Games as well.

No one denies that firearms are capable of inflicting death and injury. Neither is it denied that some firearms were designed for that purpose, like the javelin and long-bow before them. There are plenty of examples of items being used more constructively than their original purpose. There are also numerous dangerous and deadly items available in the community, among them motor vehicles, drugs and kitchen knives.

To pretend that the community can be protected from dangerous items by banning or draconian controls is fanciful. As one commentator points out — "homicide is not a leading cause of death. An unknown number of homicides is inevitable, or at least not amenable to any public policy measure aimed at prevention."15

Shooters and firearm collectors share the community's desire to make their society safer, including a reduction in the potential for random violence. Removing firearms from law-abiding citizens is not the answer. Keeping them away from criminals and those prone to violence, while seeking genuine means of reducing both, certainly is.

How fragile are our freedoms if they can be taken from us, for "the common good," because of the sins of a few? How safe is our democracy if a vocal minority can provoke governments into making laws that undermine the rights of others?

1. Victorian Police evidence to coronial inquiry.
2. Violence: Directions for Australia, National Committee on Violence, Australian Institute of Criminology, 1990.
3. One source of criticism was the NSW Joint Parliamentary Select Committee on Gun Law Reform report, which stated that the National Committee on Violence's report was "flawed".
7. Strang, Heather, Homicides in Australia 1989-90, Monograph No. 4, Australian Institute of Criminology.
8. Kleck, Gary, Point Blank: Guns and Violence in America.
10. Strang, op. cit.
14. Contemporary reports of coronial inquests.
15. Strang, op. cit.
Green, but not Clever

A series of educational booklets on environmental issues has come under strong attack from an education advisor to the industry-backed Keep South Australia Beautiful Council. The author of the series responds.

PETER McGREGOR

In a climate of heightened ecological angst — where the good guys constantly fight against the bad guys to save the planet — myths, half-truths and misinformation have dominated everyday discussion about the environment. Claims of dubious origin are circulated and recycled, and emotion too often overpowers reason. Inasmuch as the community is awash with green zeal, fundamentalist fervour, and outright scare-mongering, so too are our schools. Invariably, one major casualty of the raging environmental war of words is truth.

The Australia series of illustrated "discussion papers for kids" was launched as an attempt to redress this situation, particularly in schools. It began when the National Association of Forest Industries requested something that would appeal to children, and that also stated the truth about our forests. Forests are Forever was the result, almost 200,000 copies of which have been distributed on request to students, industry employees and members of the public seeking further information. Recycling Makes Sense soon followed, asking readers to think about new aspects of recycling; while Land for Life, the most recent addition to the series, tried to demystify community fears about chemicals — in the soil and our food.

Illustrated by a Victorian primary school teacher and environmental educator with a flair for animation and a sense of fun in communicating serious issues, these documents met with an overwhelmingly favourable response. Communications Officer with the CSIRO Division of Soils in Adelaide, Cathy Sage, wrote praising the "comprehensive and professional production." She said that her copies of Land for Life had been distributed widely — to laboratories from Adelaide to Townsville — and that many scientists had commented favourably. "The content is accurate and well-researched," she wrote, adding that it "provides a balanced approach to complex environmental issues which gives students an opportunity to see both problems and possible solutions." Cathy Sage rated the publication not only refreshing, but responsible.

Imagine one's surprise, then, to read a set of notes from an education advisor with the Keep South Australia Beautiful Council (KESAB) denouncing many of the carefully-researched statements as "useless", "superficial", "confusing", "cosmetic", "flippant", "misleading", "simplistic", "provocative" and "meaningless", together with a catalogue of trenchant comments such as "no evidence", "sounds like propaganda", "could do more harm than good", "lifted straight from ICI's marketing brochure", "who says?" and "of no educational value." The KESAB education officer also accused the author of the material of being — wait for it — "human-centred!

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In essence, the KESAB notes indicate little understanding of science and a hostility to industry and people. Yet they express views widely held in the green movement. Readers can make their own assessment from the Australia series extracts, the KESAB response and my comments below.

History

Australia series: "For most of our life on Earth (thousands of years), people didn't worry too much about the environment in which they lived. Most of the time people simply worried about staying alive. Until fairly recently, most people worked all day just to make ends meet. But lately, it seems, more of us have had more time (and more education) to think a bit more about the world around us. We have started to notice that some things aren't quite as good as they used to be. The beaches, the streets, the air, the countryside."

KESAB: Lots of cultures depend on environmental care for their survival. It is not true they didn't worry about their environment too much. They depended on their environment for food, water, shelter, etc., and if by chance their environment was damaged, populations were so small they could move somewhere else. It is ludicrous to suggest that the only reason people are concerned about their environment is because they are leisured, affluent and have nothing better to do.

Comment: Throughout history, most people's lives were largely taken up by survival. The few we read about in literature who apparently led rich and colourful lives were only a very

Peter McGregor is Director of the Centre for Economic Education.
small élite. The vast majority of people lived poor, miserable and brief lives. For thousands of years diseases wracked the health of families; most children died in infancy; of those who survived infancy, few lived to adulthood; those who did reach adulthood enjoyed a life expectancy of little more than 40 years. They didn’t know that the water they drank might be infected with viruses, or that the air they breathed might kill them. Without sanitation, without safe food preparation, without reliable supplies of good food, without any defence against disease, they died in their millions. (The same is still true today in many primitive cultures in the world; Nepal, for example, or many of the countries of Africa.)

But the KESAB view seems to be that things in the world are, in fact, pretty horrible and inexorably getting worse. What is the evidence?

As is now generally accepted, we have moved from a time when deadly viruses inhabited the air and water wherever people lived, to the present where visible pollution of our cities represents only a minor threat to human health. In a recent book, In the Half Light: Reminiscences of Growing Up in Australia 1900-1970, the author, Jacqueline Kent, interviews an aristocratic old lady whose privileged existence many years ago represented an experience far above the average.

"Many things we took for granted then are now considered dreadfully unhygienic," she remembered. "For instance, we never washed our hands after going to the toilet or before sitting down to a meal, and the water we drank was not very clean. When we went into town we had to be very careful of where we stepped on the streets; not only did people sell fruit and vegetables in fly-blown heaps, but all kinds of rubbish, from decayed vegetable peelings to newspaper, ran down the gutters."

She didn’t mention the putrid piles of horse manure that littered most streets. Even for this well-to-do family living on a genteel property just outside Melbourne, “life was often desperately uncomfortable,” compared with now.

American archaeologist, Professor William Rathje, of the University of Arizona, also reminds us, “It is difficult for anyone alive now to comprehend how appalling, as recently as a century ago, were the conditions of daily life in all cities of the Western world, even in the wealthiest parts of town.” In his article in The Atlantic Monthly (December 1989), he comments on the stupefying level of filth accepted as normal from the Middle Ages through to the Industrial Revolution.

Affluent 19th-century towns, such as Hamilton in Victoria’s pastoral Western District, are typical examples of how things once were in the civilized world. Don Garden, in Hamilton: A Western District History, describes the open garbage pits in the town and the stench of rotting horse carcasses that enveloped its inhabitants. “Another of the less savoury aspects of Hamilton’s life was the state of its sanitation,” Garden writes:

"Smells from open or faulty drains and overflowing cesspools were a constant nuisance and gave the Council...a good deal to do. The disposal of night soil was a major problem. Cesspools were most common and were plagued by overflows and seepage. By the mid-1870s a manure depot was arranged and night men were operating. In 1877..."
Development

Australia series: “People often say that the growth of industry is to blame for all the world’s environmental problems. If there were no industries, some believe, perhaps there would be fewer problems. The air and water would be clean. The environment would be safe, they say.

Unfortunately, in countries without — or with few — efficient industries, the situation is much worse. Their environment is at risk. People in these places have begun to destroy their forests, pollute their waterways and foul their air — much worse than in countries like Australia.”

KESAB: Not “much worse”. A different problem. Development is responsible for incurred debts and the ensuring destruction of rainforest to pay debt, which can never be repaid. Australia has notorious pollution problems and although recently efforts have been made to make amends, Australia still has a lot of pollution problems; e.g. air quality, water quality, soil salinity, soil contamination, etc. Different kinds of pollution are being lumped together with no definition being offered.

Comment: ‘Development’ is a word that radical environmentalists use carelessly and pejoratively: often as a synonym for ‘industry’. They present it as the cause of, not part of the solution to, the world’s problems. A scapegoat for humanity’s ills, development is equated with destructiveness and despoliation.

The United Nations Development Program suggests that development is the process of enlarging people’s choices. “The most critical of these wide-ranging choices,” says their Human Development Report 1990, “are to live a long and healthy life, to be educated and to have access to resources needed for a decent standard of living...Development enables people to have these choices.”

But how? In its 1991 World Development Report, the World Bank says, “The key to global development has been the diffusion of technological progress. New technology has allowed resources to be used more productively, causing incomes to rise and the quality of life to improve. Scientific and medical innovation has proceeded at a breathtaking pace during the past two hundred years.”

The scientific and technological advances that dramatically changed the course of development, according to the World Bank, were Jenner’s smallpox vaccine (1790), Pasteur’s establishment of the link between microbes and immunity (1880), Fleming’s penicillin (1920) and the development of other antibiotics. Also, “Steady increases in food production in the nineteenth century, followed by more dramatic increases in the twentieth, made possible some remarkable improvements in people’s nutrition,” the Report says. Innovations in transport, energy and communications completed the revolution.

Furthermore, the 1992 World Development Report provides data which illustrate that over the past 20 years or so, while Gross Domestic Product in Western countries has continued to rise, pollution from lead, sulphur, nitrous oxide and other particulates has consistently fallen.

Conversely, the story of environmental calamity in the former Soviet Union and its satellites is tragic. An article in The New York Times, titled ‘Communism’s dirty legacy scares Western investors,’ tells of decades of unbridled pollution under communist governments; while the 1992 World Development Report records that in the Aral Sea area, where central planning ran amok, “Soils have been poisoned with salt, overwatering has turned pasture into bogs, water supplies have become polluted by pesticide and fertilizer residues, and the deteriorating quality of drinking water and sanitation is taking a heavy toll on human health.”

Yet according to the notes of KESAB’s education officer, life in Australia and other Western countries is no different.

Science

Australia series: “...As society grows, gets smarter and learns more about the environment, new problems are discovered. Discovering problems is a sign that we are making progress. Importantly, just as we go on discovering new problems, we also learn to solve many. Thanks to science, many of the world’s health problems have disappeared.”

KESAB: Thanks to science, many of the world’s problems were created in the first place. This is not an anti-science statement...just a point that can be made to refute the material. Scientists are not necessarily saviours. Problems are not always solvable and when they are solved, often the solutions turn out to be merely other theories. It is misleading children to indoctrinate them with the notion that science will solve all their problems.

Comment: Prior to the Earth Summit in Rio, more than 200 scientists (including 54 Nobel Prize winners) signed a declaration. “We are worried,” they said, “at the dawn of the 21st century, by the emergence of an irrational ideology which is opposed to scientific and industrial progress and impedes economic and social development.” The group’s chairman, one Professor Perutz, said that humanity only progressed by harnessing nature to its needs and that many essential human activities involved manipulating hazardous substances. Progress and development involve increasing our control over hostile forces, he said. “The world does face very severe environmental problems which cannot be solved by rejecting science.”

No one is suggesting that science can solve all of humanity’s problems, but without science our material lives would be much poorer.

The Director of the Walter and Eliza Hall Institute, Sir Gustav Nossal, suggests that science allows us to control and shape the natural universe around us, rather than being its victim. “Not mere flotsam and jetsam on the sea of life,” he says. “Science helps give shape and direction to our lives.” Sir Gustav continues:

“It’s very easy for people to forget that before the Industrial Revolution — when technology became widespread — the lot of most people was nasty, brutish and short. It was back-breaking labour...it was twelve or fourteen hours in your little cottage
industry or working in the fields to dig up potatoes.

"So, if you really want to be tough on science and technology, you'd better ask yourself what the alternatives realistically look like. If you look around the globe, there is no country anywhere that is voting with its feet for Arcadia."

Illustration by Gavin Byrt from the Australia series

**Chemicals and Food**

*Australia series:* "You may be surprised to learn that most of the pesticides we ingest are nature's own chemicals. About five per cent of every plant is toxic chemicals of one kind or another — the plant's own defence against insects, fungi and humans. The tomato, the potato and even alfalfa sprouts produce their own nasty chemicals. They are far worse than anything scientists have produced."

KESAB: Blatantly untrue statement that potatoes' and tomatoes' poisons/pesticides are "far worse than anything scientists have produced." Sounds like it was lifted straight from ICI's marketing brochure. Although true that tomatoes and potatoes contain toxic chemicals, they could hardly be worse than Agent Orange, benzene, trichloromethanes, organochlorides, etc. I think it could frighten kids off their vegetables!

**Comment:** In a series of articles for *The Australian* (18 June 1990), Professor Bruce Ames — from the Department of Biochemistry, University of California, and arguably the world's leading toxicologist — writes: "People in industrialized nations ingest in their diet at least 10,000 times more natural pesticides (by weight) than man-made pesticide residues." Professor Ames is a former Chairman of the American Cancer Society.

On *The Health Report* (ABC Radio, 2 January 1989), Professor Ames said that "all plant evolution is plants devising new and nastier toxic chemicals to kill off fungi, to kill off insects and to kill off predators...these are nature's pesticides and these are the real toxic chemicals in the world." He went on to name the dozens of everyday foods that damage our bodies. He spoke about celery, potatoes, herbs, alfalfa, tomatoes, pepper, horseradish and others..."every time you eat a raw mushroom you're getting a couple of thousand parts per billion of carcinogens."

The world, he says, is full of carcinogens and reproductive toxins, and it always has been. "We are beginning to realize that the risk from man-made pesticides (or pollutants for that matter) which humans ingest in their diets is utterly trivial, relative to the background of hazardous compounds provided by nature," he says. "The main alternative to using man-made pesticides is to grow crops that have been bred to contain higher levels of nature's pesticides."

Ames, rejecting the notion that technology is destroying us, suggests that newer technologies are far less hazardous than the ones they replaced. "I have little doubt that both health and economics will be on the side of human ingenuity, inventing better and better pesticides that are less dangerous to humans than their natural counterparts," he adds. Interestingly, he says the evidence suggests that indoor pollution (formaldehyde, smoke, benzene and radon; especially the last-named) is a far greater health hazard than outdoor pollution.

Scientists at the CSIRO's Division of Human Nutrition in Adelaide point out that most of the world's people will eventually die, over many decades, from the action of chemicals that occur naturally in the foods we like to eat. Virtually none will die from man-made poisons of any kind.

**Resources**

*Australia series:* "However, most of Australia's smartest thinkers say that human beings will always be able to provide the ideas that produce food, minerals and other goods and services that we need to live. No-one believes that people will ever run out of good ideas. What do you think?"

KESAB: Ludicrous statement about "smartest thinkers," it contradicts many of the world's leading scientific views. How long have the "world's smartest thinkers" been trying to solve the problem of radioactive waste and haven't been able to? This statement is wide open to criticism.

**Comment:** The extreme environmentalist position is that the world is fast running out of everything and that there is nothing we can do. When the world's resources are gone, it holds, human beings are history. But human beings are capable of great creativity. Throughout human history, the emergence of particular problems has given rise to innovative solutions.
which have left society better off than before the problem arose. There are countless examples.

One of the most interesting was the ‘problem’ created 125 years ago when the world’s supplies of whale oil appeared to be diminishing. For a variety of reasons, whale oil was becoming increasingly difficult (and expensive) to obtain. The future was bleak. How would America light its lamps? The problem, described admirably in Smithson and Clarkson’s The Doomsday Myth, gave rise to the discovery of potential uses of a hitherto unused water pollutant called petroleum. It was an idea that revolutionized the world.

Ideas create resources – an insight lost on green left advisors and North American environmental gurus such as Paul Ehrlich and David Suzuki. In 1980, Julian Simon, author of The Ultimate Resource, bet Paul Ehrlich $1,000 that the price of resources would fall rather than rise in the coming decade. He let Ehrlich nominate the resources he wished and they agreed to settle up in 10 years’ time. Simon’s view is based upon the belief that, as the world’s people increase their skills and the adoption of new technologies, we create resources. Rather than running out (as Ehrlich believes), resources are becoming more available; and with their increasing abundance prices fall. If Ehrlich was right, the price of commodities would rise over time. The bet was settled in late 1990. Ehrlich lost.

Just before his death in 1989 at the age of 83, distinguished Australian economist Colin Clark told Quadrant: “[W]hen I was a first-year chemistry student, in 1925, our lecturers told us quite firmly that the world oil supply would run out in 1940. As 1940 approached, I asked some oil men and they said, ‘We’re all right, but we will run out in 1955.’ By the 1950s I didn’t bother to ask them any more.” According to Clark, “The amount of metals known to exist within reach of the earth’s surface exceeds known mining companies’ reserves by factors of 100,000 to a million…”

Finally, the 1992 World Development Report definitively refutes this persistent myth that extreme greens still espouse. The authors conclude that “whereas fears that the world would run out of metals and other minerals were fashionable even fifteen years ago, the potential supply of these resources is now outstripping demand,” and “fears that the world may be running out of fossil fuels are unfounded.”

Recycling

Australia series: “A number of Australian companies in every State are actively involved in recycling. Companies which produce steel, glass, paper, plastic, rubber, petroleum and non-ferrous metals such as zinc and copper recover enough of Australia’s resources to make a business of it. In the process, they create hundreds of jobs.”

KESAB: The sheet makes it sound like everything is OK, and enough is being done by companies in the recycling industry. Clearly this is not true. No mention of government or community involvement in recycling.

Comment: The key to higher recycling rates is finding something to do with the recovered materials. Effective recycling requires viable industries to make use of these valuable resources. Companies make the process possible; however, it can be a Catch-22 situation. Sometimes, companies don’t set up recycling and reprocessing plants because there is no community collection service; and some councils do not collect because there are no reprocessing plants in the municipality.

There is no suggestion that “everything is OK” or that enough can ever be done. The fact remains that, while governments and the community have roles to play in the recycling processes in Australia, their efforts ultimately depend upon companies — without whom little would be possible. Who takes the paper, the cans, the non-ferrous metal, the plastic? Who other than industry reprocesses these resources?

William Rathje, during a visit to Melbourne in 1991, made much of the point that recycling for recycling’s sake is futile. Unless, he said, we are each prepared to buy an equivalent amount of recycled products to that which we put out or return for recycling, the process is unsustainable.

Did you know that almost one in five of aluminium products made in Australia are made from recycled metal?

Did you know that the average motor car contains about 70% metal which can be recycled? A similar story can be told about oil, plastics and rubber.

Illustration by Gavin Byrt from ‘Recycling Makes Sense’, one of the Australia series.

* * * *
DEBATE

Should the ABC be Privatized?

The ABC was founded exactly 60 years ago. Its planners openly modelled it on the BBC, whose first Director-General, Lord Reith, expounded his broadcasting credo by saying “Give them what they need, and they will come to respect you for it.” ABC television transmissions began in 1956.

In 1976 the Fraser Government considered imposing severe cutbacks on the ABC and freeing it from public service appointments procedures. Both manoeuvres were opposed by a newly-formed group known as Friends of the ABC. The subsequent Dix Report recommended partial commercialization of the ABC. During the 1980s the possibility of fully privatizing the ABC was raised. However, it has not been acted on by any political party. Dr Clement Semmler, erstwhile Deputy General Manager at the ABC — and himself a severe critic of it — said in 1991: “No government would dare to do away with the ABC...the rural vote would ensure that.”

Most countries have at least one government-run broadcaster. In Britain, government-run television is the norm. The main commercial TV station, ITV, is not privately-owned; instead, advertisers buy air-time from the state. Canada’s CBC network is government-run, yet transmits commercials. America’s nearest equivalent to the ABC is the Corporation for Public Broadcasting (CPB). This organization, responsible for both National Public Radio and PBS television, receives some governmental subsidy; but it depends much less on such subsidy than does the ABC. Most of its income derives from viewers’ and listeners’ donations.

YES

Subsidizing the Rich Very few Australians ever tune in to the ABC. Those who do are mainly from the upper middle-class (precisely the economic group which least requires subsidizing). Why must the majority pay taxes for the minority’s pleasures?

Political Bias Most ABC journalists see themselves not as journalists, but as an alternative government, unaccountable either to the Parliament or to the taxpayers who fund them. ABC current affairs programs regularly display left-wing bias. Only privatization can make ABC journalists accountable for their mistakes and distortions.

Numerous Alternatives Alternative forms of program-viewing (e.g. VCRs, cable TV) and alternative

NO

Unique Service The ABC provides a service obtainable nowhere else. In its 60 years, it has blazed trails which no private organization dared attempt. Without the ABC, Australia would have no symphony orchestras; there would be no radio drama and a dearth of serious current affairs; most of Britain’s and America’s better TV shows would never have been transmitted here. The ABC has achieved these things precisely because it doesn’t have to worry about winning the ratings war; whereas a private network does. As the commercial television stations demonstrate, commercial competition has not led to diversity; rather the reverse.

Rural Needs Most demands for the ABC’s privatization come from city-dwellers spoiled for choice in what they watch or listen.
radio (e.g. the Music Broadcasting Society's community stations in Australia's biggest cities) either exist in Australia already or will do so soon. They have revolutionized the world's broadcasting over the last decade. Though catering specifically to minority tastes, as state-run organizations are supposed to do, they manage with little or no money from taxpayers. They increase state-run networks' irrelevance.

Cost The rise of SBS further weakens the ABC's claims that it is the only alternative to mass commercialism. Can a country with Australia's small population afford two state-run networks? The ABC alone absorbs half a billion dollars of public money annually. Privatization would relieve the taxpayer of this burden and ensure a more efficient service.

