

IPA REVIEW

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Enterprise and Virtue

I once received a letter from a lady, in response to an article I had written on politics and the churches, rebuking me for having been critical of the social justice statements of certain church commissions. "After all," she wrote, "it's not the churches' fault if God is a socialist." Socialism may have fallen from grace since then but, in the wake of the turbulent 1980s, the moral status of private enterprise in the eyes of the public has not improved as a consequence. Church commissions are not alone in their view that the free market, whatever its practical merits, is a morally impoverished system, an impression reinforced by depictions of the business world in films such as *Wall Street* and *Pretty Woman* and, occasionally, as Richard Craig notes in this *IPA Review*, in television series such as *Murphy Brown*. 'Greed is good' is seen as the maxim of the market. The free-market philosophy, concurs J.K. Galbraith, is merely a rationalization of selfishness.

That this view has currency has serious implications for business. It enables the opponents of business successfully to claim the high moral ground in their campaigns. Green groups and radical consumerist organizations can present themselves as defenders of the public interest against companies which pursue only narrow selfish interests. The poorer the moral reputation of business, the more conducive is the political climate to the enactment of hostile government regulation.

It is true, of course, that the enlightened pursuit of self-interest is central to the free-market philosophy. Where Galbraith and his supporters are wrong is in assuming that if markets

were closed, selfishness would diminish. In fact, self-interest would find another, almost certainly less productive, outlet (in the seeking of political power, for example). Egoism is universal; prosperity is not. The market system does not *create* avarice; it merely recognizes the role of egoism in human motivation and harnesses it to productive purposes, from which the whole society benefits. As Adam Smith observed, the butcher does not supply his customers with meat because he loves them, but because he profits from the transaction. The transaction is entered into voluntarily because both parties see benefits to themselves. Any system, however noble its ideals, which does not take account of the egoism embedded in human nature is destined to fail.

Taking Morality out of the Market

Nevertheless, there is more to the spirit of enterprise than enlightened self-interest. In this, Galbraith has a point: free-marketeers have too often been guilty of divorcing morality from markets. Some, such as Ayn Rand, have elevated egoism to a moral imperative (one of her best-known tracts is *The Virtue of Selfishness*). Milton Friedman expounds the view that the sole duty of business managers is to maximize profits (albeit within the limits of the law and the ethical customs of society).

More generally, economists have tended to base their explanations on a utilitarian model of man as the rational calculator of costs and benefits. It might be difficult to 'factor in' to an economic

equation moral qualms, ennui, or the work ethic, but that their influence is hard to quantify or predict is no excuse for failing to take adequate account of them.

Perhaps this criticism is unfair. We cannot expect economists to be psychologists or moral philosophers, any more than we are justified in finding fault with engineers because they are not also poets. An engineer does not need poetry to build a sturdy bridge: all he needs to understand are the properties of inert matter and the laws of physics. But the subject matter of an economist is not inert matter: it is man. As Hayek, an economist who understood this, said, an economist who is only an economist is not a good economist. Human motivation is far more convoluted than the model of the rational calculator allows. David Hume wrote that human life is governed more by passion and fortune than by reason. For a long time the best historians, psychologists, philosophers and writers have known that human action arises out of a complex interaction of rational and irrational, conscious and unconscious intentions and drives, often culturally conditioned. Successful advertisers seem often to comprehend this better than do economists.

Liberation and Restraint

If the spirit of enterprise is more than enlightened self-interest, of what does it consist? This is an important and intriguing question to which there is no easy answer. It invites speculation.

There seem to be two conflicting

moral impulses which drive Western capitalist economies: one liberating, the other restraining. The former is suggested by the title of a book by the American sociologist Peter Berger: *The Capitalist Revolution*. Contrary to the left-wing view of capitalism as a reactionary force, the free market has been probably the most revolutionary force in human history. No other form of economic organization has so transformed the societies which it has touched. Marx saw this and wrote about it, in somewhat colourful terms, in his *Communist Manifesto*:

"The bourgeoisie, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together. Subjection of nature's forces to man, machinery, application of chemistry to industry and agriculture, steam navigation, railways, electric telegraphs, clearing of whole continents for cultivation, canalization of rivers, whole populations conjured out of the ground — what earlier century had even a presentiment that such productive forces slumbered in the lap of social labour?..."

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

More succinctly, the Austrian economist, Joseph Schumpeter, called the dynamic of business enterprise "creative destruction." It is the impulse toward risk-taking and entrepreneurship, invention and innovation. It signifies high social mobility and impatience with customary ways of doing things. It includes the takeover and dismemberment of inefficient enterprises, the continual search for new markets and the generation of new

industries and new corporate images.

The other side to capitalism is what, since the 19th century, has been called — usually pejoratively — the 'bourgeois ethos': the virtues of personal responsibility, sobriety, prudence, thrift, diligence, punctuality, honesty, civic pride and constancy. These are all secular versions of the Protestant ethic which Max Weber identified as pivotal to the spirit of capitalism.

Both moral impulses — the revolutionary and the bourgeois — are essential to the buoyancy of business activity and thus of the economy. Without the spirit of innovation and risk-taking in business, the economy stagnates.

Risk-taking untempered by prudence becomes recklessness

Without the prosaic middle-class virtues, capitalism becomes lawless and unstable: economic relations break down because of lack of trust, speculation exceeds production, risk-taking untempered by prudence becomes recklessness, present consumption overtakes long-term investment.

In different periods, one face of capitalism or the other will tend to predominate. The 1950s was a time of relative stability and conservatism. William H. Whyte described the emergence of the 'organization man': individual initiative had receded. The 1980s, on the other hand, was a decade of wild speculation and the break-up of long-standing, often stagnant companies. It was a period of inflated ambitions and excessive borrowing. Risk-taking overtook the longing for security. Bankers, once the pillars of bourgeois restraint, behaved like gamblers.

One figure who epitomized the imbalance in the 1980s was Ross Johnson, former head of the American giant RJR Nabisco, and responsible for attempting the largest leveraged management buy-out in US history. According to the account in *Barbarians at the Gate* by Bryan Burrough and John Helyar (both of whom worked for *The*

Wall Street Journal), Johnson was prodigal, enormously ambitious and perpetually unsettled. When Nabisco merged with the leading tobacco company, RJ Reynolds, Johnson was obliged to set up residence in Winston-Salem, North Carolina, which had housed RJ Reynolds Industries for over 100 years. The entire city relied on the industry; it was the town's lifeblood. But 'small town' life bored Johnson. "You keep running into the same people over and over," he complained to his New York friends. Johnson's ostentation aroused suspicion among the locals and the speed at which he purged the ranks of Reynolds' old guard unnerved them. Most weekends he took the corporate jet to some distant golf club, or tended to his suntan in Florida, or roamed Manhattan. But it was not enough to relieve his sense of constriction with the cosy provincialism of Winston-Salem. It was because of this, and not because of any calculation of costs and benefits, that he simply moved the company to Atlanta, a city whose rootlessness, as Burrough and Helyar note, appealed to Johnson. He was a man uncomfortable with stability and moderation; he thrived on change and risk. Johnson was all revolution and no restraint. But he could not have gone as far as he did alone: he needed a coterie of financiers and directors reckless enough to back him in his ultimately disastrous \$25 billion bid for company ownership. And he was buoyed by a culture geared increasingly to instant gratification.