SBS Unharmed by Sponsors Recently, sponsors have begun to underwrite SBS programs, without thereby doing them perceptible harm. The advertisements are rare, brief, and usually placed between programs rather than amid them. Sponsors know that SBS's audience (though small) is wealthy, is vocal, and must not be antagonized. Why would sponsors be any less cautious when it came to the program content of a privatized ABC?

Share Ownership If the ABC's supporters like it so much, let them pay for it, and ensure that they have a say in its direction — by buying shares in a privatized ABC.

Hypocrisy about Standards The ABC's assertion that it preserves civilized culture is entirely unconvincing. In recent years, the ABC has led the field in breaking of taboos against the broadcasting of offensive material (the TV series From Wimps to Warriors, for example, included explicit features on sado-masochism and on homosexuality). Does anyone seriously believe that a corporation which produces Tim Bowden's self-congratulating Backchat segment — or the Triple J network's hymns to sexual revolution — cares about upholding cultural standards? Far from upholding them, it lowers them.

Already Commercial in Essence Whether the ABC likes to admit it or not, its current orientation is in many ways commercial — and ratings-based — already. Soap operas like GP, variety shows like Live and Sweaty, could have been made by any commercial TV network. ABC radio and TV are now as blatant in their advertising of ABC programs, books and recordings as any purely private enterprise would be: and far more so than most.

to. By contrast, some rural regions of Australia have no radio or TV at all except what the ABC furnishes. (Hence the popularity of ABC TV shows like Countrywide.) Commercial broadcasters would not find such isolated and sparsely-peopled areas a viable economic proposition: so privatizing the ABC would effectively deprive these areas of all broadcasting.

Public Education While it remains public the ABC can have an educative role (evinced by the Open Learning series). Commercialized, it would soon be catering to the lowest common denominator, with 'educational' offerings equivalent to Sophie Lee's Sex program.

Journalists' Independence The "alternative government" accusation ignores two things: one, that Australian journalists tend to be a disrespectful lot overall, whether in the public sector or the private; two, that it was the ABC's current affairs programs — not their commercial counterparts — which exposed the corruption of certain members of the Wran Government in NSW and brought about the Fitzgerald Inquiry in Queensland. These programs' makers could report without fear or favour: not being perpetually obliged to worry about offending vested commercial interests.

Private Oligopoly Assuming that a future private owner would keep the ABC basically intact be-speaks gross naiveté. Besides, private media ownership in Australia is already in the hands of extremely few people; privatizing the ABC would in practice mean yet another media outlet for Murdoch or Conrad Black.

Privatizers Self-Contradictory The privatizers' case is inconsistent. On the one hand, they charge the ABC with commercialism (in pursuing ratings, in advertising its bookshops); on the other hand, they claim that the ABC ignores commercial realities. They insist that the ABC is run by incaustic highbrows, and simultaneously insist that the ABC is run by barbarian lowbrows. They should decide whether they consider the present ABC too elitist or not elitist enough.

The American Experience America's main radio and TV networks don't encourage confidence in the mental level of a free-market system. For example, they reduce news services to the level of what they call 'infotainment', thus leaving Americans dangerously ignorant of public affairs.

Further Reading


Pump-Priming is Back in Vogue

The 1992-93 Budget round heralds another rendition of the Keynesian chant — *All we need is more government spending to kick-start the economy and make us politicians look pretty (and re-electable)*.

The last time this theme was played with any seriousness in Australia was during the last recession, when the Commonwealth and State Governments combined to generate a public sector deficit of just under $13 billion (in 1983-84). In 1992-93, it is officially estimated to be $20 billion.

As in 1982, the professed aim of government budgets in 1992 is to do something about the debilitating unemployment which, as no one needs reminding, currently stands in most States at near post-War highs. Also, as in 1982, this year's budgets are dominated by election fever with three and perhaps four States, along with the Commonwealth, facing elections within the next 12 months.

Again, as occurred a decade ago, the latest budgets have chosen to provide a stimulus via public sector spending rather than by cutting taxes and other imposts on business.

Leading the Keynesian charge is the Federal Government, which released its 1992-93 Budget on 13 August under the catch-cry "seize the initiative and shrug off the mood of pessimism gripping the nation." This was an entirely unconvincing excuse for big spending.

In fact there is no sign of pessimism in the Territory. The political scene is quite calm: it will be two years before the next election. Moreover, the NT economy is buoyant, having avoided the recent recession that has sent politicians in other governments reaching for the pumps. The Northern Territory is currently recording real economic growth in excess of four per cent and experiencing the lowest rate of unemployment in the nation at 6.1 per cent.

In addition, the NT Government can hardly afford more spending and debt. Despite two years of fiscal restraint, the NT Government began 1992-93 with more debt per person than any State, with public spending running at twice the level of the States, and with taxes above the all-State average. Moreover, income from financial assistance grants, which represents about 70 per cent of the Government's total revenue, is under serious threat. A Federal Coalition Government is committed to cutting such grants by 10 per cent and there is growing support amongst governments to change the basis by which financial assistance grants are allocated. This would result in a large, sustained reduction in these grants to the Territory.

The NT Government's spending splurge was given an aura of respectability by being targeted at capital works, with capital outlays expected to increase by 14.3 per cent and spending on repair and maintenance set to expand by 16.8 per cent. However, the facts are that the increased spending will be funded by additional borrowings, used on things that are not currently required and concentrated on projects that are non-revenue-earning but dependent on taxes.

In this context the 1992-93 NT Budget represents an inappropriate relaxation of fiscal policy. The deficits planned for both the total public sector ($96 million) and the general government sector ($91 million) are, in per capita terms, larger than those experienced in any State in 1991-92. Indeed, as a result of this budget, it is highly likely that the NT Government will, for the second consecutive year, post the highest deficits of any State and Territory — an outcome it can least afford.

Victoria Illustrates the Dangers

The Victorian Budget, which was released on 12 August, was the last gasp of die-hard Keynesians. Mrs Kirner
abandoned her debt reduction strategy after only a year, dragooned more funds from already cash-strapped government agencies, raised business taxes, and spent big. The Budget's proponents are not expected to survive the election scheduled for 3 October.

Victoria's financial crisis emanates to a large extent from the failings of the last Keynesian wave and serves as a clear warning to people currently clamouring for more government stimulation.

Mr Cain and his economic gurus came to power in 1982 with the explicit policy of 'revving-up' the Victorian economy. Their plan, detailed in Victoria — the Next Step, was to unleash the shackles constraining the public purse and undertake a Keynesian pump-priming exercise specifically designed to expand spending on public infrastructure.

Unfortunately Mr Cain's boffins, and their cheer squad in the Victorian media, failed to take account of the well-documented defects of such exercises. Once the public sector pump is primed, politicians usually prove incapable of turning it off until forced to by a financial crisis, and the additional spending generated by pump-priming almost invariably ends up being consumed on unproductive activity.

There was also another hole in Mr Cain's plan: the benefits of pump-priming activity were likely to spill over to other States whilst Victorians would be forced to carry the costs.

Mr Cain's plan included a few crucial 'innovations' designed to get access to more funds. The various techniques available to facilitate increased borrowing to finance expansionary programs included: 'marshalling' the funds and assets of public trading enterprises, 'pressing actively' for a greater Loan Council allocation, utilizing 'innovative' and off-Loan Council financing techniques, and 'better utilizing' non-financial assets.

These expansionary policies went off the rails from the start. Although spending expanded dramatically as planned during the 1982-83 recession, the additional spending was directed primarily to non-productive areas. Recurrent spending grew by a huge 13 per cent in real terms over this two-year period, whilst capital outlays - the primary target of the fiscal expansion - grew by only 0.3 per cent. However, the move towards restraint proved to be too little too late. The financial and political fall-out from Mr Cain's 'innovative' financing activities began to have an impact. During 1990-91 and 1991-92, the collapse of Tricontinental, the VEDC, and the Farrow Group of Building Societies, plus losses arising from the Victoria Investment Corporation and the government investment in the Portland Aluminium Smelter, added over $400 million to the State's recurrent outlays and eliminated a revenue stream, which in the past had reached $117 million. The net result was further real increases in spending, taxes, debt and interest.

The Kirner Government, which succeeded Mr Cain's, made some tentative initial attempts to stem the tide, but in the end gave up. As a result of Mr Cain's grand plan and Mrs Kirner's inaction, the State's finances are in a state of near crisis. The public sector has liabilities in the form of debt, unfunded superannuation, and financial guarantees of $57 billion in 1992-93. These liabilities will consume over $5.2 billion in public sector revenue in 1992-93, of which $3.2 billion will be borne directly by taxpayers. Victoria has the second highest level of taxes in the nation, with taxes 11 per cent above the all-State average and a massive $1.8 billion or 58 per cent above the standard of taxation imposed in Queensland.

Along with the debt, the most debilitating legacy of the Cain plan has been the huge build-up in the cost of government services, particularly in the big-ticket areas of health, education and transport.

It will take many years and much political pain and human dislocation to bring Victoria's spending levels and taxes back to the level of other States and to a level its economy can afford.

1. As of the time of writing, the Queensland, Western Australian, New South Wales and ACT have yet to release their 1992-93 Budgets.

Health Services
A Potential Export Industry

A great opportunity exists for Australia to become an exporter of health services to South-East Asia.

JOHN POPPER

SINCE the time when it was still a colony, this country has been a supplier of raw produce to the great manufacturing centres of the world. Initially our produce went primarily to Europe and North America. Over the past 20 years, however, the growth of agricultural protectionism in those markets has seen a major shift in our export markets to Japan and other Asian countries. We have also started to develop a wider range of exports, covering both manufactured goods and services.

The trend towards the establishment of regional trading blocs emphasizes the need to develop service exports in particular. Such exports are less susceptible to preferential commercial treatment and, with our high educational attainments, there is a clear opportunity for Australia to develop into a major service exporter to the South-East Asian region.

My personal interest is in health service delivery, where the march is being stolen by countries such as Singapore; but the situation is not irretrievable. The Federal Government and its agencies could do much more by adopting an integrated approach to the formulation and application of their policies. They need to foster the concept of Australia as a regional provider of capital-intensive and technologically-driven services. An analogy would be the way banking and insurance services have been developed internationally by, respectively, the Swiss and the British.

Australia could similarly develop a role as a health service provider by exploiting its advantages in medical research and in the provision of sub-specialty clinical services. Australia already has an international reputation for conducting innovative medical research. There are some 15 internationally recognized medical research facilities in Australia, supported by universities and hospitals of similar status. By harnessing the intellectual capacity of these existing research units and broadening their research capabilities, we can relieve our regional trading partners of the need to invest in high-cost, specialized research facilities and infrastructure. They can then concentrate their resources on the supply of community-level health care. Australia could thus offer itself as the primary provider of post-graduate education to the region, or to those countries where health service delivery is not yet sophisticated technologically.

Of course, the emerging affluent middle class in regional countries will increasingly demand that services be supplied from within those countries. However, there is room for both approaches. Affluent Asians are already travelling overseas for treatment requiring the support of specialized technologies and some of the more innovative Australian hospitals are now servicing part of that market. If access is made available to Australian medical services at competitive cost, this could be an expanding market.

While our clinical services and clinicians' skills are comparable to the best in the world, Australia does not promote medical breakthroughs or innovations overseas.

As to research, Australia can develop a niche within the region if it is properly funded. Research needs to provide a financial return, possibly by being underwritten by sponsoring agencies. Sponsorship from overseas governments, for example, could pay for specific requested research, which could then focus on those areas likely to have the most direct and immediate benefits to that country.

Financial returns could also flow from the provision of medical and support staff training, especially at the post-graduate level. For some courses the sponsoring recipient government would meet the cost of providing the training and refresher courses. For some post-graduate training, especially at the hospital registrar level, trainees themselves might contribute to costs.

Although Australia already offers limited training...
opportunities to Asian neighbour countries, we are well positioned on a cost-competitive and geographic basis to capitalize on the emerging demand for post-graduate training. Sponsoring countries would benefit from the economies of scale, and the access to technologies not otherwise available.

Australia would benefit too. Patient management and problem resolution would be enhanced in Australian hospitals, through a commensurate reduction in unit costs, and an increased capability to acquire new technologies. If Australia were to develop a role as the regional focus for health service delivery then we could realistically expect to capture the majority of South-East Asian patients now travelling overseas for treatment to, for example, the USA, Holland, Germany and the UK.

**Need to Raise our Profile**

This requires the Federal Government to start thinking in a holistic way in terms of foreign policy. We must significantly raise our profile at the community level with our regional neighbours. Media reports about Australia are relatively rare in neighbouring countries. What reports there are, tend to be negative or ill-informed.

While our clinical services and clinicians’ skills are comparable to the best in the world, Australia does not promote medical breakthroughs or innovations overseas. Nor do Australian doctors advertise their skills overseas. Indeed, medical practitioners are prohibited by the law from doing so. By contrast, countries such as America and Singapore routinely advertise their countries’ medical services, both at the generic service and individual clinician levels.

This raises consumer awareness, and helps win the business for those countries despite the additional costs in air travel and accommodation charges, increased civil risk and, of course, increased health service charges.

**Health Services: A Potential Export Industry**

Australian Governments should recognize the potential for tapping into this market for our medical services and research facilities at both inter-governmental and community levels. In the area of foreign aid, for example, there is scope for our medical services to contribute to an integrated program of community development. If, say, a village is found to have an infant mortality rate three times the national average, an aid program could focus on the causal factors — such as, perhaps, polluted water supply, aggravated by the poor nutrition received by infants and their mothers; or periodic food shortages associated with rudimentary food storage facilities.

Such an aid program could then manage the clinical manifestations on a short-term basis, while also addressing the underlying causal issues to minimize the recurrence of the problem. This may well involve research and education as an adjunct to the material initiatives of an aid program. For example, if the causal problem is one of parasitism, apart from finding a method to break the parasite-host cycle, it may be appropriate to develop an insecticide and a method of insecticide dispersal specific to that parasite. This would involve applied research and have broader ramifications beyond the specific village receiving aid.

Australia already sponsors safe and sustainable (from a health viewpoint) water-supply programs and agricultural development projects as part of its foreign aid. These two initiatives alone already contribute significantly to the reduction of rates of morbidity and premature mortality amongst the recipient communities, especially at the infant and maternal health levels. What is missing is an overview that incorporates aid, foreign and diplomatic policy, and Australian external relations at the community level in the recipient countries.

Australia also has experience in addressing the sorts of public health issues facing developing countries; including the issues associated with public health care at the village and rural community levels. Many of the Northern Territory Health Department’s initiatives in cross-cultural programs — such as the Aboriginal health worker program (which trains community representatives to deliver primary health care) and alternative technology projects like hand-operated washing machines, environmentally appropriate pit-latrines and arid-zone permaculture research — fall within these boundaries, and are of direct relevance to our South-East Asian neighbours.

Health services have been used as the template in the foregoing. But the concepts are equally applicable to such areas as telecommunications, education, rural sciences, information technologies and so forth. With Federal Government help, Australia can develop a strategy that links domestic growth with a sustainable regional role. By integrating foreign aid and foreign policy, Australia can position and market itself as a “good neighbour” while at the same time developing a service-oriented export sector.
**Soulmates**  The Victorian Council of Churches has joined with the Victorian Trades Hall Council in condemning economic rationalism. The full title of the press release announcing the combined action is 'A Joint Statement on the Primacy of Human Dignity and Justice for Australia's Social and Economic Future in the Light of the Failure of Economic Rationalism'. It is signed by Robert Gribben for the Council of Churches and John Halfpenny for the Trades Hall Council.

The statement is replete with clichés such as "We believe the economy exists to serve people, not that people be used to serve the interests of economic theory." The statement includes a declaration of "solidarity with Victoria's unemployed." Victoria's unemployed would be right to view such a declaration from the Trades Hall Council as a decree from their Creator.

**Regime of Error**  Some people build castles in the air; social scientists tend to build dungeons. Take, for example, this description of present day Australia by Julie Marcus, Senior Curator of Social History at the National Museum in Canberra: "...in Australia the gaze of the state is a racist one...Aboriginal Australians remain subject to a degree of violence which, I shall argue, constitutes a regime of terror. The state bolsters its gaze by a violence so severe that it produces...the violence within Aboriginal society..." If Marcus was describing the state in Nazi Germany or Pol Pot's Cambodia, "regime of terror" would be an appropriate phrase. But contemporary Australia? Marcus is right when she says elsewhere in her article (in Social Justice Studies) that Aboriginal Australians are made to participate in the fantasies of others — precisely those fantasies which Marcus herself is perpetuating. What exhibitions on Australia can we expect at the National Museum with Marcus as Curator of Social History?

**Dictation, Dictator**  Geoff Maslen, former Education Editor of The Age and not known for his affection for private education, has found one private school about which he is willing to write in raptures. The school is Preshill, Melbourne's oldest counter-cultural school, headed by Margaret Lyttle. Of Ms Lyttle and her school, Maslen says: "There is probably no other person like her, or her school, anywhere on earth." I hope he is right. Ms Lyttle complains: "High schools are becoming more like independent schools and most of those are so fascist it's unbelievable. They could be Hitler himself!"

**Permits to Pray**  The Waverley City Council in Melbourne has banned Rabbi Yisrael Rosenfeld from using his home as a place of worship. According to the Rabbi, as reported in The Australian, only about six people regularly attended the services. But the Rabbi failed to apply for and receive the appropriate local government permit. On which day did God create red tape?

**Maximizing Risk**  The National Insurance Brokers' Association's 10th anniversary convention comes up at the end of October in Queensland. It will include a session entitled "The Environment and Global Warming — an Insurance Perspective." The capacity of insurers to calculate risk depends on the quality of the scientific advice they receive. Only one of the three speakers at this session claims expertise on the environment; the other two are insurers. The speaker claiming environmental expertise is Dr Jeremy Leggett, Greenpeace campaigner and author of Global Warming: the Greenpeace Report. The marked rise in global temperature and catastrophic consequences which Dr Leggett is sure to predict may turn out to be a mirage; but the rise in premiums, if the insurance industry believes him, will be real enough.

**Law Against Work**  Shearing contractor Graham Bruce was fined $2,200 (including costs) by a Queensland court for working on a Sunday, reports The Australian. Mr Bruce said his team of shearers worked through a hot weekend last February in order to save the lives of hundreds of drought-stricken lambs. The prosecution was initiated by the Australian Workers' Union. AWU State Secretary, Bill Ludwig, argued that weekends must be kept work-free to maintain the award system. "You can't allow shearers to work weekends. Otherwise you have got anarchy," he said. "What I'll never get over," said Mr Bruce, "is that we've been fined for working when there's 11 per cent unemployment."

**Bad Company**  Detained Burmese Opposition Leader, Aung San Suu Kyi, has been awarded UNESCO's Simon Bolivar Prize for her human rights campaigning. Some might question whether the winner of last year's Nobel Peace Prize for her non-violent opposition to Burma's military rulers deserved to be lumped with an award named after a violent South American revolutionary. But worse than this, Aung San Suu Kyi had to share the human rights prize with the former Tanzanian President, Julius Nyerere.

As ruler of Tanzania from 1961 to 1985, Nyerere did much to cripple his country economically and politically. He demonstrated little respect for the rights of Tanzanians. In Nyerere's one-party socialist state torture, forced labour, political censorship of the press and other publications, detention without charge, arbitrary seizure of property by the State, and dictatorial controls on trade unions were all commonplace. This is the man said by the UNESCO jury to have worked tirelessly in the struggle against poverty, disease and ignorance. But then Nyerere did ratify the UN
Reprimand  Of the recently deceased Max Dupain, one of Australia’s greatest photographers, Age critic Greg Neville wrote: “his bold, straightforward composition of everyday subjects had that easygoing charm we associate with stereotypes of Aussie masculinity like Bondi lifesavers and Bryan Brown.” Neville wrote that Dupain’s work “was so quintessentially Australian it would be almost unpatriotic not to like it.”

This lapse was not allowed to pass by politically correct Age reader Barbara Hall who, also having spotted The Age’s use of the sexist word “master” to describe Dupain’s standing as a photographer, launched into Neville: “Neville complacently lumps jingoism with male exclusivity...Aussie masculinity is associated less with an easygoing charm, more perhaps with a neurotic misogyny, and inability to appreciate and relax with women. It is often expressed in violence.”

Evidently, the message of the Government’s domestic violence campaign had not been lost on Ms Hall. The advertising campaign has been appearing in newspapers under the heading “The Man Next Door?” A typical ad begins “Gary, 32. Charming, sensitive, intelligent, friendly, sympathetic and funny — to his friends and colleagues. Hostile, verbally aggressive, physically violent...to his wife and family.” At least those of us unfortunate enough to be devoid of charm, sensitivity, intelligence, friendliness, sympathy or humour are above suspicion.

Naked Violence  A solution to male violence against women has been proposed by Jim Vickers-Willis, President of the Quality of Life Association. He notes that “one group in our community without reported cases of rape is nudists. This is particularly interesting,” he continues, “because the Aborigines in their ‘uncivilized’ days also claimed there were no rapes in their society. Like nudists, they were naked. This compares with our so-called ‘rape and flasher culture’ in which women and especially girls are constantly at risk. Are we not paying a high price for going along with ‘religious’ ideas and attitudes which promote shame in certain parts of our human body.”

Mr Vickers-Willis believes that more nude beaches would foster “the natural respect for womanhood which was a fundamental part of the naked Aboriginal culture.” Vickers-Willis seems to imagine Aborigines before European settlement in Australia as early hippies. In fact violence then was endemic. In The Triumph of the Nomads Geoffrey Blainey concluded that the death rate among traditional Aborigines arising from inter-tribal war “was probably not exceeded in any nation of Europe during any of the last three centuries.”