As should by now be obvious in Australia, the economy has its own ways of insisting on restraint. Those bankers whose fingers were burned in the 1980s have had a sharp lesson in the 'bourgeois virtue' of prudence, which makes the calls for financial re-regulation redundant. But the more general lesson is that economic activity has a moral basis, and that to allow the erosion of virtues such as perseverance, honesty and personal responsibility will undermine our prosperity. These virtues are our moral capital, which in the long run is even more important for our well-being than our material capital. ■

Ken Baker



DES MOORE

The Victorian Landslide: a Mandate for Reform

THE landslide win of the Liberal-National Coalition in Victoria on 3 October (a two-party preferred swing of about six per cent) has led to the usual attempts to assess why Labor did so badly and why Victoria experienced a more severe recession than other States. The two phenomena were not unconnected, of course.

According to the new Victorian Treasurer, Alan Stockdale, "The main reason for this greater fall in private sector spending in Victoria relative to the rest of Australia, was the collapse in confidence which followed the failures of Tricontinental and the Farrow Group of Building Societies."¹ However, this was only the proximate cause: the key question is why did the Victorian economy get into a situation where financial institutions (and others) became so susceptible to financial failure? Part of the answer is to be found in the macro-interventionist policies pursued by the Federal Government during the 1980s, which led to over-spending and over-borrowing — and then to the inevitable contraction. The policies of the Victorian Labor Government were, however, an important contributing factor in two ways.

First, the Government created a 'moral hazard' problem through its own (even more) interventionist policies which sought to influence the private

decision-making process. Many in the business community came increasingly to take the lead from the Government, which was thought to be almost 'guaranteeing' economic performance. Business risks thus seemed to be reduced and risk-assessment procedures capable of being minimized. The repeated assertions that Victoria was out-performing the rest of Australia reinforced such assumptions and enhanced business and community confidence. In one sense, therefore, it was scarcely surprising that this led to greater over-spending and over-borrowing than in other States.

The State Bank was viewed and presented as a key instrument of Government policy to encourage selected private sector development, an important factor overlooked by the Tricontinental Royal Commission in its absolution from blame of the Labor Government. Intervention even involved the purported pursuit by the Government itself of 'Keynesian'-type policies, notwithstanding that 'leakages' overseas and to other States from 'pump-priming' an individual State's economy would be high.

As with all 'guarantees', once the guarantor was seen to be fallible confidence declined. And, because of the Victorian Government's pervasive role in the State's economy, that decline had effects which spread throughout the economy. In an important sense, Victoria put too many of its eggs in one basket — the government basket.

Second, the Victorian Government not only took the lead in encouraging the private sector down the wrong path, it also set a bad example in regard to the public sector. Indeed, the performance of the public sector deteriorated to such an extent during the 1980s that a serious debt problem emerged, now reflected in the unprecedented down-grading by Moody's credit rating agency of Victoria's debt to A1, five rungs below the top of the rating ladder. The debt problem is reflected most strikingly in the fact that in 1991-92 net interest payments accounted for nearly 23 per cent of total public sector revenue compared with 15 per cent in 1981-82.

Union Capture

The predominant cause of this debt problem was the capture, early in the life of the Labor Government, by the union movement of the decision-making processes. This is highlighted by the fact that, when the Labor Government assumed office in 1982, Grants Commission assessments show that Victoria's over-spending amounted to only \$113 million p.a. in total and the public transport deficit was then below the standardized level. From 1982-83 to 1989-90 there was a progressive deterioration in the situation so that, by 1990-91, over-spending had reached \$1.2 billion p.a. Union capture thus led to the establishment of a high budget expenditure base. When combined with

a high borrowings policy (based on the view that future generations should share in the cost of infrastructure spending), this left the State's financial position vulnerable once the economy started to slow and then go into recession. The State was then faced with a severely diminished revenue base in circumstances where it was already a high borrower and the second highest taxing State. This required action by the Government to reduce expenditure and public sector employment — action which it was unable to take to a sufficient extent because it was captive to the union movement.

Analysis of the Grants Commission's data shows that between 1982-83 and 1990-91 Victoria's total recurrent spending exceeded its 'standardized' level by nearly \$7 billion while its budget sector debt increased by about \$9 billion. Hence, almost 80 per cent of that increase in debt can be attributed to over-spending in delivering services funded from the Budget. Separate IPA research also suggests that the basic causes of this over-spending (and hence of Victoria's financial problems) were excess public sector employees and restrictive work practices resulting from the union capture of the Government and the bureaucracy.

The new Government's announcement of extensive cuts in public sector jobs indicates it has accepted this analysis by the IPA and others. The new Government has also increased taxes substantially, notwithstanding that, on the Grants Commission's assessment of taxes used to finance recurrent Budget spending, Victoria's tax rates have been 10-15 per cent above the standardized level and in 1990-91 this yielded 'excess' tax revenue of about \$440 million. Only Tasmania has had more severe taxes, resulting in very recent years from attempts to deal with that State's debt problem. The new Government may have judged that Victoria needs, for a time, to follow the Tasmanian lead. Clearly, however, there is no general case for any permanent lifting of Victorian tax rates; priority should be given to reducing expenditure.

John Cain has made it clear (in an article in *The Age*, 16 October 1992) that

the efforts by his Government in 1989 to implement extensive public transport reforms were defeated by the influence of Victorian unions on the Government, and that this had a flow-on effect, destroying attempts to reform work practices in other areas of the public sector. John Cain's successor, Joan Kirner, has also acknowledged that her government lacked the political will to implement necessary public sector reforms.

Reduced Role for Government

If the new Government is to avoid capture by unions or other interest groups, major changes in the structure and role of government are needed. It will not be sufficient simply to cut expenditure and increase taxes. The new Government can reasonably claim a mandate for such changes. What should they be?

Some observers are interpreting Clinton's election as US President as an indication that Americans have endorsed the approach recommended in a book which, reputedly, Clinton carried with him on the campaign trail. According to that book, the problem "is that Americans have the wrong kind of government. We do not need more or less government, we need better government."²

However, the key message from Victoria's experience of the 1980s is that, while there remains a need for government to continue to provide funding for services such as welfare and education which would otherwise be under-supplied by the market, the general aim should be to have such services actually supplied by the private sector, in a competitive environment, to the maximum extent possible. The Government would thus have a much reduced role. It would be the funder (or part-funder) rather than the provider or operator of the services, and in some cases it would cease even to be a funder. Government would also continue, of course, to be the regulator of the private sector in its provision of the services; it could, for example, license private sector operators and regulate the services

supplied by them. But it needs to be far less regulatory in areas such as industrial relations and the environment. There would also be a role for government in some circumstances to 'hold the ring' so as to protect the consumer against the development of restrictive trading practices.