Beyond the Stork  The facts of life are becoming increasingly complicated. A new book for children, Where Did I Really Come From? published by Little Ark, aims to explain the new reproductive technology. It “offers children clear, non-judgmental explanations of sexual intercourse, assisted conceptions (DI, IVF, GIFT), pregnancy, birth, adoption, and surrogacy.”

A New Angle  The intrusion of political ideology into the curriculum in Australia has so far infected only the humanities. But mathematicians and scientists should not be complacent. The British journal, Race and Class, has published an article with the pointed title ‘Western Mathematics: the Secret Weapon of Cultural Imperialism’. To most people mathematical truths — such as that the sum of the angles of a triangle always equal 180 degrees — are universal. The article’s author Alan J. Bishop’s response to this is to ask: “But where do degrees come from? Why is the total 180? Why not 200 or 100? Indeed, why are we interested in triangles and their properties at all? The answer to all these questions,” he says, “is because some people determined that it should be that way. Mathematical ideas, like any other ideas, are humanly constructed.”

Western mathematics, Bishop argues, is a vehicle for Western cultural values, “a dehumanized, objectified, ideological world-view.” “Clearly,” he acknowledges, “many societies have recognized the benefits to their peoples of adopting Western mathematics, science and technology. However, taking a broader view, one must ask should there not be more resistance to this cultural hegemony?” Bishop’s answer is yes; but his arguments don’t add up.

Elsewhere in Race and Class The Ella Baker-Nelson Mandela Center for Anti-Racist Education is advertised. It is located at the University of Michigan in the Engineering Building. Social engineering perhaps?

True Believers  Faith is at a low ebb in Australia. But not all faiths. The Unitarian Church in East Melbourne is as evangelical as ever, continuing to display large posters of Fidel Castro and Che Guevara in its windows.
The Economics and Ethics of Takeovers

Corporate raiders are often seen as predatory and destructive. But in fact they contribute to the dynamism of an economy.

NORMAN BARRY

THE 1980s was the age of the takeover boom in Anglo-American economies, although it was by no means the most excessive in America's economic history. It was an era in which considerable disruption was caused to economic organizations, including plant relocation, management restructuring and localized unemployment. All this seemed to be brought about not by the normal processes of economic change but by the short-term desire for profit displayed by corporate raiders in hostile, and costly, bids for major corporations. It seemed to illustrate perfectly the anonymous nature of Anglo-American market societies; societies in which individuals meet entirely as strangers without long-term obligations. Acting under impersonal and abstract rules, they are concerned solely to maximize their immediate advantage at the potential cost of a social good, which they may or may not be aware of sharing.

It is certainly not the case that free-market economies have to be organized in the Anglo-American way. Two of the most successful market economies in the world, Japan and Germany, for example, are characterized by rather different economic arrangements. Here firms appear to be engaged in more 'intimate' economic relationships in which instantaneous gratification for the shareholders is subordinate to long-term considerations. Indeed, takeovers are rare in these countries. Such discipline over management as is required is brought about by other methods; notably the close supervisory role played by banks as major shareholders. This is a phenomenon which is absent in America (by law) and in Britain (by convention).

Indeed, the differing economic institutions in Anglo-American economies go a long way towards explaining their differing economic styles. It had been noticed, since the pioneering study of the American corporation by Berle and

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Means, that ownership and control of large-scale corporations have become separated since, at least, the beginning of this century. The demise of the owner-manager and his replacement by dispersed stockholders who, in effect, hire managers to run the enterprise that they (only) nominally own has, according to the original theory, led to the domination of American industry by bureaucratic empires, responsible to no-one and immune from competitive pressures.

Nevertheless, this phenomenon, if true, does not mean that competitive capitalism is ultimately doomed, for the dispersed stockholders are not necessarily powerless. America is not destined to be run by industrial, managerial élites, as J.K. Galbraith and others have supposed. The ultimate control of the stockholder over management is exercised through his ability to trade his shares. The stockholder is, in effect, only concerned about the price of his shares. If they are under-performing in the market he will sell to someone who thinks he can organize the assets better than the existing managers. Therefore, the periodic bouts of extensive reorganization that take place through the takeover mechanism function as surrogates for the close supervisory role that owner-managers play in small businesses.

Yet, by a curious irony, the one instrument that the shareholder has for restraining the excess of corporate power—that is, the threat to sell his stock—becomes the single reason for the hostility with which takeovers are regarded. For by buying up shares at a premium, the corporate raider is then able to reorganize the company, sell off unwanted parts, and (let us hope) produce a viable enterprise. But in doing so he will disrupt existing arrangements and bring about the disappointment of many expectations. Thus, on the one hand, entrenched managements are the subjects of moral obloquy for their failure to secure maximum shareholder value, yet on the other, the corporate raider is viewed with considerable disdain because he promises to do precisely that.

How can we explain this apparent paradox? It is a paradox in which economic and moral considerations seem to be inextricably entwined. Again, if it is the case that some serious penalties should be attached to those responsible for the mismanagement of a company's assets (the prime cause of the under-performance of its shares and hence its vulnerability to a takeover), how is it that economics, notably America and Japan, can perform so well in the absence of this 'necessary' control mechanism?

The crucial point here is the fact that Anglo-American public companies are largely owned by institutional investors, pension funds, mutual funds and so on, which have no real interest in the day-to-day running of the companies that they nominally own. They have a contractual duty only to secure the best return for their investors: indeed, they are 'programmed' to buy and sell stock according to relatively small changes in price.

However, from a strictly economic point of view, this is said to be disadvantageous since managements will be more worried about share price changes than actually running their companies and, hence, more likely to take a short-term view. It is frequently held that they will be particularly disinclined to take on highly specific labour, since this labour's productivity is likely to be realized only over the very long term. The corporate raider, it is alleged, is only interested in realizing short-run gains and is therefore almost certain to shed labour whose value is not immediately apparent. Indeed, it is noticeable that in Japanese and German firms, labour is employed over a long period, and often for life (though, of course, this causes a certain amount of labour rigidity).

There are at least two considerations in connection with takeovers that I would like to analyze. First, the utilitarian arguments that are advanced, for and against this method of economic control; and second, the ethical issues that have arisen in the aftermath of the takeover boom of the 1980s.

Takeovers and the Social Good

If industrial economies can progress without the costly and disruptive method of reorganization brought about by takeovers, does this not cast doubt on the efficacy of Adam Smith's 'invisible hand' in subtly uniting private and public interest? Indeed, does not the existence of loosely-held public corporations itself render Smith's message inappropriate? After all, he was specifically distrustful of the joint-stock company, believing that it would cause management sloth in comparison to the automatic incentives to efficiency provided in a system of owner-managers.

Despite a certain amount of dissatisfaction with the operation of takeovers in the US, there is no convincing evidence that they have had an adverse effect on the American economy. Indeed, the corporate élites, whose motivations cannot by any stretch of the imagination be described as more moral than those of the typical corporate raider, would be even more entrenched were it not for the fear of removal brought about by a takeover threat. In America, corporate executives become adept, if not always successful, at influencing Federal Government (witness Lee Iacocca's attempts to secure protection for the American motor industry) and also state legislatures (notice Boeing Corporation's successful attempt to secure a Washington State statute which was subtly drafted to make it invulnerable to any predator).

Again, in Britain, is it really conceivable that JCI, the largest company in the country, could have improved its performance by some government protection or privilege rather than because of a threat from the legendary predator, Lord Hanson (who had noticed that the share price did not reflect the underlying asset values of the company, and who had therefore made a small, but ominous investment)?

The difficulty in making a utilitarian comparison between the performances of economies which are largely regulated by the takeover mechanism and those which are not is that we can never know what would have been the case were the present institutional arrangements not in place.

The same reasoning applies to another criticism of the takeover mechanism: this is the claim that shareholder value is not in fact maximized as a result of takeovers. Evidence is often produced to show that this value is increased more by internal company growth than by acquisitions. Of course, it is certainly true that the share value of the target company is maximized because the stock is bought by the predator at a premium, but it is said this cannot be a reliable indicator of
THE ECONOMICS AND ETHICS OF TAKEOVERS

long-term growth. The evidence appears not to be conclusive on this issue. Certainly the shareholders of Hanson PLC have seen the value of their assets increase during the company’s long period of growth, largely through acquisitions. The notorious Guinness takeover of Distillers produced a massive rise in the price of Guinness shares. In companies that appear not to gain, the counter-factual is relevant: what would have happened to them if they had not embarked on acquisitions?

In the absence of any convincing evidence that an arrest by government of the process of industrial change through takeovers could generate utility gains, we need to be very cautious. Furthermore, public choice strongly suggests that any intervention in the takeover process would be at the behest of these particularized groups which suffer from takeovers, and not compelled by impartial spokesmen for the common good (whatever that may be). If indeed it is the case that the structure of Anglo-American industry does not favour long-term industrial projects, that those economies will gradually atrophy because insufficient investment is made, then surely convincing evidence would have been produced by now.

The main employment losses in recent years in America have come in the automobile industry, where huge corporations are more or less takeover-proof

Indeed, if ‘the efficient markets’ hypothesis is broadly true — that is, if the stock market is correct in its evaluation of profitable opportunities — then the prospects of future profits will have been incorporated already into prices. In other words, there is no possibility of further profitable ventures since, if there were, somebody would have already noticed them. But even if this is a somewhat misleading ‘general equilibrium’ approach to the market (an approach which underplays the importance of entrepreneurial activity in the discovery of new opportunities) it does not follow that the state itself could make judgments which, in effect, beat the market. Far from it, if the experience of British Governments at ‘picking winners’ is anything to go by.

There is, however, a connection between government and the market that is worth exploring. It might be that a considerable amount of undesirable takeover activity does take place; not because a natural market process generates it, but because government activity distorts the market. Government taxation policy is highly relevant here. I am thinking of the fact that, in general, interest payments on debt are tax-deductible for corporations while dividend payments on equity are not. This is surely one reason why there has been so much debt-financed takeover activity in America.

Distortions such as this probably increase the amount of merger and takeover activity beyond its ‘optimal level’ — the amount required to discipline incumbent managements. However, the recognition of them does not entail that governments should be active in preventing takeovers. The injunction is the simple one that governments ought to make the tax system as neutral as possible so that ‘undesirable’ takeover activity is discouraged. People cannot be blamed, either economically or morally, for taking advantage of rules and practices which may be to the long-run disadvantage of society (which includes, of course, themselves). There are clearly ‘prisoners’ dilemmas’ here; but they are mainly of governments’ own making.

The Morality of Takeover Activity

The moral argument against excessive takeover activity (how much is excessive?) is that, irrespective of efficiency consideration, a whole network of rights and duties ought to act as constraints on corporate predatory behaviour. Instead of there simply being duties that managers owe to shareholders, which are normally exhausted by success in maximizing returns, there are duties to other ‘stakeholders’ in an organization. They will include employees, their families and the members of the community who may be adversely affected by industrial reorganization brought about by a takeover. Since the predator is normally motivated by ‘greed’ he will not take these other interests into account.

There is a problem here, for a free market operates with a somewhat attenuated morality. It is a blind, impersonal process whose benefits (and disadvantages) are not in theory experienced by known individuals but rather by anonymous agents. There is actually some advantage to this, since it ensures at the minimum that the rules under which exchange operates are themselves blind and impersonal. It specifically precludes rules that favour one group as against another or those that make the right to exchange turn upon racial, religious or sexual criteria. These are normally inefficient in that, under them, possible gains from trade are foregone. But they are also morally condemnable. However, in a rule-governed and well-functioning market, it is difficult to know in advance who will be the ‘victim’ of a takeover process, and even if a person notices that his activity is under threat, he is not being specifically picked out. A minimalist sense of justice is thus preserved.

Still, the critic of the takeover process can always point to specific cases of apparent injustice: people laid off or made unemployed and whole communities affected for no other reason than the (perhaps minor) downward movement of a share price. Many debt-financed takeovers are designed specifically with the break-up of companies in mind. A company will be bought with borrowed money, bits of it will be sold off or closed down, and the new owners are left with a shell of a company at virtually no cost. It is no comfort to those disadvantaged that the company may well have been (as was often the case) a conglomerate that had diversified unwisely, and whose purchases had not brought about useful synergies but were emblems of corporate empire-building. The person made unemployed will feel that he has been used as a means to the ends of others, no matter how impersonal the process is in theory.

Whatever the reason for unemployment it is difficult to
construct an uncontroversial ethics system for business people in general, and corporate raiders in particular, that dictates how they should act. For one thing, it is surely impossible to write a statute which would distinguish the adverse consequences of a hypothetically unjustified takeover from one that occurs through 'natural' economic processes of change, and necessary adjustment to, say, a fall in demand for a particular product. It is seldom commented on that the main employment losses in recent years in America have come in the automobile industry, where huge corporations, such as General Motors, are more or less takeover-proof. No one directly blames the corporate bureaucracy there for the unemployment. Furthermore, the available evidence suggests that it is management rather than workers who are the major victims of corporate restructuring.

The emphasis on the duties to stakeholders is often a device through which corporate managers can evade their duties to the principals, the stockholders. It should be noted here that in economies of the Anglo-American type, in which the dispersed owners of companies are actually members of pension funds and insurance schemes, the victims of an overzealous concern for the stakeholders are in fact ordinary people; not the large capitalists. Fund managers are merely fulfilling their duties to them when they apparently 'churn' needlessly their paper assets around the stock markets.

Entrepreneurship and the Takeover Process

There is, perhaps, a more fundamental economic and moral explanation (and justification) of takeovers in Anglo-American economies. This relates to the practice of entrepreneurship, by which these economic systems are powered. People mistakenly tend to think of modern production processes as routinized, almost mechanical, systems in which the production possibilities of labour, land and capital are known in advance; and in which these factors of production are paid just enough income to keep them optimally employed.

However, we know from modern 'Austrian' economics that this is an inadequate description of the way that modern economies work. They are characterized by such change and uncertainty that we can never know in advance what the optimal method of producing a good is, or what future market demand there will be for what goods, or what profitable opportunities may arise. It is the function of the entrepreneur — who is not, technically, an owner of capital — to grasp these opportunities (which arise naturally in a state of disequilibrium) and turn them into profitable activities.

Now it should be clear that takeovers involve entrepreneurship to a great degree. The raider notices that the current assets of a company are being mismanaged (as revealed by the falling share price) and he guesses that they can be reorganized to achieve greater profit. Not necessarily being a resource owner himself, he will most likely have to borrow heavily to achieve the takeover, although he may eventually become the owner of substantial capital. The feature of the corporate raider's activity that has economic value is his mental alertness to the possibility of new and different ways of doing things.

In the absence of such activity it is difficult to see how Anglo-American economics could progress. Any legislation to protect incumbent managers from predators would merely serve to delay that progress. Indeed, the corporate raiders of the 1980s in the US were actually disturbing, sometimes quite dramatically, the torpor of corporate America. In this sense, corporate restructuring through raiding is a part of the natural competitive process. Contested bids are in fact illustrations of rival competition.

The feature of the corporate raider's activity that has economic value is his mental alertness to the possibility of new and different ways of doing things.

The activities of the much-maligned junk bond king, Michael Milken, can be explained in terms of entrepreneurship (leaving aside the relatively trivial offences for which he was eventually imprisoned). He, in effect, discovered a new way of financing speculative business ventures. He noticed that the 'ratings' awarded to various corporate bonds by the standard credit rating agencies did not reflect accurately the credit-worthiness of corporate debt. On his extensive analysis, it turned out that the default rate on risky bonds was really quite low and there was an opportunity for profits to be made by linking borrower and lender. Of course, the fact that these bonds were not given a credit rating meant that they had to pay high returns. But, as Milken noticed, the majority of American corporate bonds were not given a credit rating (they were, technically, junk). Hence, if a person spread his risks widely he would be unlikely to lose.

In fact, the bulk of Milken's bonds were originally used by small, expanding corporations who could not otherwise raise capital. However, the fact that later on some significant American corporate raiders were financed by this method was sufficient to make his actions condemnable, especially in the eyes of the corporate establishment.

Why are such activities commonly regarded as immoral? I suspect it is because Western countries are still in the grip of rather primitive notions of social justice. Despite the increased understanding of the role that markets play in the allocation of capital, there is still a widely-held view that the rewards (which can be enormous) from this are undeserved because they do not relate directly to physical production. They look far too much like windfall gains, rather than the rewards for genuine discovery. Yet, to the extent that they reflect the market's evaluation of wealth-creating activity, they can be validated in terms of distributive justice.

Rights and Wrongs in Takeovers

None of this is meant to deny that there were serious moral misdemeanours and, of course, crimes during the
takeover era of the 1980s. But it should be noted that the scandals were just as likely to involve the financial intermediaries involved in takeovers as the raiders themselves. I mention here the problem of insider dealing, the practice of trading by company employees, or other connected parties, in company shares on the basis of undisclosed information. The morality of insider dealing is itself a complex issue, but in the events of the 1980s the matter was relatively straightforward.

Ivan Boesky, for example, was an arbitrageur who bought up shares in companies which he thought likely to be the targets of a takeover. Arbitrage is, of course, in principle a perfectly respectable activity which pushes prices in the right direction. Boesky, however, bribed a financial intermediary, Dennis Levine, who worked for a number of Wall Street investment banks, to get information about forthcoming takeovers. Bidding companies do not want the information about their intentions to be revealed since this will push up the price of the target company. Levine, who handled a number of takeovers and mergers, was under a strict duty not to reveal such information. The fact that he sold information to Boesky made him a thief and Boesky a fence. They were rightly convicted.

It is, no doubt, the ruthlessness that often takes place in the competitive struggle which gives sustenance to the common prejudice against takeovers. However, it should not be assumed that, because particular individuals commit immoral acts, the activity itself is necessarily immoral. A generalized prohibition of it because of past misdeeds would deprive the public, and, of course, individual shareholders, of legitimate gains.

Indeed, much of the immorality involved in takeovers arises out of the activities of incumbent managements anxious to preserve their jobs and privileges. All manner of complex and exotic schemes have been devised to deal with hostile bids, including ‘poison pills’, ‘golden parachutes’ (schemes by which managements are handsomely rewarded for their compliance with a predator) and ‘greenmail’. Greenmail is particularly dubious morally. In a greenmail operation hostile bidders, who have invested a small amount in the target’s share, have their shares bought back by the target company at a premium, on the understanding that they will not go ahead with the bid. Thus, not only is the deal not consummated, but the pre-existing shareholders are unfairly treated: in that they do not have the opportunity to sell at the high price. But even here, the real immorality is with the management for offering to pay greenmail, rather than with the raiders for taking it.

Conclusion

As long as capitalist economies remain as they are, mergers and takeovers will be an integral part of them. At the level of small business, of course, they are taking place all the time, with scarcely a whisper of dissent. They become controversial when large corporations, whose owners are separated from the managers, become the subject of hostile bids. All sorts of emotional, and indeed nationalistic, symbols come to the fore when a company goes into ‘play’; particularly when the bidder is a foreigner. The hostility to them reflects to a great extent the lack of understanding that still persists of the sometimes arcane workings of capitalism.

The unpopularity that they often generate no doubt stems from the ‘undeserved’ rewards that accrue to the participants, especially the financial intermediaries. Indeed, takeovers are costly and sometimes there seems to be little of economic benefit in the result. Nevertheless, they are a part of commercial liberty which governments would be unwise, for ethical and utilitarian reasons, to suppress. The only way in which they could be reduced would be through the re-emergence of a significant number of owner-managed enterprises; a somewhat unlikely occurrence. The ‘close’ corporations and interlocking directorships of other economic regimes would surely not be welcomed in societies which pride themselves on their openness, and in which shareholders (either as individual investors or as members of institutional systems) are thought to be entitled to their rewards.

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1. The 1890s saw proportionately more takeover activity in the US.
Beyond self-interest: ethics and the market

Management must provide leadership in underlining the role of moral standards in business.

ROB FERGUSON

"At the beginning of the 1980s there was a kind of moral fad in parts of the United States that spread almost immediately to Europe. The age-old, Anglo-European taboo of handling money was shoved offstage by the sheer force of events in the financial world, clearing the way for a new money culture."


What the 1980s saw was a cyclical explosion in "the money culture" and the financial markets were the centre of that activity. The "sheer force of events" that pushed aside the long-established conservatism of the banking and finance sector was the arrival of financial deregulation via a market-driven approach to our economic problems. Now in the downward phase of this explosion, we are in a reflective mood. We can all see the wreckage of collapsed companies, the debt overhang and the suffering this has brought. We are questioning what went wrong. What happened to the checks and balances that were supposed to protect our economy from the abuses we have seen?

As one would expect, the answers to these questions are not simple. There are many factors that have contributed to the follies we have witnessed, but the overriding issue revolves around the timeless question of ethics. The worlds of wealth and ethics can make demands upon us that create tension, and when society experiences a boom (albeit a largely phoney boom) of the magnitude that we saw in the 1980s, this tension is likely to be at an extreme.

When Warren Buffett, the new Chairman of Salomon Bros, appeared before a sub-committee of the United States House of Representatives to apologize for the activities of a number of ex-employees of Salomon's in the US Treasury Bond market, he summed up the issue nicely:

"Huge markets attract people who measure themselves solely by money. It's not the only type of people they attract, but there is a special attraction of markets. If somebody goes through life and measures themselves solely by how much they have or how much they earned last year, then sooner or later they are going to get into trouble."

This sounds like another version of describing love of money as the root of all evil.

The Nature of Markets

If one reads between the lines, what Buffett seems to be saying is that markets are not corrupt, but that they can be corrupting. Markets are not a living thing but an abstraction. They therefore lack a charged moral quality, being neither moral nor immoral, but amoral.

Essentially, our financial market system works reasonably well in allocating the scarce resource of capital, and certainly better than any known alternatives. Problems emerge when the humans who operate in markets fail to exhibit a disposition to be ethical. One response to this is to insist on prudential standards expressed in the form of rules and regulations. But
while these work as a disincentive to bad behaviour, they do not necessarily have the positive effect of increasing the formation of appropriate moral attitudes. Rather, they tend to reinforce an attitude based on the fear of getting caught.

There are some regulations that, within limits, have a positive effect on the smooth and efficient operation of a market. Essentially, these are rules which try to achieve maintenance of competition through requirements such as that of full disclosure. Other forms of regulation, which assume that participants will act immorally if allowed the opportunity, are necessary evils. They are necessary because they ensure that market players do not transgress community expectations, and they are evils because they impede the efficiency of markets. These rules and regulations are the cost of not being able to trust market participants.

A Question of Ethics

This leads to the subject of appropriate ethical behaviour. What are ethics? The word 'ethic' comes from the Greek thos, which means custom; 'moral' comes from the Latin mos, which also means custom. So, ethics and morals are to do with how one behaves where one belongs. Socrates posed the first ethical question when he asked, "What ought one to do?" As has been pointed out, "Such a question challenges every aspect of our lives: from the way we allocate our time to the way we treat one another in our dealings with each other." The question of ethical behaviour is, therefore, an immensely practical question, and not just one for academic theorists. However, like any profound question, it sometimes seems difficult to pin down an answer.

Is it too far-fetched to suggest that in regard to everyday matters we all know what is right or wrong? Dr Johnson once said of morals: "People need to be reminded more often than they need to be instructed." C.S. Lewis believed that we all "have in mind some kind of law or rule of fair play or decent behaviour" about which we all agree. This law, frequently called the law of nature, crosses the gulf between different cultures and different ages. As C.S. Lewis says, "Can you think of a country where people are admired for running away in battle, or where a man felt proud for double-crossing somebody who had been kind to him?...Selfishness has never been admired."

One test of our awareness of right and wrong is to compare our behaviour in private life with the values and standards we apply in the workplace. (This, of course, assumes that good standards of behaviour apply at a person’s home.) They should be complementary. Often they are not, because the workplace is to do with competition, ambition and survival, whilst support, acceptance and belonging tend to be the founding principles of the home. At the end of the day, this test can be no more than that — a test. But values, once established, should transcend one’s environment, otherwise they are superficial.

Buffett’s response to the ethical issue at Salomon Bros was to try to call on people’s sense of right and wrong. The way he did it was to ask people to think of themselves as their own compliance officer: before they undertook any action, they were to ask themselves whether they would be willing to have the contemplated act reported the next day on the front page of their local paper to be read by their spouses, children and friends. He made the point that if you adopted this attitude, there was little need to consult the statutes or ring a lawyer: because this approach, which is based on the law of nature, would abide by the spirit of the legal system and not just the letter of the law.

What he was really doing here was seeking to equate the typically higher standards and values of the home with the workplace. The underlying assumption of this approach is that those closest to you at home or elsewhere have views and opinions which you really value.

Interest and Self-Interest

The tendency for those dealing in money to be corrupted has long been recognized. Aristotle said in Politics: "Interest, which means the birth of money from money...of all the modes of getting wealth this is the most unnatural."

Anti-usury laws long existed in reflection of the Church’s views on usury. The charging of interest for profit was legalized in Great Britain in 1571. This liberalization facilitated the growth of the great family banks of Europe and, when ultimately combined with the inventions of the Industrial Revolution and the creation of limited liability in 1855, produced the capitalist society that we know today. But capitalism is based on self-interest which, on the face of it, seems to conflict with ethical behaviour. So, if (as C.S. Lewis says) "Selfishness has never been admired," how do we reconcile this apparent conflict?

When people talk approvingly of the power of self-interest they use Adam Smith’s "invisible hand" as justification. But in The Wealth of Nations, Smith also said: "To promote the little interest of one little order of men in one country, it hurts the interests of all other orders of men in that country and of all other men in all other countries." This statement was made in relation to cartels and monopolies. However, it does go to show that Adam Smith, a moral philosopher, never abandoned his concern that "good be gained for all" set against "the selfish interests of a few."

Having said this, it should be observed that appeal to self-interest can take you a fair way along the road of good ethics. For example, as a bank you may decide not to lend to somebody who is immoral because that person is unlikely to feel overly inclined to repay you. This stands against the reputation risk of being involved with immoral people and may also be good ethics from a community standpoint as it denies funding to an immoral person.

But self-interest runs into difficulties when you consider Glacon’s argument to Socrates. Imagine, says Glacon, that you have the magic ring of Gyges. Possession of the ring makes you invisible and therefore allows you to get away with all manner of unethical and even evil deeds. As a bonus it protects you from the damage to your reputation that might flow from dealing with immoral people. With this device it would be possible to lend money for any purpose — however reprehensible. Glacon said: "If you could imagine anyone obtaining this
power of becoming invisible, and never doing any wrong or touching what was another's, he would be thought by onlookers to be a most wretched idiot."

Ultimately the only counter to Glaucon is to have an ethical standard that surpasses self-interest. Self-interest is too narrow a standard under which to operate. Ethical behaviour involves preparedness to take account of the well-being of others.

C.S. Lewis expands on the definition of ethics, saying: "Morality seems to be concerned with three things. First, with fair play and harmony between individuals. Second, with what might be called tidying up or harmonizing the things inside each individual. Third, with the general purpose of human life as a whole: what man was made for; what course the whole feet ought to be on; what time the conductor of the band wants it to play."

**Essentials for Enduring Success**

I am reminded of a story told to me by my colleague, Bruce Hogan. Bruce was attending a school speech night and listened to a lady speak on the research she had done to try to discover the common characteristics of successful organizations — not just in business, but in health, education, welfare and other activities.

In her view, successful organizations are characterized by three things:

- respect for the individual;
- a desire by the organization to be the best and to develop its people to be the best they can be;
- a sense that the organization's purpose and activities are worthwhile.

This analysis resembles C.S. Lewis's, and suggests a framework for answering Socrates' question: "What ought one to do?" So it seems to me that the resolution of the conflict between capitalism's emphasis on self and the ethical question becomes a little clearer.

In a capitalist society we only accord genuine respect to enduringly successful organizations, not fly-by-nighters. To be an enduringly successful organization you need the members of that organization working to their optimum, respecting each other (that is, a minimum of internal politics) and, finally and most importantly, the organization needs a social purpose beyond itself and its constituents: in other words, values and standards that go beyond self-interest.

It seems to me that the main problem in the 1980s was that business, and particularly those in the financial sector, lost sight of the three fundamentals on which are built enduring, successful organizations. There were plenty of people in organizations who were motivated to work hard, fewer who respected their fellow workers' efforts, and not many at all who felt they had a social purpose beyond themselves. This syndrome is epitomized by the 1980s' attitude of working hard to accumulate wealth quickly to enable early retirement to some beach resort. Implicit in this was an attitude of doing something that you didn't necessarily like or see as a long-term career. These people ran the risk of burn-out and usually failed to balance the requirements of their business and private lives.

Business, and the financial sector in particular, needs to reaffirm its purpose in the community. For those industries which, unlike the financial sector, create tangible products, it is often relatively easy to see this purpose (though seeing a purpose does not necessarily mean that one adheres to that purpose).

**Mark Twain had a saying which went:**

"Fish go bad from the head first."

How does the community see the financial sector? Traditionally the community has looking to us for stability, conservatism and advice. We are the custodians of the community's savings, and quite rightly the community expects a high standard of behaviour from us. "When banks begin to do things which threaten either stability or trust, it causes a tremendous sense of unease. You expect banks to be fair players. I believe above all what people seek from banks is truthfulness, trustworthiness and fidelity."

**Doing the Right Thing**

How do we ensure that in the future the ethical issue remains at the forefront of employees' minds rather than drifting into the unconscious, as it seemed to do in the 1980s?

Mark Twain had a saying which went: "Fish go bad from the head first." What he meant was that the ethical standards of any organization are set at the top. Unfortunately, group behaviour and the nature of organizations are such that people tend to suppress their sense of right or wrong if they feel that this is what is required of them. The positive side of this is that people would prefer to do the right thing. So management has to make it clear where it stands.

Remember Dr Johnson's observation: "People need to be reminded more often than they need to be instructed." This is not done simply by written codes and pronouncements, but also by setting the right example and communicating expectations in terms of daily conduct. If management convinces employees that it expects ethical behaviour, then the sense of right and wrong under which we all operate, aided by the healthy discipline of peer-group pressure, should ensure our industry does its part in upholding proper standards.

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Making the Police More Accountable

If they are to continue to command public confidence, the police must be accountable to the public. A former member of the Victoria Police Force argues that we could usefully learn from Britain’s methods of independent appraisal of police departments.

ERIC HORNE

The 1985 Neesham Committee of Inquiry into the functions of the Victorian Police Force made 220 recommendations directed towards reforming that force. The report also stated that “every organization (particularly government agencies) at regular intervals should be subjected to detailed and objective appraisal.” During my 36 years’ service with the Victoria Police there were only two such appraisals, the St Johnson inspection in 1970-71 and the Neesham Inquiry some 15 years later. I firmly believe that, in the interests of both the public and the police, this arrangement — that of crisis-type appraisals — is not satisfactory. The important and sensitive role which police play as part of the public suggests that they should be subjected to continuous and detailed appraisal, rather than appraisal at irregular and lengthy intervals. In the light of recent events involving Australian police, this proposal is particularly relevant to the more senior levels of police superintendence.

Robert Haldane, the police historian, comments in the book *The People’s Force* that “since 1836 almost every important decision and action on the development of policing in Victoria has come from beyond the force.” He adds that the Victoria Police has “generally been a slow, timid and erring bureaucracy.” There is some evidence to show that these comments are relevant today, for most Australian police forces.

Disturbing Incidents

In recent years incidents which may have been due to inadequate supervision have occurred with disturbing frequency. The inquiries into police corruption in Queensland; the evidence of racial prejudice in the New South Wales police; the Continental Airlines scandal involving police in Victoria; the drug-dealing by a senior South Australian police officer: all these are evidence of the need for increased public supervision of the police. Many cases of irregularities in police behaviour and procedures become widely known throughout a particular force, but for many and complex reasons, senior police are reluctant to act. Offences by lower-ranking police are often energetically prosecuted but those committed by senior police have a tendency to be overlooked.

What we urgently need is an organization with a function similar to that existing in the United Kingdom, in the form of Her Majesty’s Inspectorate of Constabulary. It should, like the Inspectorate, be a body independent of police control and should report on all aspects of police efficiency and effectiveness. I would suggest that such an organization report directly to Parliament rather than to a Police Ministry. It should be civilian in nature, and be headed by a person of irreproachable character: preferably a person with a professional legal and criminological background. He or she should be assisted by tertiary-qualified ex-police officers of senior rank, who are not former members of the force which they inspect. A staff of a Chief Inspector and two Assistant Inspectors would probably be adequate for a force the size of the Victoria Police. Such an inspectorate could be provided by a Federal authority which would be responsible for inspecting all Australian law enforcement bodies.

The proposed inspectorate should be a ‘consumer'-oriented organization and should conduct its inspections according to public expectations of law enforcement, rather than to the dynamics of police service imperatives. It should be noted that the Victoria Police has adopted as one of its
principles “that the police are the public and that the public are the police.” This principle, still valid today, was created by Sir Robert Peel in 1829 when he was establishing the London Metropolitan Police. Yet recently it seems to have been overlooked by many police of all ranks.

Bad Leadership, Misguided Loyalty

My own experiences with the Victoria Police strengthen my belief in the need for independent inspections of police. When I took charge of the Government House and Shrine of Remembrance Security Group in 1977 — at the request of Chief Commissioner Reg Jackson — I found a group of badly-led police, with filthy and unorganized accommodation, and with no specialized training to meet the high-security needs of Government House. There were many top-quality sub-officers and constables in the group who were overwhelmed by poor leadership and departmental apathy. It was only after several incidents provoked the then State Governor to threaten to disown the guard that the police hierarchy sat up and took notice. They became aware that distinguished visitors to Government House were often affected by the poor standards of the guard; and somewhat unfairly, these visitors attributed such poor standards to the rest of the Victoria Police.

Their terror as a group of black-suited armed men burst in through the windows and doors can only be imagined.

A further example, more serious this time, became evident when in 1981 I was promoted to Chief Inspector at the Protective Security Group. I had been involved in this group’s establishment, through my service as a Major in the Army Reserve. By reputation it was a most efficient group, dealing with a range of critical and highly dangerous emergency situations. Yet it did not take me long to become aware that the group had severe problems at the command level. I shall never forget discovering by accident that I was responsible for a high-risk operation, about which I had not been told, and which had been running for some hours. Eventually, on the advice of the Police Association’s Secretary, I took the career-damaging course of advising a Deputy Commissioner of the situation. At times, I told him, I feared that the lives of police and the public were at unnecessary risk. To my knowledge nothing was done.

I was therefore not surprised when in September 1983, at Healesville, a search for four dangerous prison escapees was an operational fiasco. Members of the Protective Security Group, early one morning, broke into a house occupied by an innocent man and his young children. Their terror as a group of black-suited armed men burst in through the windows and doors can only be imagined. Discovering its mistake, the group was then ordered to assault a further eight houses in succession — on speculation only. Then, with no explanation given, the group vanished into the night, leaving a street of terrified and puzzled residents. Even to this day, I cannot fully understand how an organization such as the Victoria Police could allow such a disastrous situation to develop, particularly when it had been warned of the potential for disaster at a senior level.

Why were these two situations allowed to arise? In the first case it appears that the police command gave the Government House and Shrine of Remembrance Security Group a low-level status in police affairs, not realizing its detrimental effect on the reputation of the Victoria Police as a whole. In the second case I suspect that it was a misguided sense of loyalty which took priority over the police and public interest.

Police and Public Benefit

These and more recent events — both in Victoria and interstate — reveal, I believe, an urgent need for reforming the public's supervision processes of its police. The present system of inspection within the Victoria Police is carried out by the Force Inspectorate under the superintendence of a Commander: that is, an officer one rank above the Chief Superintendent. The Chief Superintendent has considerable autonomy within the police, and is usually responsible for police operations within a large group or a defined geographical area. The people who appear to do the actual inspections of the Chief Superintendent’s activities are Chief Inspectors, two ranks below. Such subordinates are unlikely to submit adverse reports on the efficiency and effectiveness of their superiors.

An independent police inspectorate, reporting directly to Parliament, would be in the interests not only of the public at large but also of policemen themselves. From my experience, most of the police who are in direct contact with the public do a sterling job; but their resources are often limited, and they seldom receive the support which their dangerous and difficult job demands. As the Police Association has at times stated, police officers rising through the ranks to the top of the hierarchy tend to lose their knowledge and understanding of the problems which their juniors in the public eye undergo. They also tend to ignore the welfare aspects of operational police and their families. Independent inspections may do much to reveal the true state of affairs within a police force, and the true state of police relations with the public.

Some police may find the suggestion of an independent inspectorate unwarranted and demeaning. But evidence indicates that police affairs, if they are to receive public support, need to be publicly known. And certainly there is nothing demeaning about the public accountability of police in a democracy. Those who criticize independent inspections should remember another of Sir Robert Peel’s principles. It is this: “To recognize always that the power of the police to fulfil their functions and duties is dependent on public approval of their existence, actions and behaviour, and on their ability to secure and maintain public respect.” ■
Where man is not, nature is barren

The traditional understanding of work as a means to the fulfilment of man and nature is challenged by environmentalism.

ROGER SWORDER

WILLIAM BLAKE wrote Where man is not, nature is barren. He is suggesting that unless man is working with nature, nature produces nothing. It strikes me that environmentalism as we have it is essentially sterile: that is to say, its way of thinking about nature and people denies much more positive views of the human and natural worlds. Other and older ways of thinking suggest that the kinds of work we do with nature are extraordinarily important both to nature and to ourselves.

When I was growing up in England, the English fox-hunt became a matter of considerable dispute. I remember seeing on television, week after week, news items which showed protesters attempting to stop fox-hunting. In part this protest was class-based, but there was something else to it. The protesters claimed that in trying to save the foxes from hunters they were standing up for life and nature, and that the fox-hunters were destructive and evil. This is really a very odd assertion. What we saw in those news items were beautifully groomed horses, and well-trained and cared-for hounds. When the hunt started, the hunters would cross miles of countryside which they knew extremely well. Quite clearly, the people who were doing the hunting were engaged with nature to an exceptional degree.

What were the protesters claiming? They were intervening in a process which they misunderstood. They had a certain concern for the foxes, but they seemed completely blind to the way in which the care of the hounds and horses constituted a very much more real engagement with the natural world than their own. This is a good example of the way in which the environmental problem arises. What we have are, on the contrary, the people who were doing the hunting were engaged with nature to an exceptional degree.

To learn how the human and natural worlds interconnect in the traditional understanding, we should look at Plato. In The Republic we are told that the fundamental basis for the organization of society is the division of labour. The basic argument which Plato gives for the division of labour is that each of us is born with a predisposition for a particular kind of work. When a society is organized in a way that allows people to fulfil or live out their predispositions, it is a just and productive society; everybody attends to the work to which he is called. In this Plato is close to another valuable philosophical tradition — the Indian tradition. In Hinduism, we are told that the path we must take if we are to be spiritually fulfilled is the path of Karma Yoga. Karma Yoga is precisely the following of one's vocation.

One of the most upsetting things about the environmental debate is the readiness with which those who oppose certain kinds of work claim that those kinds of work are performed only through greed. We are told that miners want to mine, and timber workers want to cut down trees, merely because they want to make money. That, I think, is slanderous. Why would those who wish to devote their lives to working with the earth, or administering mining companies, or felling forests be thought to be operating solely out of greed? On the contrary, it seems to me that even now, when the notion of predispositions for particular kinds of work is less strong than it used to be, people go to those kinds of work because they are called to them. The notion that work is central to human life, and that without it we cannot be who we truly are, is seen even now in the way in which people pursue hobbies in their own time: they engage in unpaid work for the sheer love of it.

Plato's notion of predisposition to work was also strong in the Middle Ages. The culminating author of the Middle Ages, Dante, emphasizes the importance of work as a means to human fulfillment and spiritual realization. The proper way to live in accordance with God is to carry on God's work in creating the natural world by creating things ourselves. Those who do not so create are guilty of a sin. In The Inferno they are placed naked on a burning plain on which rain flaks of fire for eternity.

The Platonic theory of work involves another important

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The stories of this period make it clear that the spirits of the elves and fairies were on their side, but they would be wrong. Who helped workers in this way; there were the fairies of the earth help miners, require them to do their work, and do some found.

Dwarves were not the only fairies themselves. Where dwarves are seen, there are metals to be disruption of their own underground homes. In cases of human beings get on with the work of releasing those metals elemental spirit of the metals, and they are anxious to help found.

Many stories are told about the ways in which dwarves assist a bringing to birth; this idea was particularly appropriate to the imposition of an idea upon it as a kind of obstetric process, From this standpoint, the working with nature is not so much possibilities and the craftsman acts to release these possibilities. This tradition survived well into the Renaissance. Michelangelo used to go to the quarries to look at the stone, and he could see within the stone the sculptures which he would make. The tomb of Pope Alexander VI is another case where the sculptor seems to be freeing from the stone what is already there rather than imposing a form upon it. In medieval Cathedral-building there was a peculiar custom whereby any mason who damaged a stone that had come to the Cathedral site from the quarry was regarded as having killed the stone. He had to follow, as "chief mourner", behind a cart which took the stone where it could be used for other purposes. It is as if the stone "became alive" as a result of being worked on by the quarry men and the mason, and "died" when damaged. As a result, the person who damaged it had to pay a certain penalty. From this standpoint, the working with nature is not so much the imposition of an idea upon it as a kind of obstetric process, a bringing to birth; this idea was particularly appropriate to the mining of metals. This concept is an important element in the erstwhile belief in dwarves and fairies.

One of the richest sources for beliefs about dwarves, especially in relation to mining, is 16th-century Germany. Many stories are told about the ways in which dwarves assist the miners in their work (see the box). The dwarves are the elemental spirit of the metals, and they are anxious to help human beings get on with the work of releasing those metals from the ground — even though that work often involves the disruption of their own underground homes. In cases of danger, the dwarves often intervene to help the miners protect themselves. Where dwarves are seen, there are metals to be found.

Environmentalists would probably think that the dwarves and fairies were on their side, but they would be wrong. The stories of this period make it clear that the spirits of the earth help miners, require them to do their work, and do some of it for them if necessary. Dwarves were not the only fairies who helped workers in this way; there were the fairies of the farm who danced when the milkmaids came out to help with the milking. In general, fairies were considered very helpful to human workers in all sorts of ways.

**Wordsworth, father of environmentalism**

In the early 17th century, in the wake of the Puritan Revolution in England and Europe, we are told by the poets that the fairies left. The English poet, Wordsworth, later regretted the loss of nature spirits strongly enough to give up his own hope of salvation to see them back. In a famous sonnet which begins:

"The world is too much with us; late and soon,
Getting and spending, we lay waste our powers:
Little we see in Nature that is ours;
We have given our hearts away, a sordid boon!"