The aim should be for government eventually to have the entire responsibility for only a small core of essential services (police, courts, the legal framework, etc.). This would considerably reduce the potential for capture by particular interest groups capable of imposing considerable costs on the rest of the community. In an increasingly competitive world this is essential if Victoria is to make effective use of the many natural advantages which it has and to respond to the likely continuing decline in the relative importance of manufacturing as a source of growth in output and employment.

Limits on Borrowing

Consideration should also be given to the introduction of constitutional restraints on the power of governments to borrow. In the United States borrowing has rightly been viewed as a too-easy option for politicians who can obtain short-term electoral benefits from over-borrowing without regard to the long-term costs that will have to be borne by future taxpayers. At the State level in the US, borrowings now usually require popular referenda. While such referenda usually succeed, the requirement is a safeguard that indicates the extent of community concern at the potential for government failure. What we are seeing is that politicians are having to come into the market place and sell their products there — if they can find enough buyers! ■

1. *Restoring Victoria's Finances: A Beginning*, Statement on Victoria's Financial Management Strategy, 28 October 1992.
2. David Osborne and Ted Gaebler, *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*, Addison-Wesley Publishing Company, Inc., 1992

Business Must Defend Itself

Socialism might be discredited, but anti-business sentiment remains widespread. Businesses should be prepared to respond cogently and strongly against ill-intentioned or ill-informed detractors.

RICHARD CRAIG

BUSINESS people are moral retards, environmental vandals, perfidious financial scavengers who would sell their grandmothers for the price of a passable meal at an average restaurant. Correct? Some opinions emanating from our televisions and radios and reflected in newspaper reports would suggest this. In a free society the right to air such views is indisputable, but business should be quick to defend itself and highlight the enormous contribution it makes to the community.

Attacks on business fall into three categories:

- the subtle condemnation of business in general;
- criticism of particular business sectors or industries; and
- attacks on specific companies.

There are numerous examples of the first category. A recent episode of the popular US sitcom *Murphy Brown* had a scene with Murphy in the production room at her television station running through a tape of a 'hot' news item. The tape, in this fictional world, was of an interview with the chief executive of a chemical company. Murphy had caught him on camera, as she gleefully explained, squirming uncomfortably under questioning as she presented him with claims about the environmental crimes perpetrated by his company. A later episode had Murphy masquerading as a prostitute in order to stake out a senior executive of an oil company. Her aim was to lure the oilman into a compromising position, in the hope that their pillow-talk would reveal his company's nefarious drilling activities. The implied judgment of the television court of moral justice is that business is corrupt.

One must be wary of conspiracy theories. There are, however, groups in society who are

less than enamoured with the business sector, and their views pop up in a variety of places.

Australian rock group Midnight Oil is one of the most successful bands in this country and has achieved enormous overseas acclaim. Their songs carry a strong social message: the hit number, *Blue Sky Mining*, is about the mining industry. The song tells us that the companies

"...lie to the shareholders

They're crossing their fingers, they pay the truth makers
The balance sheet is breaking up the sky"

It concludes:

"And the company takes what the company wants
And nothing's as precious
As a hole in the ground"

Not much chance of 'The Oils' doing a benefit concert for the Australian Mining Industry Council, on the strength of those sentiments. The accompanying promotional video clip was full of sinister images about business; indeed one image prompted one of the companies in question to take legal action successfully to have its logo removed.

Some elements of the anti-business lobby obviously believe in educating the community from an early age. The

animated children's film *Fern Gully*, released in October, is ostensibly harmless entertainment. But it has a strong anti-business theme. The film is about minute humanoid characters — half human, half animal — living in a mystical rainforest. It is, in fact, the last rainforest. The forest dwellers are threatened by logging companies whose only motivation is profit and whose owners and employees are the personification of greed and evil.

Attacks on business,



Peter Garrett of Midnight Oil interviewed by Ray Martin (left) in 1987. At the time, Garrett was a member of the government-appointed Constitutional Commission. He went on to become President of the Australian Conservation Foundation.

either subtle or blatant, have been around for years. The condemnation of multinationals, which was popular in the 1960s and '70s, for alleged economic sins against sovereign states, continues today in the attacks on companies for supposedly perpetrating transgressions against the environment. Same song, just a different arrangement.

Foreign Investment

An example of the second type of attack — criticism of a particular business sector — is the continuing targeting of foreign-owned companies in Australia by the Australian-owned Companies Association. The Association has called for Australians to boycott goods made here by overseas companies, arguing that this would produce more economic benefit for Australia. *The Age's* education writer, Geoff Maslen, lent support to the campaign in an article headed 'Nation losing fight against foreign ownership.'

If Australians refused to buy goods made in Australia by companies owned offshore, hundreds of thousands of Australian workers would lose their jobs

The Ausbuy campaign taps nationalistic sentiment, but the facts are that the consequences of the campaign would lower the standard of living of Australians. If Australians adopted the Association's advice and refused to buy goods made in Australia by companies owned offshore, hundreds of thousands of Australian workers would lose their jobs as the foreign-owned companies for whom they work are put out of business. General Motors, Du Pont, Kodak, Ford, Shell, Agfa-Gaevert, IBM, BP and Bayer to name a few, would all ultimately close down.

Business operates in an international setting. Many Australian companies operate overseas and own assets in other countries including Boral, Mayne Nickless, National Australia Bank, Coles Myer and Pacific Dunlop. If Ausbuy's nationalistic logic holds water, the residents of the United States, Europe or elsewhere should not buy any of the products of those Australian-owned companies. Bloomingdale's, in the US, is a very popular department store chain. To many in the US it is an American institution. It is, however, owned by the Australian property group Westfield. On the Ausbuy logic, Americans should boycott Bloomingdales, thereby depriving the overseas investor of its profits. Harrods of London, that most traditional of English institutions, is owned by Arab investors. The Rockefeller Centre in New York is owned by Japanese interests.

In suggesting that all companies operating in Australia should be Australian-owned, the Ausbuy argument ignores the fact that relatively few Australians own shares. At present, the figure is around 12 per cent and, until recently, it was much lower,

Australian investors being relatively risk-averse. Economists would argue that there just isn't enough capital in this country for Australians to own every company, assuming there was the will to do so. Besides, does any country have 100 per cent local corporate ownership? By wanting to replace overseas investment with Australian capital we are telling foreign businesses not to put their job-creating investment here.

Nu-Farm and Greenpeace

In the third category, individual companies come under the spotlight of controversy. Such polemics are not new. In the 1960s in the US, consumer activist Ralph Nader campaigned against General Motors. In Australia, the chemical manufacturer Nu-Farm was singled out by Greenpeace for alleged environmental offences. After years of indignant attacks on the company which were expertly publicized by the organization, the allegations were disproved.

When these attacks take place, companies should respond. Not responding, or responding ineptly, can lead to:

- a company's good name being tarnished;
- loss of business, that is, lower sales and profits. Customers may go elsewhere because they do not wish to do business with that company;
- adverse effects on the morale of employees. This could cause a fall-off in work quality or even industrial sabotage. Some may even resign;
- if adverse opinion is sufficiently vitriolic, government intervention against the company.