**Dwarves and Miners**

There is a vault in the once valuable Copper Mountain mine in Germany called the Dwarf Chamber after the story which is told about it. Three miners once descended down the deepest shaft and after working hard for most of their shift were suddenly surprised by the most beautiful music, which seemed to come from the interior of the mountain. This music was even better than the music played by the miners’ band at the yearly festival of the miners’ feast. And the three miners quietly prepared to depart so as not to disturb the spirit of the mountain. But as they did so, they saw a great number of little men coming towards them, each hardly bigger than a human hand. The little men carried musical instruments, and after a little dance they greeted the miners and asked them to join them. They told the miners not to worry about their work since they would themselves do anything left undone; the miners gladly agreed because they were tired. Then the dwarves danced, jumping over each other, and so fast that the whole mountain seemed to spin. The miners could not resist laughing at them but the dwarves did not take it amiss. When the dwarves had sat down again, one of them came up to the miners and touched their eyes. They felt they were blinded, but the dwarf took them by the hand and led them to a chamber where they recovered their sight. The chamber was full of precious stones and gold and silver bars stacked like pieces of wood in the kitchen tub. After a silence, the dwarves told them to take what they wished, saying they would be happy provided they remained diligent and thrifty. When they emerged from the mine, the gold was still in their hands and each brought a little home and lived happily with his family. But later, one of them became proud and thought he wouldn’t have to work any more, and dire poverty overcame him because he had ignored the dwarves’ warning.
He concludes:

"Great God! I'd rather be
A Pagan suckled in a creed outworn,
So might I, standing on this pleasant lea,
Have glimpses that would make me less forlorn;
Have sight of Proteus rising from the sea;
Or hear old Triton blow his wreathed horn."

But if Wordsworth is a traditionalist in this regard, he is a dangerous revolutionary in other respects. His understanding of work and nature in many ways heralds the modern environmental movement. In fact, it would not be too much to say that Wordsworth is the spiritual father of environmentalism. Though he felt nature's desecration, he had no very clear idea of how to cope with what he felt.

In Wordsworth we do not find anything of that morality of work which for centuries had shaped people's understanding of themselves and of nature. In Tintern Abbey, rather than a belief in the importance of work, we find these lines:

"...that best portion of a good man's life,
His little, nameless, unremembered acts
Of kindness and of love."

There is nothing wrong with kindness and love; they are obviously of the greatest importance; but this is a very circumscribed account of the best portion of a good man's life. Think back to Plato or Dante. What would they say was the best portion of a man's life? They would say it was doing one's work properly. Yet by the time we get to Wordsworth, kindness and love have become the "best". We find exactly the same absence of any real understanding of the spiritual power of work, of its importance to human life properly lived, in Dickens.

If Wordsworth does not have much to say about work, he has a great deal to say about nature and the way in which it can sustain the human heart. But it is a nature which is to be left largely untouched. It is a nature which is spectacle. Wordsworth does not convey any sense of how nature itself may be made better through human work, any sense that its fulfilment requires our involvement with it. He talks of rustic life as being a better site for the understanding of human nature than city life, but he does not seem to understand rustic life in terms of rustic work. Instead he talks about the great and permanent forms of nature which ennoble us if we live in permanent contact with them. His peasants live in that enormous backdrop, but they are not valued by Wordsworth for the work they do, nor do they find themselves validated by that work. Wordsworth's view is that of a middle-class man who looks at nature as something to be 'worshipped'. Nature is not, for him, something which can be better known through our involvement with it. Wordsworth's notion resembles the idea people get of nature from watching wildlife programs on television: it is a detached view of nature as something wonderful but remote.

Wordsworth was nonetheless a visionary. He tells us himself that he had strange experiences on his way to school. He would suddenly conceive that the world around him was in fact nothing more than a projection of his own mind, and he had to take hold of things in order to persuade himself that it was not. He feared this "abyss of idealism", as he called it. But in Wordsworth we do not find any real sense of how the contemplation of ideas produces things. When we read The Daffodils we are not contemplating 'the daffodil', we are looking at a particular bed of daffodils at a particular time. In these ways he is very different from another romantic poet, Blake.

**Work and Nature in Blake**

For Blake the creation of a poem depends very much upon the conscious contemplation of an idea. It is worthwhile setting Blake's *Tiger* against Wordsworth's *Daffodils*. If the memory of the daffodils inspires Wordsworth's poem, it is something rather different which inspires Blake's poem. The tiger which Blake describes is not any tiger; it is the primordial tiger, the veritable first tiger in the mind of God.

Blake seems to be the last great exponent of the traditional theory of work and nature in English thought. He is a man who spent his life trying to realize himself through his work, quite consciously, as a supreme spiritual path. He believes his work to be the most important part of himself. The following passage from Blake's address to the Christians at the beginning of the fourth book of *Jerusalem* shows just how different he is from Wordsworth:

"We are told to abstain from fleshly desires that we may lose no time from the Work of the Lord: Every moment lost is a moment that cannot be redeemed; every pleasure that intermingles with the duty of our station is a folly unredeemable, and is planted like the seed of a wild flower among our wheat: All the tortures of repentance are tortures of self-reproach on account of our leaving the Divine Harvest to the Enemy, the struggles of intanglement with incoherent roots. I know of no other Christianity and of no other Gospel than the liberty both of body and mind to exercise the Divine Arts of Imagination. Imagination, the real and eternal World of which this Vegetable Universe is but a faint shadow, and in which we shall live in our Eternal or Imaginative Bodies when these Vegetable Mortal Bodies are no more. The Apostles knew of no other Gospel. What were all their spiritual gifts? What is the Divine Spirit? is the Holy Ghost any other than an Intellectual Fountain? What is the Harvest of the Gospel and its Labours? What is that Talent which it is a curse
to hide? What are the Treasures of Heaven which we are to lay up for ourselves, are they any other than Mental Studies and Performances? What are all the Gifts of the Gospel, are they not all Mental Gifts? Is God a spirit who must be worshipped in Spirit and in Truth, and are not the Gifts of the Spirit Everything to man? O ye Religious, discountenance every one among you who shall pretend to despise Art and Science! I call upon you in the Name of Jesus! What is the Life of Man but Art and Science? is it Meat and Drink? is not the Body more than Raiment? What is mortality but the things relating to the Body which Dies? What is Immortality but the things relating to the Spirit which Lives Eternally? What is the Joy of Heaven but Improvement in the things of the Spirit? What are the Pains of Hell but Ignorance, Bodily Lust, Idleness and devastation of the things of the Spirit? Answer to yourselves and expel from among you those who pretend to despise the labours of Art and Science, which alone are the labours of the Gospel. Is not this plain and manifest to the thought? Can you think at all and not pronounce heartily That to Labour in Knowledge is to Build up Jerusalem, and to Despise Knowledge is to Despise Jerusalem and her Builders.”

In much of this, Blake is recapitulating the traditional doctrine of work. He does not talk very much here about its importance to nature, but elsewhere he does. His belief is that where human workers have to interfere with the natural world in order to do their work, nature forgives them. He says that the lamb misused breeds public strife, but yet forgives the butcher’s knife. He believes that the cut worm forgives the plough. He is particularly harsh on Wordsworth, regarding the Wordsworthian attitude to nature as a kind of murder. In Milton, he writes as follows (and he is surely talking of Wordsworth here):

“He smiles with condescension, he talks of Benevolence and Virtue, And those who act with Benevolence and Virtue they murder time on time. These are the destroyers of Jerusalem, these are the murderers Of Jesus, who deny the Faith and mock at Eternal Life, Who pretend to Poetry that they may destroy Imagination By imitation of Nature’s Images drawn from Remembrance.”

For Blake the true poet, like the true craftsman, contemplates the idea of the thing to be made in the eternal world of the imagination. That is where he really lives. The Wordsworthian poet remembers experiences of nature from childhood — that period of our life when we are, according to Wordsworth, closer to the divine than we are in adulthood — and he reproduces those recollections in later life. But, according to Blake, they are not properly works of the imagination. When Blake says that those who talk of benevolence and virtue murder time on time, he may have in mind precisely that passage of Wordsworth’s quoted earlier concerning the best portion of a good man’s life. For Blake that does not qualify as the best portion of a good man’s life. To claim that it does is profoundly destructive, because people who talk of kindness and love are replacing a real part of the spirit, the path of proper work, by a kind of sentiment. Blake hates this attitude.

One other influence on environmentalism is worth mentioning. The environmental movement has been acquiring strength from the 1960s. That decade in the West was a very peculiar one, not least because it saw a great many young people come under the influence of what they thought to be Indian philosophy. It was the period of “Turn on, tune in, drop out”; a period in which our best and brightest often gave away the notion of productive work. They thought that in giving it away they had a quick route to heaven through meditation. From what I know of Indian teaching, they could not have been more wrong. In supposing that Indian philosophy required them to give away whatever careers their parents worked so hard to provide them with, and that all they had to do was to sit and look, they were in fact doing something utterly opposed to the spirit of the philosophy which they thought they had acquired. That way of thinking, I dare say, has done very much more harm to the world we live in than all the environmental damage done by workers and industry.
Feminist Wars

JAN SMITH

THE arrival of much-hyped Susan Faludi's Backlash: The Undeclared War Against American Women was, in some ways, a relief to any Australians who had been scanning their own media in vain for a twirl of waxed moustache. Why so many feminists see 'the media' as an arch enemy is curious. Are we not daily urged to support Murphy Brown's bid for single motherhood, and to rejoice about women priests (although in real feminist bastions, like the monastery where I passed a night recently, the biggest problem seems to be women so good at celibacy they want to turn professional)?

Still, monastic life is a better solution than running amok with a bread knife or an icepick, as child-free career women do in the movies — the other prime villains in Backlash. It is also cheaper than cosmetic surgery which, like pregnancy, youngsters such as laid and less often driven to kicking the cat than ever before. Well, all right, some are. But if you are this happy, do you need to tell people? Or answer opinion polls? Aren't Americans having a recession too?

The trouble with Faludi, and she is not alone in doing this, is that she treats 'women' as a generic category, rather as pornographers do, who also live in a world where mundane realities never intrude. In other words, 'differently abled' still only applies to what used to be called the handicapped, not to those women who would rather raise llamas, or children, or wait until they are 40 plus to hit their stride.

Faludi's constituency is what you might call assimilationist feminists, whom she claims are losing heart because not just Hollywood and the media but several million shrinks, doctors, therapists, and academics have also been insisting that such women are not happy, or soon won't be. Faludi will have none of this. To her, any woman complaining that feminism has worsened her lot, or anyone else's, is a rotten Christian fundamentalist (both genders) or a dumb high school dropout (male only — all women without tertiary degrees are automatically oppressed victims).

What really riles Faludi are the rich and successful who have put the boot into her peer group, actually a heartening number if you have been losing faith in American sanity lately. To Faludi, critics such as Professor Allan Bloom (The Closing of the American Mind) and Camille Paglia (Sexual Personae) are mediocrities venting their

Susan Faludi, Backlash: The Undeclared War Against American Women
Chatto and Windus

Marilyn French, The War Against Women
Hamish Hamilton

Camille Paglia, Sexual Personae
Penguin

Jennifer Barker Woolger and Roger Woolger, Goddess Within
Rider

Germaine Greer, The Change
Hamish Hamilton

Jan Smith is a freelance journalist who writes on management and women's issues.
spleen on feminist mafias in academe and publishing. Robert Bly (Iron John and men’s movement guru) is a pot-bellied bully of old ladies. George Gilder, author of Men and Marriage, is a sexually suspect Republican. Betty Friedan, a Democrat, is a failed power-seeker who lost out to Gloria Steinem — whose Esteem From Within sounds promising. (Perhaps it had not appeared by the time Backlash was published.) Robin Norwood, best-selling author of Women Who Love Too Much, also gets a bucketing. Fortunately, Norwood has gone reclusive lately and probably has not read Backlash.

As anyone not living at the bottom of a well has noticed, assimilationism has died out in virtually all minority groups. It is about 25 years since American blacks stopped straightening their hair, and at least 10 since they began querying affirmative action. Gay American blacks stopped straightening groups. It is about 25 years since has died out in virtually all minority of a well has noticed, assimilationism reading. Fortunately, Norwood has gone reclusive lately and probably has not read Backlash.

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Faludi is driven by a feminism whose goals and perceptions are so past their use-by date it is embarrassing.

Mothers lost out to the Sky Fathers, who from then on did nothing but deempower and degrade them. Undoubtedly many did, but of course it depends how you define power — and it goes without saying that in the US, a country not strong on subtlety, it is largely about how much money you earn and how many of your sex are visibly shooting their mouths off in public. It is quantity, not quality, all the time.

So there are still more men in public life. Why not admit that in Australia, women’s opportunities have improved out of sight? And that in politics, despite more women than before, men have, if anything, deteriorated?

Perhaps what is most embarrassing about Faludi and French is that they never credit any woman with having enough nous to backlash all by herself, whether against assimilationist feminism or the real problem of male values — assuming ‘values’ is the word. Compared with what passes for male values these days, chivalry, or bushido, or even patriarchy, might be a distinct improvement.

New Directions

Actually there are now strong signs of what might be called the Zionist, or different-but-equal, arm of feminism — as in the goddess movement, where women are urged to discover their true female heritage through mythic stories of female shamans, Earth Mothers, and goddesses. In many ways this is a healthy sign. But naturally it is Amerindians and Minoans who get the attention, rather than Aborigines, apart from the excellent Daughters of The Dreaming by Australian anthropologist Diane Bell. The major opposition comes from Camille Paglia — an Italian-Catholic feminist who sees her heritage in a more favourable light than Irish-Catholic feminists see theirs. (She avoids ‘Judaean-Christian’, a word about as often applicable as ‘Czechoslovakian’.)

As Paglia gleefully points out, women in matriarchal cultures (more accurately, matrilineal), did not spend their days tenderly birthing babies and floating around herb gardens patting lambs. Many also tore people of either gender to pieces, threw innocent men into bogs as ritual sacrifices, and engaged in unsanitary rituals with pigs.

As the better books stress — most recently The Goddess Within by Jennifer Barker Woolger and Roger Woolger, on the Greeks — every goddess has a dark side. In societies where this dark side, or even the entire goddess, is denied or reviled, strange neuroses manifest themselves: for instance,
viewing pregnancy as disgusting, or hating the Reverend Fred Nile instead of your mother.

Unfortunately, even Jungians like the Woolgers think some goddesses more equal than others. Despite delivering a few raps over the knuckles for being beastly to mothers, the Goddess Within still favours the child-free independent goddesses over those who refuse to undergo reconstruction through workshops and higher education.

Athena — warlike goddess of wisdom — and Artemis — the virgin huntress armed with bow and arrows — have been significantly reconstructed to suit eco-politically correct American sensibilities. Artemis's killing of furry animals and of Niobé's seven innocent daughters are forgotten, as is her role in helping women with childbirth. Today Artemis is a keen greenie, a marine biologist rather than Martina Navratilova shooting rabbits. Her finest hour, apparently, was having Actaeon's hounds tear him to pieces as punishment for sexual harassment.

Similarly Athena, the confidante of powerful males, becomes an early version of the Armani-suited ladies in L.A. Law, or the sort of woman the ABC wishes the BBC had chosen for Sylvania Waters instead of sale's Indians in The Conquest of Paradise, or Kevin Costner's Sioux in Dances With Wolves, everything was peachy until the arrival of white males.

The bulk of Sexual Personae — very bulky at nearly 700 pages — is about the galloping decadence of Western culture since we got the idea that nature and sex, aka Woman, can be tamed and sanitized. As a humanities professor and Rolling Stone contributor, Paglia is fearsomely cultured. So will you be if you check out even half the poems, novels and paintings she claims are riddled with morbidity, and violence.

But even if you are left gasping in her wake, you can see that if Hollywood has been keen on lesbian vampire killers, it is probably less due to backlash than because scriptwriters have been dipping into Coleridge's Christabel, or Poe, or Emily Brontë. The Pre-Raphaelites' attitudes to female sexuality would make even Faludi's Republicans and Christian fundamentalists look wholesome.

If you admired Leslie Fielder's Love and Death in the American Novel, Sexual Personae is for you, though Paglia ranges far beyond quasi-homosexual fictional heroes holing up with other men in woods and on whaling ships rather than risk violating splendidly virginal, genteelly intellectual, American womanhood. Well, plus ça change. Paglia accuses romanticism and puritanism, but Fielder (not a Republican) blames the 19th-century emergence of the book-reading middle-class female, demanding that literature be wholesome and morally uplifting.

If backlash against women is an old American tradition (Salem and The Scarlet Letter), so is political correctness. So, you can understand why Susan has it in for Camille (I think Fielder has joined the dead white males, and is safer), why Camille hates Marilyn and the goddesses, and why one half of the goddesses hate the other half. Or even why women who do not hate anyone, even men, are also taking to the woods, or monasteries, and putting their libido on hold for the rest of the century. Equal opportunity, maybe, but this is not the kind of equality we need.
A Time of Uncertainty
Insecurity in the Asia-Pacific Region

PAUL DIBB

The security situation in the Asia-Pacific region in the 1990s promises to be less certain than it was in the Cold War period. The naval forces of the former Soviet Union are leaving the Indian Ocean and the South China Sea. The United States is reducing its military presence in the region. Questions are being asked by the smaller regional countries whether these trends will offer greater opportunities for influence by such large regional powers as China, Japan and India.

There is growing concern about the dangers of proliferation of weapons of mass destruction (nuclear, chemical and biological) and of ballistic missiles in the Asia-Pacific region. Advanced conventional weapons are also becoming more easily affordable, as the leading arms manufacturers in North America and Western Europe compete for a contracting arms market. In the Asia-Pacific region, military power will remain a fact of life and a fundamental determinant of relations between States.

From an Australian security perspective, these trends raise important issues about our relations with countries in the Asia-Pacific region and the alliance with the United States. They suggest a more fluid strategic outlook. Change and instability are not generally welcome to security planners. Not all change will, however, be adverse: the rapid economic growth of the region as a whole, and particularly of North-East Asia and South-East Asia, is underpinning political stability and the development of more participatory forms of government.

This article examines these issues and their relevance for Australia’s security policy in the 1990s.

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Elements of Continuity and Change

Monitoring strategic change is an important function of the intelligence agencies in any modern system of government. Australia has highly developed capabilities in this area. For over 20 years now intelligence agencies have evolved a concept of strategic warning time, which has largely determined the size and preparedness of the Australian defence force structure. Briefly, this concept — which has been endorsed by successive governments and more than 25 Service Chiefs and Secretaries of Defence — judges that Australia would have several years' warning time of the development of a regional capability to mount a large-scale military attack. In the absence of the build-up of large military capabilities in the region capable of such an assault, let alone the emergence of hostile intentions, Australia’s defence planning is unlikely to move dramatically away from the force structure priorities set out in the 1987 White Paper, The Defence of Australia.

There are doubts about the ability of America to sustain such a large military presence in the Asia-Pacific region in the longer term.

Australia did not structure its defence force to meet the Soviet military threat, so there is no requirement for a 'peace dividend' in the form of reduced defence spending. Rather, it is important that Australia continues to build up its self-reliant military capabilities so as to meet the uncertainties of the future, without being dependent on external combat assistance.

These elements of continuity in Australia’s defence circumstances are important to stress at the outset. Australia is one of the more secure countries in the world. It does not have any land borders with adjacent countries, nor does it have any heavily armed neighbours. The countries in Australia's area of direct military interest (Indonesia, Papua New Guinea, the islands of the South-West Pacific and New Zealand) are basically friendly and they have no issues of territorial or military contention with Australia. These circumstances are unlikely to change quickly. But lower levels of contingency, and the requirement for us to have closer defence relations with our neighbours, will be demanding of our limited defence resources.

What, then, are the main elements of uncertainty in Australia's security outlook in the 1990s? In addition to the strategic developments in the Asia-Pacific region I have already mentioned, they concern, primarily, the economic strength of the nation and whether sufficient funds will be allocated to the defence portfolio to ensure that the capabilities needed for the defence of Australia are acquired by the end of this decade. They also involve making judgments about Australia's capacity to sustain a margin of technological advantage in its defence force structure in the 1990s. The introduction of more capable conventional weapons systems into the Asia-Pacific region seems likely to reduce Australia's advantage in this area. Imported high-technology weapons systems will be incorporated effectively into regional orders of battle more quickly than has been the case in the past. Australia will still retain a technological edge over the next decade, but with less and less reason for complacency.

It will be important, therefore, for Australia's defence industry to concentrate on those high-technology systems — such as intelligence and surveillance sensors; command, control and communication; combat data systems; and integrated logistic support — which will be key force multipliers for the Australian defence force in the next decade.

The Role of the United States in the Region

The United States Administration states that it intends to remain a military power in the Asia-Pacific region, where it still has important strategic and economic interests to protect. By the end of 1992 the US will have withdrawn its military presence from the Philippines, but it will retain a substantial military presence in Korea and Japan (including the Marine force on Okinawa), in Hawaii and at sea with the Seventh Fleet. In addition, the US is negotiating access to naval and air facilities in South-East Asia.

The US thus remains a substantial military power in the region. But there are some doubts about the ability of America to sustain such a large military presence in the Asia-Pacific region in the longer term, particularly given the disappearance of the Soviet military threat and the domestic economic problems that the US faces. Many influential leaders and officials in the region believe that, despite Administration reassurances, the mood of the Congress and the US people is moving against distant military commitments.

A pessimistic scenario would see the American military presence substantially reduced by the late 1990s in South Korea and Japan and the centre of gravity of United States' military forces having moved eastward, to be based in Hawaii, Alaska and the West Coast. American interests would focus primarily on its strategic concerns in North-East Asia, South-East Asia, Australia and the South-West Pacific would be seen by Washington as areas of low strategic interest. Under this scenario, the United States would not move to check Chinese military ambitions in the South China Sea, and Japan would be encouraged by the US to expand its military capabilities significantly. The South-East Asian countries would be expected to do more for their own defence; and Australia, as the strongest military power in this region, would be encouraged to expand its military activities. Even in this scenario, however, the United States would retain formidable power projection capabilities; and its capacity to regenerate forces, with minimum access to military bases in the Asia-Pacific region, would act as a deterrent.

A more optimistic scenario would see the United States retain essentially its current level of military forces in the region once the withdrawal from the Philippines is completed.
United States' concerns about North Korea — and an acute awareness that the alliance with Japan is the keystone of strategic stability in the region — would see Washington reduce its military presence only by some 10 to 12 per cent. The Seventh Fleet in particular would be largely protected from large cuts because of the essentially maritime nature of the Asia-Pacific theatre of operation.

It is too early to discern how these policy outcomes will be resolved. From an Asia-Pacific security perspective it will be crucial for America's close allies in the region — especially Japan, Australia and South Korea — to impress on Washington the importance of remaining engaged militarily in this part of the world. Several reasons suggest themselves:

- United States trade interests in the Asia-Pacific region are now larger than with Europe;
- the US alliance with Japan is a constraint on Japanese military expansion;
- the withdrawal of American military power would leave China with the region's largest military forces;
- an American drawdown will encourage the build-up of regional military capabilities with the attendant risks of arms races and perhaps even the proliferation of weapons of mass destruction.

China sees itself as possessing a natural claim to regional hegemony. Its manifest sense of historical destiny and its culture, population, size and military potential all lend weight to this ambition. China will not in the foreseeable future develop a global military reach, but it has much more international status and potential power than either Japan or India.

The Influence of the Great Powers

With the exception of Russia, the regional great powers — China, Japan and India — seem likely to increase their influence in the region in the 1990s. This will be particularly the case if the United States reduces its military presence rather more quickly than currently expected. Large powers tend to be ambitious and, where opportunities present themselves, they will seek to extend their influence. With the removal of superpower alignments, the large regional powers will be freer to exert predominance not only over their immediate region, but — if domestic circumstances and economic strength allow it — further afield.

Thus, China sees itself as possessing a

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developing naval and air forces that will extend its strategic reach. In the South China Sea, for example, China is already capable of operating decisively against local South-East Asian military forces.

Japan shows little sign of moderating its military build-up, even though the former Soviet military threat no longer exists. Japan has long-established suspicions about the Russians, and is likely to retain substantial defensive military forces against the regeneration of Russian military power in the future. The very proximity of the Russian Far East — and the fact that Russia will continue to be the second largest nuclear power in the world — will cause the Japanese to be cautious about hasty cuts to their defence expenditure.

Japan already has very sizeable military forces. Its navy and air force are larger than those of the ASEAN countries, Australia and New Zealand combined. Japan's defence spending (US$36 billion this year) and its acquisition of major weapons systems — such as Aegis class cruisers — cause suspicion amongst the South-East Asian countries. Japan’s future defence build-up, and the deployment patterns of its navy, will be closely watched by other regional powers. China, in particular, will not allow Japan to gain a military edge.

India's economic and social problems seem likely to curtail its military ambitions. India has a natural desire to be taken more seriously as the largest democratic nation in the region. It fears China, and it wants to be recognized as the pre-eminent power in the Indian Ocean. India is steadily developing a more capable navy and maritime reconnaissance capabilities; and it continues to expand its ballistic missile potential. India is unlikely to use military force except in its own neighbourhood. But if China expands its influence in the South China Sea and in South-East Asia, India will be concerned.

India may seek to develop military relations with the United States as a counterbalance to China. And America may be tempted — now that India is no longer an ally of the former Soviet Union — to develop India's military capabilities. This will not necessarily be to the advantage of smaller countries in the region.

Russia will not be a major force in Asia-Pacific affairs. It will be largely preoccupied with its domestic problems. Russia's main interests in the Asia-Pacific region will be in gaining access to the dynamic economies of North-East Asia, which will be important to the development of the backward economic infrastructure of Siberia. Russia's military forces in the region will be substantially reduced. By the late 1990s, Russia's Pacific Fleet will be less than half its current size and its naval deployments will be concentrated essentially around its own territorial waters. Russia has no natural partners in the region and it will continue to be the odd-man-out, a country that is seen as basically having little to offer (especially economically) to the Asia-Pacific region.

### Weapons Proliferation

In this uncertain strategic climate, nations are likely to acquire more capable means of defence. Nuclear weapons proliferation is already occurring in North-East Asia (China and North Korea) and in South Asia (India and Pakistan). There is a risk that nuclear weapons might be used in any future Indo-Pakistan war. North Korea's nuclear weapons program — if it is allowed to develop unchecked — could encourage the development of similar capabilities in South Korea. A nuclear-armed Korean peninsula would encourage deep concerns in Japan about its own nuclear vulnerabilities. Japan could very quickly develop a nuclear weapons capability, and the means of delivery, if it decided to do so. This is highly unlikely, but the prevention of nuclear proliferation on the Korean peninsula is important to Japan's sense of strategic confidence.

Together with the proliferation of nuclear weapons, there is a spreading of ballistic missile technology to India, Pakistan and North Korea. Several nations also have chemical and biological weapons. The proliferation of such weapons must not extend to South-East Asia, which so far has remained free from weapons of mass destruction. The creation of a nuclear-free zone in South-East Asia contiguous to the South Pacific Nuclear Free Zone would be a useful arms control initiative.

In addition to the proliferation of weapons of mass destruction, most countries in the region are gaining access to much more capable conventional weapons. Modern combat fighters, such as F-16s, and warships equipped with modern missile systems, such as Harpoon and Exocet, are becoming commonplace. As the arms market in North America and Europe shrinks, so the major arms manufacturers are competing for the remaining lucrative markets in the Middle East and Asia. The risks here are the well-known action/reaction model of regional arms races, and the fact that in even low-level conflict the destructive force of weapons being used will be much greater than hitherto. The agreement on a United Nations regional arms transfer register for major items of military equipment is a useful initiative in the area of military transparency and confidence-building.

### Security Problems Facing Medium-Sized Powers

The medium-sized countries in the region (the ASEAN countries and Australia in particular) will face difficult defence planning problems over the next decade. The cost of acquiring modern weapons platforms is doubling with every new generation of weapons. Typically, also, the cost of operating advanced modern weapons, such as F/A-18 fighters and Blackhawk helicopters, is doubling at a similar rate, making the affording of even minimum numbers of such aircraft very difficult for small countries. Modern submarines and surface ships are
also characterized by the high costs of their weapons systems.

Ways will have to be found of designing weapons platforms that are not optimized for high-intensity conflict in the northern hemisphere. Much more attention will have to be paid by medium-sized countries to common designs and to indigenous technology. The optimization of equipment for low intensity conflict in tropical environments will be a central issue for defence planners in our region. Much of the defence equipment made by North American and West European suppliers has significant deficiencies in this area.

Among the ASEAN countries and Australia, there will also be an increased emphasis on defending themselves against possible external aggression, without reliance on direct combat support from other powers. There will be an increased emphasis on the maritime environment as far as credible threats are concerned.

Unlike the large military powers in North-East Asia and South Asia, the medium-sized countries face no direct military threat. But they need to establish demonstrable sovereignty over their territories and off-shore resources, and to create a military presence and patterns of patrol and surveillance. These will lend weight to territorial claims and support vital defence interests.

Regional contingency planning will focus around low-intensity operations in the maritime environment, including such non-military areas as unlicensed fishing operations, refugee movements, illicit drug traffic, piracy and marine pollution; as well as the protection of off-shore islands and reefs, resource zones and oil and gas platforms, and territorial waters. This suggests a need for more co-operative defence efforts.

The areas to which defence planners in these countries should give highest priority in the 1990s are: intelligence and surveillance; command, control and communications systems able to combine data in quick time for military commanders; combat data systems capable of delivering ordnance (including expensive tactical missiles) accurately onto the target; and local logistic, industry and defence scientific support. These capabilities are crucial to the defence of countries which can only afford relatively small numbers of aircraft, warships and submarines. Much more work needs to be done in these key areas through the sharing of common defence planning problems.

Economics and Security

It is commonplace to argue that the growing economic interdependence which is occurring in the Asia-Pacific region is a force for political stability. It is true that the impressive economic growth of Japan, South Korea and Taiwan has underpinned the stability of those nations and the development of their political systems. In the communist countries — China, North Korea and Vietnam — the centrally planned economic system is faltering (in North Korea it is demonstrably a failure), and dynamic processes of economic and political change are occurring. It seems immutable that any country desiring economic success must, in the long haul, move to a basically free-enterprise system. Moreover, future great powers will be those that take advantage of the information technology revolution. For communist countries, this is almost a contradiction in terms. The free dissemination of knowledge that the information revolution brings is a fundamental threat to central authoritarian control.

Nuclear weapons proliferation is already occurring in North-East Asia (China and North Korea) and in South Asia (India and Pakistan).

As for economic interdependence, much more analytical work needs to be undertaken to determine whether the fruits of interdependence necessarily are a stabilizing force. Economic differences will become sharper as economic competition is less moderated by the need to co-operate in the face of East-West strategic competition. Generally, trade between nations is asymmetrical and the benefits are not perceived as evenly distributed between trading partners. The trade imbalance between the United States and Japan, for example, has resulted in political confrontation.

In the past, wars have occurred when an economic newcomer displaces an established power. But the political tensions that inevitably accompany growing economic interdependence cannot be settled in the modern world by war. Yet the necessary political mechanisms for settling such disputes are not in place in the world of the 1990s either. The situation will be exacerbated if closed trading blocs emerge out of the much more intense focus that economic issues will now receive because of the end of the Cold War.

In our own region, the growing economic mass of Japan (as well as of South Korea and Taiwan), relative to China, has important security connotations. The relative economic contraction of Australia is also of concern in this regard.

What is being argued here is that not all aspects of economic growth and international economic interdependence will work in favour of regional stability. In extremis, the economic disparity between nations and the emergence of powerful new economic competitors could lead to confrontation. We need much better analysis in this area of security studies.

Outlook

The outlook for security in the Asia-Pacific region in the 1990s is for a period of greater uncertainty. Change will take time.
But the region is unsure about the future military presence of the Americans, and some regional leaders believe that they can no longer rely on the United States to provide military security. The region is also concerned about the ambitions and future influence of China, Japan and India. The most unstable parts of the region are South Asia, where there are attendant risks of war between India and Pakistan, and North-East Asia, where China's authoritarian communist regime and North Korea's nuclear weapons program are the key strategic concerns. Japan's future leadership role — and the region's reluctance to let Japan's economic power translate into military power — is another key area of strategic uncertainty.

In Australia's neighbourhood the situation is much more favourable. ASEAN will continue to exhibit strong economic growth, basic political stability and limited military capabilities. In South-East Asia, the South China Sea is the most serious potential flashpoint, which could involve the military forces of China against those of Vietnam or even some of the ASEAN claimants. In the South-West Pacific — and particularly Papua New Guinea — the concern will be more with domestic instabilities. External powers are most unlikely to interfere militarily in the South-West Pacific. In adjusting to a changed world, however, island countries are looking for reassurance and protection, as well as aid. And because the interest of powers external to the region is declining, island expectations of Australia are growing.

There are several important strategic planning issues facing Australian policy-makers in the 1990s. The first issue focuses on the question: what kind of ally will the United States be? Part of this question centres on judgments about the likely size and nature of America's military presence in and commitments to the Asia-Pacific region in the 1990s. Prudent defence planners must contemplate a rather more rapid United States military withdrawal than the present Administration is planning. As well, some rather cold-eyed judgments will have to be made about the situations where United States combat forces are likely to be committed. For example, the Indian sub-continent and the South China Sea are not priority areas for the United States in this regard, whereas North-East Asia — and particularly the Korean peninsula — will retain its strategic importance for US defence planning. The United States' allies will have to ask themselves a series of questions that, for the first time in several decades, probe key defence policy questions — such as:

- What does 'alliance' mean when the discipline of a common threat has disappeared?
- What are the United States' vital interests in its traditional allied partners, Japan, Australia and South Korea, in the new strategic order of the 1990s?
- What does the United States expect of its allies in terms of regional military commitments?

For Australia there is the particular point that, as a medium-sized power, we gained considerable international stature from being seen as one of the close inner group of United States allies (along with Britain and Canada). Will our status as an ally of America now diminish as the United States concentrates more on domestic issues and, in our part of the world, more on its important economic interests in North-East Asia?

Australia seems likely to have to plan on a more independent defence policy. We should also develop closer military relations with our friends of South-East Asia, who will have many defence planning problems in common with us in the 1990s. The alliance with the United States will, of course, continue to be an important element in Australia's security. While seeking to keep the United States strategically engaged in the region, Australia should also build in the next decade on its existing defence interests with South-East Asian countries. This is not to suggest some form of regional military alliance. Australian defence policy will need to concentrate on the network of bilateral and trilateral defence relationships we already have with the ASEAN countries. That network might be expanded to include closer defence relationships in selected areas (such as intelligence, maritime information, defence planning) and perhaps in some common defence production ventures.

In the new world order, Australia is likely to encounter more requests for contributions to United Nations peacekeeping. We can make appropriate (but essentially limited) contributions — with priority given to our region of primary strategic interest. Australia's force structure must not be determined, however, by peacekeeping requirements.

As a prudent measure of insurance against the uncertainties of the future, Australia should press ahead with putting in place the military capabilities to defend itself. Now is not the time to retreat from the essential force structure priorities identified in the 1987 Defence White Paper. Defence planning is about the long term. This requires the allocation of enough defence funds to meet the $25 billion that is required for new capital equipment in this decade and before the onset of block obsolescence in key weapons systems next decade.

The above has identified sufficient uncertainties in our own region — and concerning the policies of our major ally, the United States — for a self-reliant defence policy to be the central element in our security planning for the 1990s. To an even greater degree than before, Australia will need to look after its own security needs in a regional security environment that will be increasingly fluid.

1. The Asia-Pacific region is defined here as including India and Pakistan in the west and Japan and the Russian Far East in the east, Australia, New Zealand and the islands of the South-West Pacific form its southern limits.
3. For example, "...the perceived prospect for American force reduction in the region is a matter of common concern to many Asians...The lowering of American political attention to the Asia-Pacific affairs has already been felt acutely in the region," Yukio Satoh, a senior Gaimusho official, in an address entitled Asian-Pacific Security after the Cold War and the Japanese Role, unpublished, 1992.
DAVID ANDERSON

Australians are well informed, if they want to be, about the internal affairs of remote Georgia and Azerbaijan, the fighting in Mogadishu and the disorders in Haiti or Algiers. We hear very little, on the other hand, about what is happening on Bougainville to our near north.

There are understandable reasons for this. It is not easy to enter Bougainville, although an SBS television team has done it. And for the matter of that, Port Moresby is not a particularly attractive place for Australian journalists to work. Even so, it is deplorable that the situation on Bougainville receives such fragmentary and sporadic coverage in our media. For the eventual outcome of the continuing crisis on the island is of vital importance to Papua New Guinea (PNG), our closest neighbour, and therefore of more than passing interest to ourselves.

In March 1990, after Bougainville Copper (BCL) had closed its mine and evacuated all its employees, PNG security forces were withdrawn from the province of the North Solomons. The Bougainville Revolutionary Army (BRA) immediately took over control and later declared an independent republic, which no government to this date has recognized. The Port Moresby authorities then applied a blockade. Meetings between PNG Government delegations and secessionist representatives — the first aboard a New Zealand frigate in August 1990, the second at Honiara in January 1991 — failed to reach any kind of lasting agreement. Repeated attempts to set up a third round of talks have all broken down. PNG troops have reoccupied Buka and an area in the north of Bougainville island, apparently at the invitation of local chiefs opposed to the BRA. An accommodation has also been reached between Port Moresby and tribal leaders in Southern Bougainville. Some medical supplies have been delivered to the BRA — which rejected a consignment of food the first time round and set fire to a second ship carrying emergency supplies — but there are disquieting reports of pitifully inadequate medical services and a threat of spreading disease.

This is a bald outline of developments over the last two years. But some much-needed light has now been thrown on the background to this tragic affair by two recent books: Black Islanders — A Personal Perspective of Bougainville, 1987-1991 by Professor Douglas Oliver, an American anthropologist; and Bougainville, The Mine and the People, by Paul Quodling, who retired as Managing Director of Panguna Mine, 1988.

BOOKS

Douglas Oliver, Black Islanders: A Personal Perspective of Bougainville 1937-1991
Hyland House Publishing

Paul Quodling, Bougainville: the Mine and the People
Centre for Independent Studies

David Anderson has just retired as Director of the Pacific Security Research Institute of the IPA.
NEW LIGHT ON BOUGAINVILLE

BCL in 1987. Both are required reading for an informed understanding of the situation on Bougainville today.

Among the facts which emerge from these studies are the following:

• the people of Bougainville and Buka take pride in their very dark pigmentation and share a sense of distinctive identity from the 'redskins' of mainland PNG;
• but they do not form anything like a homogeneous society — there are nine different languages, and the social structure is highly fragmented, with family and clan group loyalties predominating;
• the Nasioi clan, from which the principal BRA leaders come, is only one of four language groups within the old area of BCL operations and with only a small share of the total island population;
• the Nasioi and other village societies affected by mining operations have been deeply influenced by cargo cult attitudes and expectations;
• aspirations towards independence go back at least as far as 1968 and are not confined to the BRA;
• but the extent of support for the BRA leaders is difficult to gauge — they have a record of violence and intimidation, having murdered the provisional Minister for Commerce in 1989 and taken over from the elected provincial government at gunpoint — and there have been no elections since then;
• annual population growth is estimated at 3.5 per cent, one of the highest rates in the world;
• the agricultural potential has been pushed almost to its limit (yet the mine is out of action and many plantations are devastated);
• if the current political deadlock is resolved and the mine reactivated, the operation will generate fewer profits for distribution than it did pre-1989.

Given the BRA leaders' insistence on full independence and PNG's refusal to grant it, there seems little present prospect of a negotiated settlement. A military solution, involving sustained reoccupation of the whole island by the PNG Defence Force seems just as remote. In the longer term, if the effects of the blockade on an increasingly impoverished society begin to weaken BRA resolution and/or control, a settlement could conceivably emerge which would recognize the distinctive personality of the Bougainville people, and grant them a special autonomous status within PNG with the right to a substantial share in future profits from a reactivated mine. But that is looking a long way ahead, and in the meantime the sufferings of the Bougainville people seem bound to increase.

FOREIGN RELATIONS

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Crises and Commitments in South-East Asia

DAVID ANDERSON

Rather in the manner of Canning, our present Prime Minister seems to see himself as calling a new Asian World into being to redress the balance of the old. Indeed, a Martian visitor, arriving here in 1992, might well imagine that Australia was interesting itself in Asian affairs, and conducting an Asian policy of its own, for quite the first time in its history.

To dispel such impressions, our Martian — and not a few Australians as well — should be required to read the first volume of The Official History of Australia's Involvement in South-East Asian Conflicts, 1948-1965. 'Crises and Commitments', written by Peter Edwards with Gregory Pemberton, examines Australia's role and policies between 1948 and April 1965 in the Malayan Emergency, Confrontation, the successive Laotian crises and the Vietnam conflict. For completeness' sake, a discussion of Australia's strong and far-sighted support for the Indonesian revolution — a notable example, incidentally, of the independence of judgment brought by post-war Australian governments to Asian affairs — should have been included. This, however, fell outside the terms of reference given to the Official Historian. Even so, the book provides a convincing demonstration of the importance attached to South-East Asia by successive Australian governments in the pursuit of perceived national interests.

As he notes, Dr Edwards had unrestricted access to Australian official records and was also able to consult British, American, French and New Zealand archives. The result is a highly accurate, objective and balanced treatment and analysis of the factors — domestic and international — underlying Australian decision-making in the several South-East Asian crises during the 17-year military involvement in South Vietnam. The competing claims of resistance to Sukarno's Confrontation of Malaysia and support for counter-insurgency in Vietnam were not always easy to reconcile, but they were managed by a government pursuing national policies of its own, and not those of great and powerful friends.

In their approach to the Vietnam war, in its eagerness to commit Australian combat forces, the Menzies Government came close not only to treating the Saigon Government as an American puppet but to appearing in the same light itself. Hasluck nevertheless established a strong rationale for the military commitment to South Vietnam, and in the circumstances of the time his assessments were soundly based.

As the authors demonstrate, Hasluck and his colleagues saw a Communist take-over in South Vietnam as posing a direct threat to the security of the rest of South-East Asia. In the climate of the Cold War, with the Soviets and Chinese vying in their efforts to arm and influence Hanoi, and with the knowledge that the North Vietnamese armed forces were by far the strongest in the region, their fears were not illusory. But a still more powerful factor was the concern — most strongly held by Menzies, with memories of the lonely wartime years before Pearl Harbour — to keep the United States committed to the security of the South-East Asia region at large. The Johnson Administration on its side had indicated clearly enough that there was a nexus between Australian support for the American effort in Vietnam and American backing should this be required for Australia in its opposition to Confrontation. It was not long, moreover, since Australia had found itself opposed to Sukarno over West New Guinea without prospect of American support.

In their approach to the Vietnam

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problem, as the Official History notes, Australian policy-makers also had in mind the precedent of successful Western military intervention against Communist insurgency in Malaya. (A British Advisory Mission led by the late Sir Robert Thompson was still attempting at that time to apply in South Vietnam the strategies successfully adopted during the Emergency.) The far greater difficulties posed by the situation in Vietnam were not ignored, although they were certainly underestimated, but the Republic had already survived as an independent State for more than 10 years, while the Viet Cong, despite the gains made after the overthrow of Ngo Dinh Diem, was still predominantly a guerrilla force, pursuing the same tactics of terrorism and intimidation as the insurgents in Malaya. Nor was there any evidence that a majority of the people of South Vietnam wanted Communist rule or domination by the North, from which some 860,000 refugees had emigrated 10 years earlier.