What should be done in response to a direct public attack against a company? While each situation is different, there are a number of general principles which apply. These include:

- If the media are involved, try to give preference to those journalists who have reported events honestly in the past. With the electronic media, insist, where possible, on live-to-air interviews to avoid unfair editing.
- Company executives should respond honestly to the specific allegations made against the organization. If mistakes have been made, they should be admitted to and rectified.

As a general principle individual companies, industry associations and peak business groups should regularly articulate the contribution made by business to the wider community. The fact is that these enterprises directly employ 75 per cent of all Australians. Business funds government, which employs the remaining 25 per cent and uses the proceeds of business-generated taxes to build hospitals, roads and schools.

In short, business provides the foundation stone of our standard of living. Ours is a free society but companies should respond quickly to protect their good name when it is unjustly disparaged. Blanket condemnation of business by blinkered sectional interests should be seen for the propaganda it is. ■

Sources of identity

Characteristics described by Australians as very important in determining how they see themselves (percentage who identify):

Family group member	62
'Australian'	52
Gender	33
Occupation	30
Ethnic background	23
'State'	23
'Town/District'	16
Religion	15
Supporter of sports club	12
Race	10
Age	10
Member of professional association	9
Supporter of political party	7
Social class	7
Member of a trade union	4

Michael Emmison and Mark Western, 'Social Class and Social Identity: A Comment on Marshall et al', *Sociology*, Vol. 24 No. 2.

Proportion of Australian population born overseas. In 1947 (lowest this century): 9 per cent. In 1990 (highest this century): 23 per cent.

Ratio of the population aged 0-14 years and 65 years and over per 100 population of working age. In 1991: 49.4. In 2031 (projection): 58.9.

ABS Cat. No. 4101.0, *Social Indicators Australia*, No. 5, 1992.

Number of lawyers in the USA. In 1960: 260,000. In 1990: 756,000.

Paid political lobbyists in 1960: 365. Today: 40,111 (7,566 of whom are currently active).

The Economist, 10 October 1992.

IPA INDICATORS

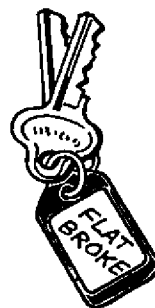
Length of time in their current job spent by Australians in paid employment (February 1991):

Under 1 year	21.4%
1 and under 2 years	13.2
2 and under 3 years	11.5
3 and under 5 years	14.4
5 and under 10 years	16.2
10 years and over	23.2

ABS Cat. No. 4101.0, *Social Indicators Australia*, No. 5, 1992.

Initial cost of renting a private one-bedroom flat (taking into account rent in advance, bonds and connection fees for electricity, gas and telephone, removal costs, etc.) March quarter 1992:

Brisbane:	\$1030
Canberra:	\$1497
Adelaide:	\$930
Melbourne:	\$1147
Perth	\$794
Sydney:	\$1417
Hobart:	\$896
Darwin:	\$1024



National Housing Strategy, *Housing Choice: Reducing the Barriers*, AGPS, 1992.

Estimates of Costs of Crime & Justice

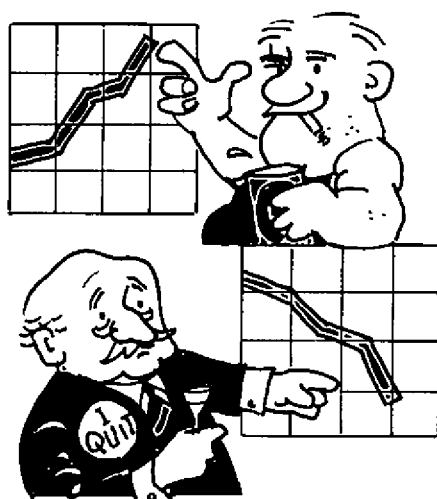
Major Category	Best Available Estimate of Costs Per Annum (\$ million)
Homicide	maximum 275
Assaults, inc. sexual assaults	minimum 331
Robbery & Extortion	93
Breaking and Entering	893
Fraud/forgery/false pretences	6,710-13,770
Theft/illegal use motor vehicle	667
Shoplifting	20-1,500
Other theft	545
Property Damage/Environmental	525-1,645
Drug Offences	1,200
TOTAL CRIME	11,259-20,919
Police & Law Enforcement	2,575
Courts & Administration of Justice	619-1,030
Corrective Services	600
Other CJS	500-550
TOTAL CRIMINAL JUSTICE SYSTEM	4,294-4,755
Other	Minimum 1,250
GRAND TOTAL	16,803-26,924

John Walker, 'Estimates of the Costs of Crime in Australia', *Trends and Issues in Crime and Criminal Justice*, No. 39, Australian Institute of Criminology, August 1992.

Rate of growth of China's GNP in the first eight months of 1992 (annualized): 14 per cent.

The Economist, 10 October 1992.

Real change in household expenditure on alcohol and tobacco in the lowest income decile between 1984 and 1988/89: 11.9 per cent increase. In the highest income decile: 17.5 per cent decrease.



ABS Cat. No. 4101.0, *Social Indicators Australia*, No. 5, 1992.

Road deaths per 100,000 population (1990):

Portugal	31.8
Spain	23.2
France	19.8
Greece	19.2
Australia	13.7
Italy	12.3
Holland	9.2
Britain	8.9

The Economist, 11 July 1992.
Federal Office of Road Safety.

Public Transport Deficits



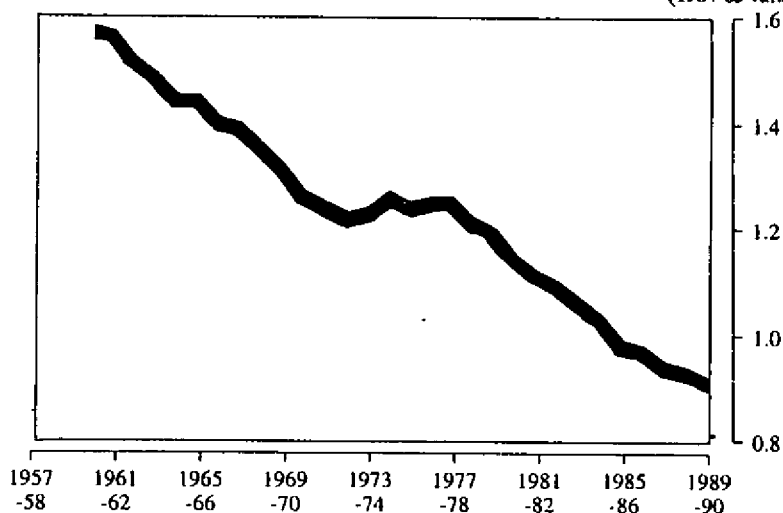
	Metro Transit \$ Per Capita	Non-Metro Transit \$ Per Capita	Total \$ Per Capita
Vic	183	111	294
NSW	144	72	216
SA	98	11	109
Qld	80	- 3	77
Tas	37	33	70
WA	71	- 5	66

Commonwealth Grants Commission report on general revenue grant relativities — 1992 update.

Amount of energy consumed by an individual to produce the same quantity of output:

ENERGY CONSUMPTION PER PERSON
PER UNIT OF GDP, AUSTRALIA

Gigajoules per person
per \$billion
(1984-85 values)



ABS Cat. No. 4140.0, *Australia's Environment: Issues and Facts*, 1992.