Another element, not apparently mentioned in official documents but one which underlay and coloured the hopes for a successful outcome in South Vietnam, was the Korean example. Analogies between the two situations were, of course, misleading, for South Korea — unlike South Vietnam — was not vulnerable to infiltration by land across the porous frontiers of a neutral neighbour, but some encouragement was drawn from the fact that in the 1950s invasion from the North had been successfully resisted in Korea, and an independent state preserved in the South with the ultimate acquiescence of Moscow and Peking. (Memories of Chinese intervention in Korea also served to moderate enthusiasm for all-out action against Hanoi.)

Fundamental to the Australian decision, of course, was confidence that American power would be decisive. But few could foresee in April 1965 that the war would drag on for 10 years more and that American public support for the commitment would collapse as the prospect of quick victory disappeared.

The final chapter, in which Dr Edwards offers reflections rather than conclusions, contrasts the successful outcome of Australian policies in the Malayan Emergency and Confrontation — an outcome due to a mixture of good luck and good management — with the ‘disastrous’ commitment to Vietnam. But disasters, like blessings, can be mixed. Edwards suggests that the failure of the commitment was due largely to an assessment that American and Australian intervention could go forward without a politically stable base in Saigon but “would somehow help create” stability. It is true enough that South Vietnam was dangerously unstable in 1965, with deep divisions among the ‘nationalist’ forces which continued well into 1966. But in subsequent years a substantial degree of governmental stability was in fact achieved, elections were held, the NLF all but disappeared as a significant force, and the war effort on the ground was taken over by the South Vietnamese army. The success of the North Vietnamese invasion in 1975 — an earlier all-out offensive had been fought off in 1972 — was due not to political instability in Saigon but to the shameful denial of American air and logistic support during Watergate, in breach of American undertakings to Saigon and at a time when the North was still receiving massive supplies of sophisticated weaponry from the Soviet Union.

Dr Edwards concedes, however, that the domino theory was neither a truism nor a “groundless folly”. Interestingly, he reveals that Prime Minister Menzies’ description of the Communist threat to South Vietnam as part of “a

The abandonment of South Vietnam in 1965, if ever an option, would have led, not to overt invasion of South-East Asia by China or North Vietnam, but almost certainly to the emergence of Communist-dominated, anti-Western regimes throughout the region.
Terrorism and Justice

CLAUDE RAKISITS

The massive bomb explosion which recently killed an Italian judge (who had been successful in locking up members of the Mafia), along with his family and innocent bystanders; the 40-kilogram Libyan-supplied IRA Semtex bomb, which killed two people and injured 91 people the day after the British elections; and the mortar attack in Sarajevo during a ceasefire, which killed 20 people and maimed many more: these are only three recent examples of terrorism at its worst — the deliberate and indiscriminate killing of civilians for political ends. It is therefore no wonder that discussion about terrorism and guerrilla warfare. He successfully manages to avoid emotional arguments, and to separate sympathy for a cause from justification for terrorism.

Using examples, Smith analyzes and categorizes terrorism and guerrilla warfare along an intolerable-acceptable spectrum according to how these two forms of non-conventional warfare meet five just war principles. These are:

- just cause: it must be shown that the specified gains to be achieved outweigh the probable losses;
- last resort: after all non-violent means have been explored;
- prospect of success: war cannot be justified if success is unlikely;
- proportion: balance between the good ends to be achieved and the losses likely to be sustained; and
- non-combatant immunity: civilians are in principle excluded as targets.

So while some terrorist groups' objectives may be viewed by some as just, they may not fulfill all five of the above conditions. For example, many would doubt that the IRA is any closer to achieving its aim of a unified Ireland than it would have been without terrorism; and few would accept the Iran-backed Hezbollah's tactic of killing innocent Israelis.

Moreover, according to Smith, the underlying philosophy by which an act of terrorism must always be judged is whether the consequence of the act will be to the benefit of humankind rather than being only of limited good. Put differently, he supports Machiavelli's adage that "the end justifies the means" but only if the end is the welfare of humanity. According to this principle, the assassination of dictators like Hitler and Stalin would have been justified and would therefore not have been terrorism.

Smith determines that the essential difference between terrorism and guerrilla warfare is that in the latter the intended victims are generally combatants. The Afghan Mujaheddin and UNITA in Angola would both be classical examples. And while guerrilla war will inevitably blur the distinction between combatants and civilians, there are cases where some guerrilla groups will deliberately target non-combatants.

For example, Renamo, Mozambique's anti-government organization, is generally considered a guerrilla group, mainly because of its structure and appearances; but, applying Smith's categorization, its terror tactics against innocent civilians squarely makes it a terrorist organization. Similarly, few para-military groups only target combatants. The many urban guerrilla groups which have emerged in Bosnia-Herzegovina in the last few months, and which deliberately include civilians as targets, are cases in point. There is no doubt that this is terrorism.

As with terrorism, Smith sees only one justification for guerrilla warfare; and that is in the case of self-defence. However, he appears to negate this when he gives equal right to both sides, stating that "the inhabitants of the de facto political entity are entitled to defend themselves if attacked. Again, it should be stressed that this should not be taken to prejudice the moral right which the official authorities may have to restore the unity of the original state or defend its present institutions." Supporting both sides, as Smith does, will not assist in the resolution of the conflict. The case of Sri Lanka would be such a situation. As for the case of guerrillas fighting for political freedom or minority rights which are being denied, Smith stresses that all five conditions for a just war must be met to justify guerrilla activities. His argument is that unless guerrilla war leads to a comprehensive reshuffling of the political order and the racial/ethnic groups — and this rarely happens — the result may well be more injustice down the road.

Moreover, he surprisingly appears to agree with the assertion by the guru of terrorism, Walter Laqueur, that the "historical record
shows that guerrilla warfare, with one exception (Cuba), has succeeded only against colonial rule or during a general war.” Although it is not clear what he means by “general war”, in recent times Pol Pot in Cambodia, President Museveni in Uganda and the Mujahed- 
din in Afghanistan each successfully toppled the regime in power. Certainly, it is debatable whether these guerrillas actually improved conditions for the people, but that is not the issue. Similarly, Smith questions whether the French Revolution was really necessary, and wonders whether political freedom could not have been achieved by more peaceful means. In any case, he would not condone guerrilla attacks or violent revolutions to correct real or imagined socio-economic injustices, especially if political rights already exist.

The ANC and South Africa

Surprisingly, Smith does not attempt to categorize the African National Congress (ANC) as either a terrorist group or a guerrilla organization. While I realize Ethics and Informal War does not pretend to be exhaustive in its study of non-conventional combatant groups (it stresses instead theory), the failure to discuss the ANC, even in a section dealing specifically with South Africa, is an unfortunate lacuna. Nevertheless, his short analysis of South Africa is interesting and convincing. In his discussion of the South African situation (prior to the present constitutional negotiations), Smith rejects justification for political violence. This does not mean he is not sympathetic to the plight of the black majority. But, rather, he argues that not only is South Africa not suitable for guerrilla warfare because of the terrain and the Afrikaners’ determination to fight back, but the guerrilla’s chances of success are probably minimal. Smith is right on both counts.

Moreover — and this is a theme he developed in other cases — he argues that, if a guerrilla war had eventually ensued (that is if the ANC had been militarily capable of bringing one about), “the historical record would suggest that the habits of lawlessness and cruelty acquired in such a ‘war’ would persist long after political change was achieved, if it was achieved.” As a result, in his judgment such a course could not be morally supported. Certainly, he is right to worry about the habit of violence in South Africa. One only needs to look at the townships, where inter-tribal, gang and political violence have already taken a life of their own. Furthermore, it is unlikely that this violence will stop once majority rule becomes the norm in South Africa, especially when it will become glaringly obvious that no government — black or white — will be able to deliver the economic goods to the black townships for a long time to come. So, as he states, while political violence may appear to be justified, poor prospects of success and the disproportionate likely cost of the attempt (which contravene two of the five conditions for a just war) would lead one to argue against such a course of action. Certainly, the present negotiations and the general improvement in the political situation of South Africa confirm that a non-violent and negotiated approach, even in highly divided and polarized societies, remains the best option for resolving political conflict.

I would recommend this book to anyone who seriously believes terrorism and guerrilla warfare are the best options for achieving political goals. Even in the worst cases (Northern Ireland, Sri Lanka, the Arab-Israeli dispute), everyone’s human rights must be respected, especially non-combatants. Absolutely nothing can justify the killing of innocent civilians. Or as Smith puts it when dealing with revolution — but his question is applicable to the issue in general: is it justified to redistribute injustice when seeking to dispense justice?
Political Activism and Literary Decline

When authors aren't demanding an Australian republic, they seem to be crusading for abortion 'rights' or for an ecologically sustainable population. But authors — despite Shelley's belief that they are the world's unacknowledged legislators — have no more moral authority on non-literary issues than the rest of us.

R. J. STOVE

FUTURE generations, if they have the bad taste to think of Thomas Keneally at all, are much likelier to remember his hysterical (in both senses of that adjective) republican propaganda than any serious literary efforts he might have left behind him. "It is" — as Marxists say — "no accident" that Keneally's recent activism follows the fall of his novelistic reputation: a fall so sudden and dramatic as to have few modern parallels. His newer novels, whether under his own name or under his pseudonym William Coyle, have met with the sort of rubbishing which even five years ago was unimaginable. The Spectator's Patrick Skene Catling, having noted that Coyle is Keneally's mother's maiden-name, observed that "William Coyle"'s incompetence "makes one wonder what he [Keneally] thinks of his mother."¹ News Weekly offered the suggestion that both the "William Coyle" novels "are pap and were seen to be by reviewers and ordinary readers."² The Age's John Hanrahan poured scorn on the "William Coyle" book Chief of Staff: "No pot-boiler this, unless you like your pot to simmer with ingredients the greengrocer couldn't sell...the lovers seem like virginally conceived children of mas-turbating seminarians."³

Flying Hero Class, for which Keneally used his own name, fared little better. Rob Johnson (in The Advertiser) commented that "Keneally's religious romanticism comes to much the same thing as the contemporary post-modernism which rejects any concept of truth by which one model of reality can be preferred to another. Just choose the form of irrationality that 'fits you'...I find it [the novel] more astonishing — and intellectually ominous — than convincing."⁴

The Australian's Imre Salusinski gave Flying Hero Class the most devastatingly hostile review that our newspapers' book-pages have seen in years:

"When I told a friend in Melbourne the plot of the new Thomas Keneally novel, he looked at me knowingly across the top of his beer glass and said: 'You're making this up of course.' I would give anything for it to be so...in its deathly treatment of these moral dilemmas, Flying Hero Class approaches, then finally achieves, the level of boredom achieved by a Geoffrey Robertson Hypothetical. With eyes fixed on his Big Issue, Keneally rushes happily along, concerned neither with the pacing of the plot...nor with the structure of many of his sentences."⁵

But Keneally is more a literary symptom than anything else. Perhaps the single most obvious character trait of authors over the last hundred years — including authors much more significant than Keneally — is their predilection for believing that authorship gives them the right to lecture the human race on non-literary issues. Shelley believed that the author's true function was as an "unacknowledged legislator"; our own Living Literary Treasures scorn any such limits to their might, and seek to have their own legislation acknowledged on every side. When they are not forming the Australian Republican Movement, they seem to be bellowing

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through megaphones at pro-abortion marches, or organizing weird cabals like “Writers For An Ecologically Sustainable Population.”

This activism generally coincides with a most ruinous decline in (and often an outright cessation of) the authors’ creative gifts as they abandon the irksome, often ill-paid literary craft for the instant satisfactions of mouthing crude propaganda. It is possible that their creative decline directly springs from their activism. Yet the converse is equally possible: that their activism directly springs from their creative decline. In other words, that authors consciously seek to revive waning artistic powers with the monkey-glands of political, sexual and/or pharmacological revolution.

Authors did not always consider activism a moral imperative. Chaucer gave no sign of having joined such protest vigils as the 14th century had to offer. Shakespeare seems to have been free from the urge to don T-shirts upholding Galley-Slaves’ Rights. And Dr Johnson appears to have remained totally silent on the subject of holes in 18th-century England’s ozone layer.

It was not that authorship ever presupposed indifference to public life. Often, in fact, authors have had political, administrative or diplomatic careers far more distinguished than those which any modern writer can boast. Chaucer was a diplomat; Spenser governed Ireland; Milton served as a translator for Cromwell; Fielding helped organize London’s first police force; Trollope worked as a Post Office surveyor; Charles Lamb, Thomas Love Peacock and John Stuart Mill all had jobs in the East India Company; Gibbon was a Member of Parliament; Macaulay was not only an MP but a frontbencher. Indeed, it may well have been because writers regularly did well as official politicians and bureaucrats that they so long resisted the temptation to become unofficial lobbyists. But for whatever reason, the temptation overcame them about 1890.

Among the earliest and best-known instances of an author-turned-activist is Émile Zola. For every individual who has personally tried Zola’s fiction, there must be a thousand who know that Zola’s J’accuse letter eventually helped end Captain Dreyfus’ imprisonment on Devil’s Island. This effect was quite unintentional. Zola’s major novelistic successes were well behind him by the time he joined the Dreyfusards; besides, Zola was a self-conscious socialist, and French socialists’ initial attitude towards Dreyfus was one of simple contempt. They saw Dreyfus as merely one bourgeois militarist (and Jewish at that) being attacked by other bourgeois militarists. What ultimately made them champion Dreyfus was not sudden belief in Dreyfus’ innocence, but their realization that he had by accident become the perfect socialist weapon. Even as they continued to despise Dreyfus in private — sharing Clemenceau’s conviction that it would be useful if the Captain stayed in gaol — the socialists began to support Dreyfus in public. Socialism necessitated breaking down all national barriers (“the worker knows no Fatherland”, Marx had maintained); therefore, the French nation-state did not have the right to exist, let alone the right to an efficient espionage system.

The Dreyfus case’s real issue was summed up by the royalist Comte d’Haussonville, who said that French soldiers would never fight if socialists taught them to disobey their commanding officers. This, of course, was exactly what socialists did teach them. By publicly humiliating the French security services (and thus the armed forces), Zola and his comrades signalled to Germany that she could invade France whenever she chose. A few short years afterwards, well over a million French troops on the Western Front had paid with their lives for Zola’s campaign against the French Intelligence Bureau. Zola’s own career, by contrast, had been enriched beyond the proverbial dreams of avarice. Authorial activism had notched up one of its first and greatest triumphs.

Tolstoy represents a less hypocritical, yet no less obsessive, kind of activist. It is sobering to be reminded that the man responsible for one of the world’s greatest novels turned himself into a voluble crank who invited comparison with King Lear. P. J. O’Rourke once cruelly epitomized Christian rock music by his hypothetical album title I Found God And Lost My Talent; Tolstoy’s old age inspires similarly uncharitable, and accurate, conclusions. The worst of his crankiness lay in this: that he came to reject everything his former, unregenerate self had done, including writing great novels. He even attempted to renounce the property rights to his books; while simultaneously embracing vegetarianism, pacifism, anti-smoking mania, do-it-yourself cobbling, the doctrine of the Inner Light, Christ-less Christianity, and whatever else comprises the rebirthing-in-a-Balmain-backyard package. Unaware that theology without reason is worthless, Tolstoy regarded his intellectual suicide as a step in the right direction. This is not a belief which those who care about War and Peace and Anna Karenina have been able to endorse; but it certainly made authorial activism look attractive, given that Tolstoy had by his death become an incomparably more powerful figure than the Tsar or than any Russian prime minister.

Gabriele D’Annunzio practised an even more
extraordinary brand of activism. Having shocked many compatriots and delighted many others by producing some of the most opulent poetry and fiction in all Italian literature, D'Annunzio decided that his true role lay in combat. A pugnacious socialist who eagerly fought duels with his enemies, he astounded commanding officers during World War I by his reckless courage as an aviator. So great was his aversion to the Treaty of Versailles that (along with a mere handful of volunteers) he invaded the Adriatic port of Fiume and ruled it for months. Some, at least, of D'Annunzio's activities might have been politically justified; after all, it is impossible to withhold admiration from any man who can describe Woodrow Wilson as “full of false words and false teeth.” Nevertheless, his wartime and postwar behaviour did nothing to increase his creative flow. After being expelled from Fiume he wrote nothing of importance, though Mussolini (overlooking D'Annunzio's — and his own — socialist past) offered him every incentive for producing new work: “We all await fresh books from you.” By the time D'Annunzio died, in 1938, he seems to have been not just artistically burnt-out but clinically insane. He was also, however, very rich; and a collected edition of his works had been published on the orders of Mussolini's government.5

Aldous Huxley adopted a different type of activist approach; scorning political agitation, he believed that lasting social change would come about through mind-altering drugs. The result of his theorizing, however, was no less pernicious: social change would come about through mind-altering drugs. Moreover, the sums which he spent on his barbiturate and amphetamine intake would have kept in palatial comfort any of the Third World peoples whom he so vociferously championed. Nowadays even the average communist can no longer force himself to read the drug-induced diatribes of Sartre's middle and old age, whatever virtues his early fiction and plays may still have.

Kenneth Tynan (1927-1980), who like Huxley combined British birth with disastrous Californian residence, was an even sadder activist case. Whether in his youthful drama criticism or in his feature articles he had proved himself an epigrammatist as merciless, as unashamedly readable, and almost as amusing as Muggeridge. Alas, mere reportorial brilliance was not enough in Tynan's eyes. The rot started when he publicly abused himself before the strenuously obscene puerialities of Lenny Bruce. Bruce, in his incoherent style, taught the gospel of erotic evangelism: a gospel which led Tynan to devise the musical Oh! Calcutta!. This 'masterpiece,' by its full-frontal nudity, was intended to be the sexual revolution's most mind-blowing climax. The British critic Maurice Cranston's comment on Oh! Calcutta! is irresistible: “Unfortunately for its creator, his own mind was blown even if that of his audiences was not.”

Tynan spent his last decade mired in self-delusion, his career as activist shock-trooper having been ended precisely by his own success in making audiences unshockable. Most of his post-Calcutta writing is as vapid as one would expect from a man who thought that Wilhelm Reich could save the world; who expressed his own grubbily sadistic tastes in the less-than-Cartesian credo “Sex is spank and bottom is beautiful”; who bragged in Who's Who of having been the first person to say “f*ck” on British TV; and who in his last years considered it a sacred duty to compile in book form the masturbation fantasies of the great.7

Jean-Paul Sartre managed to combine political, sexual and pharmacological revolutions in his own singularly disagreeable person. He expressed his ideological dogma in the deathless words “An anti-communist is a rat.” Valiantly he endeavoured to destroy his de facto marriage with Simone de Beauvoir by almost daily coitus with a succession (one that practically stretched “out to the crack of doom”) of nubile students. Moreover, the sums which he spent on his barbiturate and amphetamine intake would have kept in palatial comfort any of the Third World peoples whom he so vociferously championed. Nowadays even the average communist can no longer force himself to read the drug-induced diatribes of Sartre's middle and old age, whatever virtues his early fiction and plays may still have.

Nor is Patrick White’s later output — with its genius for proffering caricatures instead of characters, and lavatory-wall Anglophobia instead of intelligent analysis — likely to retain much artistic, as opposed to historical, significance. Even the biographer David J. Tacey (hardly one of White’s antagonists) has now conceded that White’s post-1975, openly politicized, openly homosexual
POLITICAL ACTIVISM AND LITERARY DECLINE

productions are embarrassing when compared to his earlier work.8

Theoretically, there is no reason why an author could not become a whole-hogging conservative activist rather than a whole-hogging leftist one. In practice, no internationally celebrated modern author comes to mind as having done so. Four reasons suggest themselves for the absence of conservative-activist authors:

- Conservatism realizes that politics constitutes only a tiny part of human experience, a realization which tends to thin out the numbers of conservative activists;
- Conservatism, dealing as it does with permanent truths, knows better than to imagine that salvation can be found in whichever twopenny-ha'penny crusades the mass media happen to be promoting this week;
- Conservatism is primarily a doctrine of obligations, whereas leftism prefers the much easier course of incessantly demanding rights;
- Even after the Soviet empire's collapse, conservatism is still such a dirty word among the West's intelligentsia that any author who actively espoused it would be gravely damaging his career. Mario Vargas Llosa's failed candidacy in Peru's last presidential election indicates that even a radical free-marketeer is, at best, wasting his time.

* * *

We can sum up authorial activism as follows:

- Whatever a writer was like before turning activist, he is unlikely to amount to anything afterwards.
- Nonetheless, he may well make a large financial profit from his activism. He will certainly get lots of free publicity, and (like pop stars who jump up and down on behalf of starving Ethiopians or of AIDS research) he will be widely taken for a deep political thinker.
- Foes of Western civilization — whether they be communists or drug-barons or pornographers — will find his activism immensely useful in furthering their own aims.

These factors indicate that authorial activism is not at all the innocuous variety of menopausal self-indulgence which it may at first appear. Instead of pampering Thomas Keneally, Donald Horne, Blanche d'Alpuget, and suchlike haranguers of Western civilization, a realistic author might invest his talents in the pursuit of the goals he professed to care about in the first place. His words would then have genuine weight and authority, whereas authorial activism only amounts to empty gestures:

I could not dig; I dared not rob.
Therefore I lied to please the mob.
Now all my lies are proved untrue
And I must face the men I slew.
What tale shall serve me here among
Mine angry and defrauded young?

9. Lynne Strahan, Just City And The Mirrors (Melbourne, 1984) provides an unintentionally chilling account of the knots into which subsidized Australian writers — not least Miss Strahan — habitually tie themselves. They will practise any self-deception rather than admit that antibourgeois and anti-communists were right all along.
Moral Panic

The concept of 'moral panic' was introduced into sociology in the early 1970s. It refers to a process whereby the media, politicians, and others sensationalize social problems such as street crime, and present them as a threat to good order. Moral panics tend to occur where social and economic changes have resulted in widespread moral uncertainty and in yearnings for a sense of community. They follow a characteristic sequence: feelings of general disquiet become focused on a specific threat, which is rapidly magnified as various interested parties offer diagnoses and solutions inevitably requiring stronger social and legal sanctions.

The concept of moral panic embodies the idea of an exaggerated and inappropriate reaction, which may even worsen the original problem. Given their radical sympathies, most sociologists often claim that these reactions serve the interests of the powerful, and implications of manipulation or fabrication may be present. So usually sociologists talk about moral panics only when the social problems are ones that they regard as relatively unimportant, such as crimes against property. Once, after hearing a left-wing sociologist present a particularly tendentious seminar on the reaction to video nasties, I suggested that chattering-class agitation about Australian racism could similarly be analyzed as a moral panic. He responded with indignation, and ignored me from then on.

The concept also offers scope for thinking about the way in which environmentalists present issues, although the scale of both the supposed threats and the responses demanded far exceeds a moral panic about teenage gangs. Greens happily bandy around notions of planetary devastation and extinction, and the media are often willing to co-operate. 'It's a green revolution or it's doom, warns Worldwatch,' ran the Sunday Age headline for a story on the release of the 1992 State of the World. This far-too-influential report commences with 'Denial in the Decisive Decade,' by Sandra Postel, from the US-based Worldwatch Institute. She warns that unless we have "a fundamental restructuring of many elements of society" including "a wholly new economic order" and "a rethinking of our basic values," we could "end up the only species to have minutely monitored our own extinction."

Not all doomsday scenarios are suitable for an environmental panic. Recently space scientists have been considering the dangers of a collision with an asteroid, as Earth's orbit is crossed by hundreds large enough to cause global damage. However, greens cannot draw a moral tale about the wickedness of our society from this kind of danger. Worse, were such a threat to eventuate, nuclear missiles would have to be relied on to shift the asteroid off course. So now we are hearing that the asteroid risks are being greatly exaggerated so as to maintain support for the nuclear arms industry. Perhaps this is true. After all, we would expect that greens would be the first to recognize the appearance of their own tactics in someone else's campaign.

Environmentalists sometimes suggest that worst-case scenarios are necessary to galvanize people into taking remedial action. But there are strong arguments against this. The most obvious is the danger of crying wolf, inuring people to genuine perils that may arise in the future, and discrediting science as a whole.

Environmental panics also tend to divert scarce resources into the wrong problems. Over the past decade the US Environmental Protection Authority's attempts to present itself as the protector of public health has led to a totally inappropriate ordering of priorities. In the November/December 1991 issue of The American Enterprise, Michael Greve points out that Superfund — the program to clean up toxic waste sites — was based upon wildly exaggerated estimates of the risks these sites posed. "The statute may not have saved a single
life after the expenditure of some $10 billion by the federal government and many times that amount in private funds. Greve also notes that one recent EPA regulation would require the expenditure of around $5.7 trillion before a single life might be saved.

**Environmental Panics are counter-productive in another way.** The economic and social transformations demanded to avert the promised disasters are often patently unrealistic and unachievable. So they feed a growing fear and loathing that is the opposite of the sense of responsibility to others and confidence in the future that form the basis of environmental stewardship. When scientists and environmentalists tell us not to count on "making it very far into the 21st century," they are undermining — not strengthening — the forces working in favour of 'inter-generational equity.'

**Role of the Media**

The media's role in generating and sustaining environmental panics is complex. The milieus in which journalists and their editors are operating, their agendas (if any), their scientific and technical competence and their capacity to recognise its limits; all have an influence on the course of a panic. Although ostensibly plausible disasters backed by 'science' have considerable news value in their developmental stages, while their various implications are teased out and additional 'evidence' is presented in their support, the scenarios become less newsworthy as they mature. News is about change, not stasis. Once a general consensus about a particular threat seems to have been established, the sceptics' case may become more interesting, and the one likely to attract attention. In turn, this makes it easier for the less brave amongst the doubters to go public with their misgivings. To some extent this is happening with the catastrophic versions of the Greenhouse scenario. In recent months a number of major stories in both the electronic and print media have cast serious doubts about key aspects of the enhanced Greenhouse effect. Clearly, those who have hitched a ride on this particular panic will continue to fight back. But at least some of their credibility seems to have been eroded.

Yet even while this is occurring, additional impetus is being given to other panics. In the past few months there have been grave warnings that depletion of stratospheric ozone by CFCs and other man-made chemicals is worse than originally thought. Earlier this year there was a great panic over claims that a 'hole' in the ozone layer could open over densely settled regions of the northern hemisphere, exposing people to greater amounts of harmful ultraviolet B radiation. (The 'hole' did not eventuate as feared, but now it is promised for the northern spring of next year.)

The 'quality' newspapers that gave great prominence to the 'Ozone threat going global' story, reported the claims of NASA scientists that "the highest levels of ozone-destroying chemicals ever measured have been found in the northern hemisphere's skies." Depressing editorials soon followed. But Mt Pinatubo was not mentioned, even though, beginning soon after its eruption last year, there had been warnings that it could result in greatly accelerated damage to the ozone layer.

There are other important doubts and qualifications about CFC-induced ozone depletion that should be brought to public attention. But with a few honorable exceptions the media are ignoring matters such as the role of chlorine and bromine compounds from various natural sources in ozone depletion; the role of certain anthropogenic gases in reducing the effects of CFCs; the natural variability of ozone depletion and restoration cycles and their relation to cycles of solar activity; the hyperbole of claims such as that 200,000 people will die of skin cancer in the US alone as a consequence of ozone depletion. And for all the fears about the dangers of increased UV-B radiation, in many parts of the world this has declined since measurements began in the 1970s.

**Biodiversity**

Another current major panic focuses on the loss of biodiversity, mainly through human actions which are directly transforming natural landscapes, although we are promised that both the enhanced Greenhouse effect and the ozone 'hole' will also play their part. This panic is being fuelled by figures for extinctions which seem to be plucked from the air. Ros Kelly's withdrawn environment kit, *Give the World a Hand*, said that worldwide, one species of plant or animal was becoming extinct each day. In a recent letter asking supporters for donations, Greenpeace claimed that the figure was 100 species a day, and it gave the impression that this was just for animals. In January, John Seed, from the Rainforest Information Centre in Lismore, said that it was 250 species a day. And according to Robert Whelan, the director of the Committee on Population and the Economy in the UK, in 1990 the Rotary Club of Great Britain sent out a document to its members saying that 500 species a day were being lost.

Certainly, it is legitimate to be concerned about possible extinctions and their consequences. But it is also legitimate to suspect that the restrictive legislation which greens demand in response to this concern is likely to be counter-productive. It is also worth remembering that, far from endangering human welfare, "landscape transformation over most of the temperate regions of the northern hemisphere in the last 500 years has improved the human condition," as Otto Solbrig, a brave biologist from Harvard University recently pointed out in the *Journal of Biogeography*.

For those who seek to transform the world, environmentalism is the ultimate renewable resource. As one panic threatens to wane, many others can take its place. And we can be confident that before environmentalism runs its course, new and fantastic panics, quite unimagined today, will arise.
Governor-General Opens New IPA Offices

On 20 July, the Governor-General, the Hon. Bill Hayden, AC, accompanied by Mrs Hayden, opened the new IPA offices in Jolimont Road, just east of Melbourne's Central Business District. About 100 people attended the opening. Guests included leading figures in business, academia and politics, and other friends of the IPA. Sir Wilfred Brookes and Sir James Balderstone, both former Presidents of the IPA, attended. Mr and Mrs Hayden were formally welcomed by IPA President, Mr Charles Goode, and the Executive Director, Mr John Hyde, gave the vote of thanks following Mr Hayden's speech. The Governor-General's speech, which was greeted warmly by the audience, is reproduced below.

It is a pleasure for me to be with you today for the official opening of these new offices here in Jolimont for the Institute of Public Affairs.

Next year will mark half a century since the IPA was founded under the directorship of Charles Kemp and a group of prominent businessmen who, if I may quote from your history, "believed that free enterprise would be seriously threatened by socialism in the years immediately following the war."

I cannot deny that when I was elected to parliament more than 30 years ago, it was on a socialist platform. There have been many changes since then, both to the platform and to myself. At least I hope nobody finds me seriously threatening.

For one thing, in this job I am now above politics; though any slight qualms I may have felt at what colleagues on my old side of the house might say at my joining you today were immediately eased when I recalled reading a fascinating article written by the then-Treasurer and now Prime Minister, Mr Keating, in IPA Review a few years ago on 'Labor's Commitment to Smaller Government.'

In any case, the friendships and the respect that one forms for colleagues in political life cross both sides of the chamber.

I remember many people from my parliamentary days, but two in particular stand out: Bert Kelly, the 'modest member' for Wakefield who I am delighted to see with us today, and John Hyde, then the Member for Moore and now the Director of the IPA.

In fact when John wrote to me some months ago asking if I would perform this small ceremony today, I was only too delighted to accept.

Anyway, in those days Bert Kelly and John Hyde had many things in common. They both represented the Liberal Party. Both were farmers — wheat farmers, I believe. They were both what are now called economic rationalists. Certainly both criticized the system of high industry protection, and both wanted a more competitive economic environment. Incidentally, both were regarded as rather eccentric for their pursuit of such way-out and unrealistic objectives.

Well, as we all know, times move on and both the main political parties have now dedicated themselves to either totally removing, or almost totally removing, protection by the end of the century.

I suspect that John Hyde and Bert Kelly might feel a little uncomfortable to discover that they are now in the mainstream of economic thinking,
rather than standing in isolation like Jeremias lecturing the rest of the community on its shortcomings.

Oh, I forgot to mention Peter Walsh, another wheat farmer from the West. You know, something must happen to them sitting all day lonely in their little boxes on top of tractors going up and down the paddocks and looking out at the monotonous plains. In fact, Peter once told me that compared to ploughing, thinking about any other subject could seem worthwhile. Even economics, he said, which is generally regarded as a sombre subject — the "dismal science" as somebody called it — even economics could become quite entertaining and even funny when you are sitting all day on a tractor.

It is also a serious subject, of course, and a fundamentally important one for any society. That goes without saying. And in that respect the activities and the influence of the Institute of Public Affairs and other similar 'think-tanks' have been of profound significance for the development of economic, political and social thought in this country for close to 50 years.

I mention, for example, the very high public profiles enjoyed by some of your members and supporters in the media as opinion-makers. Indeed, John Hyde, Leonie Kramer and John Stone — to name but three — have their own regular newspaper columns. There is the contribution made by the research papers and commentaries produced by your various Policy Units: the Economic Policy Unit established and run by Des Moore in Melbourne; the States' Policy Unit located in Perth; the Education Policy Unit in Sydney and the Environmental Policy Unit in Canberra.

It is not too much to say, I think, that on some contemporary issues — and I refer to deregulation of the labour markets or the bulk-handling systems, for instance — the Institute was playing the part of advocate long before these topics became fashionable in mainstream politics.

Even then, I suspect, the IPA has been fairly influential in determining the parameters of the public debate — and not just among the relatively small group of politicians, business leaders and professional economists.

Through the articles published in your journals — IPA Review, Facts, Education Monitor, as well as in the separate refereed monographs — you reach a far wider audience among the general public. More than 40,000 copies of Facts, with its collection of economic and social indicators are produced every two months. And with a circulation of around 15,000 copies, I gather that IPA Review has among the larger readerships of a 'think tank' magazine.

In all of this, of course, your perspective is that which journalistic labellers would call the 'right' of the political spectrum. Your central aim, if I may draw again from your own publications, is to contribute to the creation of a productive culture — one based on smaller government, lower taxes, improved education standards and individual responsibility.

You will appreciate that I have to select my words carefully in public these days. But at least can I say that I always find the articles in IPA Review, which you are kind enough to send me, to be written at a very high level. Of course, the approach is predicated on market forces, but in all cases the articles make a substantial contribution to contemporary discussion of political and economic issues.

Can I go on to make the passing observation that it is probably the total absence of any equivalent discussion on what might be called the 'left' of the political spectrum these days, which leaves the left somewhat intellectually hampered in putting up alternatives. Of course, that is something for the left to sort out for itself.

'Market Forces' did I say? That is almost a profanity in certain circles.

I noticed in The Sydney Morning Herald the other day that Mr Barry Jones MP, champion of the Sale of the Century-type shows of his period (Pick A Box) saying that the Labor Party discovered market forces when Bill Hayden was Treasurer, but kept it secret for nearly a decade. I am glad that the light I lit still helps to illuminate the way ahead, even if Barry would prefer an amble through the woods to some sort of picnic.

The only advice I would give to people on the left is that it does not matter who you are, or where you stand on the political spectrum, you cannot defy the economic equivalents to the laws of gravity. You cannot make water run up hill of its own momentum, or push rocks up mountain sides with pieces of soft string.

The central principle in our thinking has to be real economic growth leading to real economic prosperity, creating real jobs and allowing an appropriate degree of redistribution in accordance with whatever principles are being embraced by the government of the day and accepted by the general community.

Although I must say that sometimes I have doubts. For instance, when I go to Mr Hyde's home state and visit Perth, and look at the marvellous skyline and the brand new high rise buildings with their shimmering glass facades that were built during the 1980s, I start to suspect that maybe social credit does work. As I recall it, most of the entrepreneurs of the West had nothing: they had no cash themselves. And yet inspired by grand visions, large amounts of credit and not a bit of hide, they were able to create these imposing monuments. Now, I notice, the community is starting to pay for the full board and lodgings of some of them.

Well, this is to stray rather wide from the basic point I wanted to make: and that is to acknowledge the very significant role the Institute of Public Affairs has played over the past half century in the continuing debate about issues of the utmost importance to the economic, political and social development of this country.

The creative and sustaining force of vigorous, even combative, public argument is the mainspring of liberal representative democracy — a democracy that is open to the power of new ideas; that not merely tolerates but welcomes the challenge to established orthodoxies wherever they may be held; one that accepts the notion that human truths are not immutable, but rather that their validity constantly must be tested against the rub of debate and experience, as J.S. Mill so rightly pointed out. The great virtue of such a society lies in the dynamic process of
discussion, not in the perceived wisdom of any necessarily inconclusive result.

In all of this, as I say, the IPA has been critically important — to borrow a phrase — in Australian public life for nearly 50 years.

It is to acknowledge your achievement that I have been so glad to accept John Hyde's invitation to join you today.

Can I express the hope that the move to these splendid new premises will be as successful as you might wish, and that the IPA continues to make its contribution to public debate in this country with the same vigour and determination into the future as it has in the past half century.

So it is that I congratulate you, and have much pleasure in officially declaring open these offices for the Institute of Public Affairs.

Thank you.

Top Speakers at Pacific Security Conference

Leading American and Australian foreign policy analysts joined to examine issues pertinent to the Asia-Pacific region and US-Australian relations at a conference in July.

The conference, held at the Australian National University, was jointly organized by the IPA's Pacific Security Research Institute and the US Heritage Foundation. It was attended by about 130 people.

The American speakers included: Franklin Lavin, Deputy Assistant Secretary for Asia and the Pacific, and Richard Armitage, co-ordinator for Humanitarian Assistance to the CIS (ex-Soviet States) and US Assistant Secretary of Defense for International Security Affairs 1983-89. Mr Armitage argued that the United States should avoid isolationism; he hoped to see a strengthening of Australia's relationship with the US. Representing the Heritage Foundation were its President, Dr Edwin J. Fuelner, and Richard Fisher of the Foundation's Asian Studies Center.

Giving an Australian perspective were Professors Paul Dibb and Ross Garnaut of the ANU, Professor Alan Rix of Queensland University, Opposition Leader Dr John Hewson, and Foreign Affairs Minister Senator Gareth Evans. The full collection of conference papers will be published later in the year. Professor Dibb's speech is reproduced in this issue of IPA Review. Paul Dibb is also the author of the most recent (and final) in the Australia and Tomorrow's Pacific series entitled The Outlook for the Former USSR. The publication is available for $7 from the IPA, 128-136 Jolimont Road, Jolimont, 3002.
AFTER three years as Director of the Pacific Security Research Institute, David Anderson is retiring. IPA Director John Hyde said that David Anderson had, by way of his own writing and work he commissioned, enabled the IPA to make timely and considered contributions to the more important foreign policy debates of the day. IPA President Charles Goode thanked David Anderson for his valuable work: "The IPA has benefited greatly from David Anderson’s considerable experience and expertise in foreign affairs."

Prior to joining the IPA David Anderson had a distinguished career in the diplomatic service, including as Australian Ambassador to France, the UN, and the European Communities.

The IPA wishes David well in his retirement. There are no immediate plans to fill the position.

Victoria could save $700 m from its Public Health Bill

The IPA has identified savings of $700 million which could be made if Victoria's Public Health Services were run more efficiently.

The extensive analysis of Victoria's health services was undertaken as part of Project Victoria Stage II. It was aided by Cresap Management Consultants.

The analysis found that excess staffing and union work practices contributed greatly to the system's inefficiency. Staffing per occupied bed exceeded the average for other States by 15 per cent in acute care public hospitals and by 64 per cent in psychiatric hospitals.

The Report, Towards a Healthier State: the Restructuring of Victoria's Public Health Services, which details the inefficiencies and potential savings, was launched in June. The launch, held at Epworth East Melbourne Hospital, was addressed by Ken Crompton, Chairman of Project Victoria; Des Moore, Director of the Project's Health Taskforce; Denis Hogg, President of the Australian Private Hospitals Association; and John Buntine, Chairman of the Australian Association of Surgeons (Victorian Branch).

Project Victoria originated from a concern among business organizations in Victoria to address the major economic and budgetary issues facing the State, without increasing the burden of taxation. It is backed by 12 of Victoria's major business associations and 12 leading corporations.

Towards a Healthier State is available for $15 from IPA, 128-136 Jolimont Road, Jolimont, 3002. Ph (03) 654 7499.

WA Government Criticized

In July Premier Carmen Lawrence's Budget came under attack from Mike Nahan, Director of the IPA States' Policy Unit. Dr Nahan effectively challenged the accounting system used to present the Budget, thus helping to discredit the Premier's claim that she had achieved a Budget surplus. Dr Nahan's analysis of the Budget was widely reported in the media, including on page one of The West Australian.

A stir was also created by the release of an IPA Backgrounder criticizing the WA Government's decision to opt for coal rather than gas to fuel the planned new Collie Power Station. The Backgrounder was written by Dr Frank Harman, Senior Lecturer in Economics at Murdoch University and formerly Chairman of the State Government's Power Options Review Committee. The West Australian editorialized that the findings of the report should "alarm all West Australians. There is increasing evidence that WA people may have been sold a pup and that the coal decision has the ability to seriously harm the State's future."

The IPA Backgrounder, Gas, Coal and Politics: Making Decisions About Power Stations, is available for $5 from IPA.

Answering the Protectionists

On 25 June Anthony de Jasay, economist, political philosopher and former investment banker, spoke to an audience in Melbourne on arguments surrounding free trade. He emphasized that, because of the complexity of variables determining the success or failure of an economy, it was unwise to generalize from the experience of the few countries which had achieved success under protectionist regimes. Protectionists, he said, point to Japan's prosperity, but ignore the poverty of African countries which also have high trade barriers. They point to Germany's success under the protectionist Bismarck, but ignore the liberating effect of the elimination of internal trade barriers with the unification of Germany.

The function at which Anthony de Jasay spoke was jointly hosted by the IPA and the Adam Smith Club.
RECENT IPA BACKGROUNDERS

Compares the Government’s One Nation statement and the Coalition’s Fightback! package which both include policies to improve international competitiveness. But the Coalition has over-stated the benefits from its tax proposals while the economic scenario used by the Government as the basis for promised tax cuts is implausible.

Leading NZ businessman Doug Myers examines how the legislation works in practice. The emphasis is on performance related pay deals and the elimination of inefficient work practices. Union membership has fallen rapidly; strikes are at an all-time low.

An indictment of the WA Government’s decision to choose coal rather than gas to fuel its planned new power station and an illustration of the need for greater accountability in public policy-making.

A critical examination of the arguments put forward in favour of industry protection.

An account of New Zealand’s successful efforts to institutionalize the control of inflation, in particular through the Reserve Bank of New Zealand Act 1989.

Environmental Backgrounders

One of the peculiarities of the Australian Constitution, as at present interpreted by the High Court, is the scope given to the Parliament to enact domestic laws in order to implement international obligations entered into by the government. The worldwide politicization of environmental concerns and the UNCED conference in Brazil highlight the dangers of this situation.

Contrary to claims that scientific consensus exists on this issue, there is in fact no scientific basis for predictions of damaging man-made global warming. The author is Professor of Meteorology at the Massachusetts Institute of Technology.

This paper examines misconceptions about land degradation and sustainable land use.

A short corrective for those who, through either simple or wilful ignorance, fear ‘chemicals’ and/or the chemical industry. The paper examines the consequences of chemical knowledge at both the fundamental and applied levels.

IPA Backgrounders listed above are available individually for $5. Ensure that you receive IPA Backgrounders — including Environmental Backgrounders — as soon as they are issued by subscribing now ($80 per year). Write to IPA, Ground Floor, 128-136 Jolimont Road, Jolimont, Vic, 3002, or phone (03) 654 7499 to pay by credit card.
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.