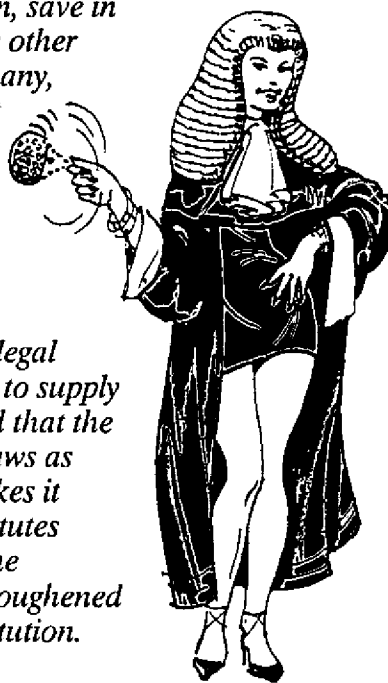
Proportion of business schools in Australia which conduct compulsory units in business ethics: 9 per cent. Electives: 11 per cent. Those planning to introduce new compulsory units: 7 per cent. New electives: 20 per cent. Business schools which believe more emphasis should be placed on the teaching of business ethics: 89 per cent.

Professor John Milton-Smith, *Corporate Management*, November/December 1992.

Should Prostitution be Legal?

Attitudes to prostitution have changed over time and from country to country. In Victorian Britain it was widely accepted as a necessary vice. The years after World War II witnessed, in many lands, a toughening of the regulations that dealt with prostitution. Britain was one of the few European countries to ban brothels before 1945: since 1959 it has also outlawed streetwalking. Marthe Ricard, a French municipal councillor, led in 1946 a successful campaign to make France's brothels illegal. Japan outlawed brothels in 1957, Italy in 1958. But subsequently the interconnection between prostitution and the drug trade led to demands that anti-prostitution laws be partially or wholly scrapped. Marthe Ricard herself, in the 1970s, announced that she had come to regret her 1946 campaign. More recently the development of AIDS has led to more calls for discarding the existing legislation.

Today, most Western societies prohibit at least some types of prostitution, though few of them prohibit all types. (The USA is an important exception: since 1915 it has forbidden every form of prostitution, save in part of Nevada.) In Sweden, on the other hand, prostitution is legal. In Germany, there are not only legal brothels but government-run brothels. The Australian State with the most lenient legislation on the subject is Victoria, though there — as elsewhere in Australia — streetwalking is forbidden. (One Australian Territory, the ACT, has legal brothels: which are required by law to supply condoms.) Other States have found that the repealing or the softening of such laws as NSW's Summary Offences Act makes it harder to enforce the remaining statutes against prostitution. Nevertheless the Queensland Government in 1992 toughened the State's legislation against prostitution.



YES

Prostitution's Antiquity It isn't called "the oldest profession" for nothing. Prostitution has existed, and will exist, as long as human settlements exist. The choice is not between allowing prostitution and prohibiting it — prohibiting it is as futile as prohibiting alcoholic consumption was in America between the wars — but between letting it remain rife and bringing it under legal control. The German example proves that prostitution can be permitted without the whole fabric of society being irreparably torn as a result.

Prostitution Often Legal in the Past For much of human history (including European history before World War II), prostitution was legal. This applies even to countries that discourage or prohibit

NO

Demeaning to Women Whatever form it takes — however coyly it employs euphemisms like 'industry', 'sex worker' and 'consenting adults' — prostitution exploits and demeans those who practice it: especially women, in most cases young women, who often have no idea of what they are letting themselves in for. It is among the very few fields where degradation of the participant is virtually inevitable. Being treated as a mere sex object is intrinsic to the occupation. The self-disgust and sense of violation experienced by prostitutes leads many into drug-taking as a means of numbing their feelings.

Leaves Women Powerless The idea that women can profit from prostitution will seem a sick joke to the pubescent street-walker in

it today. Legalizing it again would therefore be simply a reversion to the *status quo*: unlike, say, comprehensively legalizing hard drugs.

Prostitution Often Admired in the Past Frequently — especially in societies where female careers are otherwise limited — prostitution has enabled women to attain wealth, distinction and political power. (Instances include ancient Greece's *hetaerae*; Imperial China's courtesans; the 17th-, 18th- and 19th-century *demi-monde* in such cities as Paris and Venice.) Most of these women would otherwise have spent their lives not just mired in poverty, but tied to domineering menfolk into the bargain.

Safety-Valve As distinguished Christian writers have admitted, governments must in practice either allow limited prostitution or allow universal prostitution (i.e. complete

sexual permissiveness). St Augustine said, "Suppress prostitution, and capricious lusts will overthrow society." St Thomas Aquinas likened prostitution to "the sewers in the palace. Take away the sewers and you will fill the palace with pollution." Prostitution has, in the past, served as a social safety-valve. It has often been of special benefit to young men too impoverished, lonely or unattractive to undertake marriage. It has also provided physical relief to many who might otherwise turn to committing sex crimes.

Rights of Consenting Adults No society can be called free unless it recognizes its duty to keep government out of the bedroom. Consenting adults who privately engage in prostitution are harming no one.

Legalization will Control Disease The time has long passed when we could afford to be squeamish about measures to fight

AIDS. Prostitution which is under the control of the law can be managed and regulated, with the likelihood of AIDS transmission thereby lessened both for prostitutes and for their clients. Health and safety standards can be insisted on. Our tourism industry would increase — there will always be an international demand for uninfected prostitutes — and the public purse would be enriched.

Legalization will Lessen Police Corruption The fact that police can extract large amounts of money from prostitutes and brothel-owners, as the price for leaving them alone, encourages police corruption. Make prostitution licit, and you immediately eliminate this particular form of corruption. Trying to enforce the laws against prostitution is, moreover, a waste of scarce police resources, which should be directed at curbing more serious crimes.

Bangkok, living in perpetual fear of her clients infecting her and of her bosses beating her unconscious. How much political power, how much distinction, can *she* have? Indeed, how much wealth, after her madam has intercepted most of her earnings?

Safety-Valve Notion

Misleading Claims that prostitution helps lower the rate of sex-crimes are implausible. Prostitution doesn't seem to have lowered them in Victoria or the ACT. Why would it? Most sex crimes aren't the result of a frustrated libido, but of severe mental illness, and/or a criminal craving for domination and violence. If you want to reduce sex crimes, don't legalize prostitution: you would be better off frightening potential sex criminals with the threat of long jail sentences.

Benefit to Drug-Pushers The practical result of legalization will be to give the drug trade a new lease of

life. Other countries' history indicates that these days prostitution and drugs are inextricably tied. This was not always the case, even with organized crime — the Mafia used to forswear both — but one has only to look at South-East Asia or the Mediterranean to see how completely it is the case now.

Police Involvement Most police are not corrupt, and those who are would find other avenues of corruption if prostitution were legalized. It would be unnecessarily defeatist to change the law because a minority of police were tempted by the opportunity to extort prostitutes and their pimps.

If the resources are lacking to police prostitution effectively, then that is an argument for increasing or reallocating those resources — not for 'throwing in the towel' and legalizing prostitution. Is prostitution a less serious violation of community values than most traffic infringements?

Legalization means

Encouragement As with euthanasia, hard drugs, abortion, and every other field where radical legislation is currently demanded, many people will assume that making a practice legal means making it meritorious. Do we really want people to assume that prostitution has become meritorious, or that it makes for a worthwhile tourism industry?

It may not be possible ever to eradicate prostitution, but while illegal it remains stigmatized and relatively discreet.

Further Reading

Sir Max Bingham, *Regulating Morality? An Inquiry Into Prostitution in Queensland*, Criminal Justice Commission, Toowong, Queensland, 1991.

John F. Decker, *Prostitution: Regulation and Control*, Littleton, Colorado, 1979.

Roberta Perkins, *Working Girls: Prostitutes, Their Life and Social Control*, Australian Institute of Criminology, Canberra, 1991.

Bounties or Tariffs, Someone Pays

BERT KELLY

I was recently asked to talk about the tariff on cars to a group of bright young people. I accepted gladly; I am not often asked to talk to anyone these days and the tariff on cars is a subject that has been dear to me for many years. I plodded through the mournful history of the mess that all our governments have made of the car industry and then I described the mess it is in now. I mentioned that the Industry Commission's last estimate of the tariff subsidy cost was \$1.4 billion and that we were paying about \$25,000 for each person employed in making cars or car components. Then I told them that the \$1.4 billion subsidy was paid, in the end, by exporters and said that it did not seem to me to be very sensible to damage the industries we were good at, the exporters, to help the industries we were bad at, those that had to be protected by tariffs.

I was rather pleased with myself when I sat down but they did not seem very excited. One chap said, "I have heard all this before, Bert, but when I start telling people about the tariff burden being borne by exporters, they go glassy-eyed. They just don't believe me. They think it is the car buyers who pay the \$1.4 billion subsidy and not the exporters. So please go over that part again."

This I did. I began by saying that, if there was an increased tariff on sheets, even if a farmer did not use sheets but used super bags instead, he would still have to pay his share of the increased cost of sheets because the increase in the cost of sheets gets built into the CPI and so into wages. Then the increased wage costs are passed back along the production line, from one industry to the next, until they come to the farmer at the end of the line who has no one to pass them to. He can ask his overseas client for more for his wheat; his client will be very sorry for him but he can get cheap wheat from France. Then I said that the farmer, if he was an exporter, had to pay the tariff subsidy on cars even if he had not bought a car for years and indeed had no expectation of being able to buy a new one ever again with the wheat market being as it is. It is true that the car tariff subsidy of about \$4,000 a car is paid in the first place by car buyers but, as with sheets, an increase in the price of cars gets built into the CPI, then into wages, then back along the production line until it comes to the exporters, be they farmers, miners or secondary industry exporters; anyone at the end of the production line has to pay the tariff subsidy. There are no free feeds in the commercial world.

When I had finished this tirade one man said: "That's all very well for you, a farmer, to go on about the exporters paying but you are only an ordinary chap really. Surely you must have some economic theory to back you up." So I handed him a paper entitled 'How Protection Taxes

Exporters' by Professors Ken Clements and Larry Sjaastad who say what I have said but in a really authoritative way. And, of course, this is not a new thesis; for at least 50 years all economists have known it.

But when I said that all economists agreed with me one man went quite pale. "It's no good talking economic theory to my mob, Bert," he said. "They just sneer at economists, particularly professors. Surely there must be a better way out of this car mess besides being led by two blooming professors."

Then a young chap who was studying economics at the university piped up, "Why do we have to protect the car industry by tariffs with all this theoretical stuff about the exporters getting sluggish? My lecturer tells me we could use bounties instead of tariffs to protect cars. The government could pay car makers \$4,000 for every car they make and the money would come from the taxpayer and not the poor old exporters you are so worried about."

The young man must have been gratified at the reception he received. Soon the group was painting rosy pictures of getting rid of tariffs which were so hard to understand and which exporters had to pay, while instead they could protect the car industry by laying the protection burden on taxpayers instead. "And then everyone would be able to understand how much we were paying to protect the industry," one chap said. "Each year the \$1.4 billion bounty would appear in the budget. It's all so simple; we cannot understand why you haven't been using bounties instead of tariffs all along. You old chaps really need a shot in the arm from us young ones."

I warned them that perhaps they would find that their fine new solution was not quite so popular with the car makers because perhaps not all of them would welcome seeing their \$1.4 billion bounty money exposed to the public view in the budget each year. And what if the government ran out of money as they seem to these days? And how would our prestigious car makers, the big business people who have been so scathing about the lack of business understanding they have received from us all, feel about having to line up at the tax trough with the pensioners, university students and greenies? But they may do it; I know they are not afraid of asking for help if an election looms.

My reason for writing this piece is to hammer home the fact that too few people realize that the burden of protecting the car industry, be it \$1.4 billion or whatever it is, is borne by exporters if tariffs are used, or by taxpayers if bounties are used. The size of the bounty burden would be there for all to see, but it is much harder to understand the size of the burden that exporters have to carry if tariffs are used. Perhaps we would see things more clearly if we did. But someone has to pay; there are no free feeds. ■

The Hon. Bert Kelly is the former Member for the Federal seat of Wakefield and a founder of the Parliamentary 'Dries'.

The New Constitutionalism

We should be wary of moves to try to remove political objectives from the continuing process of debate and decision-making and entrench them in constitutions.

KENNETH MINOGUE

OUR century could be described as the century of the Big Cs — Communism on the one hand and Constitutions on the other. In Britain there are currently demands for a written Constitution, without which, it is claimed by Tony Benn among others, “we have no rights.” But the New Constitutionalism in Britain goes beyond the campaign for a Constitution with written rights. The House of Lords, the Monarchy and the Established Church are all up for grabs. There is a powerful movement to remould the country by using constitutional law. Australians are of course familiar with the moves for republicanism, for a Bill of Rights, for changing the flag and for a variety of other proposals. What follows is a set of thoughts about this New Constitutionalism.

Entrenchment and identity are two concepts that are central to any understanding of Constitutions. The New Constitutionalism is an attempt to establish, at an abstract or overriding level, values which have often failed at the political level. This is a temptation to people across the political spectrum. One version of it in the late 1970s and early 1980s was ‘pre-commitment,’ which appealed greatly to the Public Choice Center in Virginia, over which Gordon Tulloch and Nobel prize-winner James Buchanan presided. What these people wanted — and this is the essence of the New Constitutionalism — was to remove from politics one absolutely fundamental decision: how much money, and in what areas, government should spend. They sought to entrench in the American Constitution a principle which would prevent any government from debauching the currency. This is no doubt an excellent aim. Whether it is equally excellent (or indeed even possible) to entrench this aim in a Constitution, and thereby to remove it from the political arena, is another and totally different question.

Bills of Rights represent the great example of ways in which very important demands that subjects make upon governments are removed from ordinary political contention, and are established as laws: laws that governments cannot override by the use of their executive power (or indeed, frequently, of their legislative power). With Bills of Rights, judges and law become increasingly important. Now this would be all very well if you assume that law is the same thing

from generation to generation. But if you consider that law changes from generation to generation — and that its character, its political and moral significance, also changes — then you would have a problem.

The Attempt to Entrench Doctrines

Entrenchment is a process by which some aim considered to be desirable — retaining the right to unemployment benefit, say, or the right to speak a minority language — is put into the Constitution, where it either cannot be altered at all or cannot be altered without difficulty. This is the lure of the irreversible. Never mind that we now live (to our immense good fortune) in a time which shows the folly of assuming irreversibility; which, for instance, has seen a Marxist régime three generations old suddenly collapse, as if in a puff of smoke. The irreversibility doctrine persists nonetheless. By entrenching something, Constitutionalists hope to make it irreversible. Yet the paradox is this: the very same people who dream of doctrines being made constitutionally irreversible, and therefore permanent, also demand that the Constitution must be repeatedly brought up to date with what society requires! Self-contradictions of this kind usually result from delusions. The relevant delusion here is the idea that one can get rid of other people’s commitments (for example, a commitment to the Monarchy) and entrench one’s own (for example a balanced budget, or a republic, or “a woman’s right to choose”). What lies behind that delusion is the belief that the values and attitudes of the present moment are the final pronouncements of reason and history, and so deserve to be imposed on subsequent generations forever, via the Constitution. It is a kind of perverse ideological absolutism.

Exactly how successful, or rather unsuccessful, it becomes in practice can be seen from the Soviet Constitution of 1936, which contained an array of all the rights in the history of mankind up till then, but which appeared at the very time that Stalin was murdering something like two million people in purges. Here was one contract that, as Sam Goldwyn said about a verbal agreement, wasn’t worth the paper it was

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written on. Other examples include the condition of blacks in the United States, who between 1776 and 1860 did not enjoy much of the "life, liberty and the pursuit of happiness" mentioned in the Declaration of Independence; and the status of women under the 1791 French Constitution, which (like the 1789 Declaration of Rights from which it derived) ruled out female suffrage.

But you need not go to cases as dramatic as these to see where legal declarations conflict with reality. Gramm-Rudman's attempt in the USA to limit public expenditure through a constitutional amendment led in practice not to less spending but to book-keeping creativity, by which expenditure merely gets recorded in other accounting columns. In Brussels, at the EC, when decisions must be taken by midnight on a certain day, authorities just stop the building's clocks for as long as is needed. In Cuba, in 1962, the new year didn't begin

No constitutional entrenchment is any more successful than the cultural conditions in which it operates.

for about 10 days, because the *Jefe Maximo* — Fidel Castro — required a certain quantity of sugar to be harvested, which it had not yet been. One reason women were originally given the vote was that many conservatives considered women more likely to vote for conservative parties than their husbands were. But in fact there is little if any evidence that women now vote thus — on the contrary according to some evidence. In short — and every economist will recognize the principle — you can indeed determine one particular variable by fiat, but if you do, another variable will take the strain.

Constitutions consist of rules; but it is possible to have different types of rules. There are rules that simply facilitate an activity (like the rules of grammar) and there are rules that go much further and prescribe a particular outcome. The New Constitutionalism favours the latter, but a Constitution cannot guarantee a particular state of affairs.

No constitutional entrenchment is any more successful than the cultural conditions in which it operates. If the cultural conditions are totally hostile to any theory of human rights — as in Russia in 1936 — then constitutional entrenchments are quite simply hopeless. Specific entrenchments, even when outwardly successful, usually come under the heading of "it seemed a good idea at the time." When the Irish became independent in 1922, they established for themselves a Constitution which declared that Roman Catholicism was the religion of the society, that Gaelic would be spoken, and that Ireland essentially consisted not merely of Eire but of the six counties which make up Northern Ireland. This Constitution is now a major embarrassment; and there have been proposals to change it in order that negotiations with the North, and particularly with Protestants in the North, can go ahead. Another striking instance of a constitutional entrenchment having unintended consequences is the right of asylum in

present-day Germany. That seemed an irresistibly good idea for the German Constitution after the war; now it no longer seems attractive, thanks to the wave of Third World refugees which Germany has experienced. These examples tell us that Constitutions have little use as instruments for achieving any particular political aim. Events are apt to outrun them.

The Question of Identity

What we are is not necessarily the same thing as what fashions make us think we are. If you ask "What is the nature of Australia's identity?" the answer will depend on whether you turn to current politicians and what they consider desirable, or whether you look to history. The latter discipline will convey to you the achievements of a set of people who left home and came to a far-away place, very masterfully took control of it, swept aside as relatively insignificant the existing inhabitants of the country, and constructed a society which resembled the one with which the newcomers were familiar. Two hundred years later, we observe a complete and functioning European type of society. For more than half of that time, most of that society's people regarded themselves as part of a wider entity — the British Empire, or the British race — which they took extremely seriously. How seriously, is illustrated by their participation in major wars, including both world wars. If you contrast all this with what many New Constitution ideologues believe in, you can see the gulf between what people *are* and what some members of a particular generation would *like* those people to be. Ultimately, the question raised by this whole New Constitutionalism — the movement which, we can safely say, is sweeping the world as we move towards the end of the 20th century — is the question of identity.

Aesop is profoundly preoccupied with this matter. One of his fables deals with a meeting between a scorpion and a frog. The scorpion asks, "Would you mind carrying me across the river?" and the frog replies, "Don't be absurd, you'll sting me." The scorpion says, "That would be ridiculous because if I stung you, we'd both drown." "OK, then," says the frog, "get on my back." So they start to cross the river, but before they reach the other side the scorpion stings the frog. As they both sink, the frog demands, "What did you do that for?" The scorpion answers, "I can't help myself, it's in my nature." This story tells us about the importance of recognizing what people are actually like: and to devise Constitutions which fit their realities, rather than to be taken in by what is currently *à la mode*.

Australia, with its present Constitution, has been very fortunate. But there is no doubt that the general process of New Constitutionalism, which moves political issues into the Constitutional sphere, poses great dangers. Machiavelli knew this. He knew, in particular, that the art of politics consists in not forcing any one group into a position where it must resort to desperate measures: that only by *virtù* (which means something like "strength and constant moral alertness") can values which we admire be sustained. The famous American remark, "If it ain't broke, don't fix it," has its analogue in a 17th-century remark by the English Royalist leader Viscount Falkland: "If it is not necessary to change, it is necessary not to change." ■

The Constitution and its Confused Critics

S.E.K. HULME

IT is often said that England has an unwritten constitution and Australia a written one. The statement is rather worse than a misleading quarter-truth. It rests on a fundamental confusion between two different things, namely "the constitution" or "the constitutional law" of a country as the system of rules relating to the government of that country, and "the Constitution" as a particular document (or group of documents, but I will not add that each time) containing a statement of some of those rules (usually important ones), which rules are often given special weight by their inclusion in that document. Every organized country has the first.

Not every country has the second.

Both legs of the statement require consideration.

That English constitutional law is unwritten

This is the commentators' way of saying that the greater part of the constitutional law of England is written. It is to be found in documents such as Acts of Parliament; statutory instruments; the Standing Orders of the Houses of Parliament, and other laws and customs of the Parliament; law reports; textbooks of recognized authority; and elsewhere. *Magna Carta* 1215 continues to be part of the constitutional law of England. So does the *Habeas Corpus Act* of 1679 (the Latin means roughly "Thou (shalt) have the body (in court)"), empowering a court to require any per-

son who holds another person imprisoned to bring that person before the Court and justify the imprisonment. The right of each person in England to his personal freedom rests ultimately on that Act. In 1772 there were heard before the Court of King's Bench the matter of the negro slave *Sommersett*, a Jamaican slave brought to England to serve his owner during a visit. The words of the great Lord Mansfield have come down to us in various forms, most famously: "The air of England is too pure for any slave to breathe. Let the black go free."

That declaration, that I do not regret that I can never speak aloud without a tremor in my voice, was made on the return of a writ of *habeas corpus* directed to Captain Knowles, on whose ship, *The Anne and Mary*, in the River Thames *Sommerset* lay in irons. The writ commanded Captain Knowles to attend the Court of King's Bench and justify the imprisonment. He did attend, and he failed. After Lord Mansfield spoke, no man who breathed the air of England was any more a slave. Those who have lived in countries where people disappear in the night will

need no convincing of the importance of *Habeas Corpus* as part of the constitutional law of a country. The *Bill of Rights* of 1689 and the *Act of Settlement* of 1701 are part of the constitutional law of England. So are the *Parliament Acts* of 1911 and 1949, and the *Royal Assent Act* 1967, limiting the powers of the House of Lords in any conflict with the House of Commons. So is the *Statute of Westminster* 1931, which did as much as a Parliament unable to bind its successors could do, to ensure that the self-governing Dominions had in law what they had long



The official celebration of Federation, 1901, in Centennial Park Sydney. Parts of Australia's constitutional law predate this event by up to 700 years.

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had in political reality, namely complete charge of their own affairs, free from interference by the Imperial Parliament.

Very much therefore is written. But it is also true that many greatly important things do remain unwritten; certainly are not written in any definitive form. This is true of a host of rules and understandings as to how things work: constitutional conventions. No written law establishes the office of Prime Minister; or establishes the Cabinet; or says that the monarch must give the royal assent to every Bill approved by the Houses of Parliament; or prescribes who shall be called on by the monarch, after an election, to form a government. But there are strong conventions indeed as to these and very many other matters. Their strength may be sufficiently illustrated by noticing that on three separate occasions Queen Victoria recognized that constitutional convention compelled her to call on Mr Gladstone to form a Ministry.

It is important to note that conventions of that kind can and do develop. I have mentioned the convention that the monarch has no choice but to give the royal assent to every Bill approved by both Houses of Parliament. The proposition is not one I would have put in those terms to Queen Elizabeth the First, for good reasons one of which is that in her long day my proposition would have been untrue. Gloriana frequently enough refused the royal assent, and her refusals were accepted, like much else she did, as being well within her royal prerogative. The last monarch to refuse assent was good Queen Anne, who did so several times but with some criticism. Her last hurrah was in 1707, a refusal of assent to a Bill for settling the militia in Scotland. After that the right to refuse assent withered and it has undoubtedly died. That quite fundamental change in the constitutional arrangements of England took place without one Act of Parliament saying one word about the matter.

That Australia's constitutional law is all written, and is to be found in The Constitution.

This is equally untrue. The Constitution is, of course, fundamental. You will be aware that the legal origin of the Commonwealth of Australia is to be found in an Imperial Statute, *The Commonwealth of Australia Constitution Act 1900* (UK). That Act provides in section 3 for the establishment of "a Federal Commonwealth under the name of the Commonwealth of Australia." Section 9 says that "The Constitution of the Commonwealth shall be as follows," and sets out what it calls "The Constitution." (I have already referred to the document in that way and I do so below. I use the capitalized "Constitution" or "a Constitution" as meaning any formal document of the same type.) Section 5 of *The Commonwealth of Australia Act* provides that the Act (which includes The Constitution) "shall be binding on the courts, judges and people of every State and of every part of the Commonwealth." Nothing inconsistent with The Constitution can stand.

But Australia has vastly more constitutional law than is set out in The Constitution. The greater part of the constitutional law of England was brought to Australia with the English settlement, and its content continues to apply as part

of the constitutional law in force in Australia. Through our legislatures we can, of course, exclude or alter its components as we will. In some States the legislature has drawn up a list of which United Kingdom statutes shall continue to apply, and has enacted that others shall not. The details do not matter today. Until some action is taken, the inherited constitutional arrangements attach.

Thus *Magna Carta* is part of the constitutional law of Australia (of New South Wales and Victoria, at any rate, and I suspect all States) though somewhat sadly the most recent attempt to call it in aid finally failed: *Jago v The District Court of New South Wales* (1989) 168 CLR 23. The *Habeas Corpus Act 1679* gives to each Australian the same protection that it gave black Sommersett in 1772.

Again, a few years ago a Cabinet Minister with views directed the Trade Practices Commission to defer indefinitely dealing with a *Trade Practices Act* application concerning the Australian Stock Exchanges, preferring that the matter remain in abeyance until legislation he believed would soon be forthcoming took the control of the Stock Exchanges from the Trades Practices Commission to the National Companies and Securities Commission. Protests availed nothing. When all else had failed, application was made to the Federal Court for a writ of mandamus directing the Commission to proceed under the law in fact enacted and in force. One authority only was brought forward: the *Bill of Rights 1689* and its fine declaration:

"...the pretended power of dispensing with laws or the execution of laws by regal authority, as it hath been assumed and exercised of late, is illegal."

The Minister did not take long to give in. His advisers explained to that surprised functionary that great as he of course was, he no more had power to dispense with the laws that in fact existed than had the Ministers who served Charles II. The *Bill of Rights* governed him here in Australia just as it governed and continues to govern Ministers in the United Kingdom.

Again, it is obvious that the United Kingdom statute, the *Statute of Westminster 1931*, forms part of Australian constitutional law.

The body of Australian constitutional law that is in writing elsewhere than in The Constitution also includes a large written element deriving from Australia, as e.g. the *Australia Act 1986* (supported by the *Australia Act 1986* (UK)), taking even further the legal separation flowing from the *Statute of Westminster*; the various State Constitution Acts, themselves recently amended by the *Australia Act*; other Commonwealth and State statutes and statutory instruments; the law and customs of the Australian Parliaments; law reports; even textbooks by authors who write books on what they call Australian Constitutional Law, and then only deal with that particular part of it which they find in The Constitution.

Just as in England, much too unwritten. The Constitution contains no mention of party, of Prime Minister, or of Cabinet. That rightly meant little to Lord Hopetoun, the designated first Governor-General. On 26 December 1900, five days before the Commonwealth existed, he commissioned Edmund Barton to

form a caretaker Ministry, as Prime Minister, until an election could be organized and held. There had, of course, been a brou-ha-ha when Lord Hopetoun had first selected, just seven days earlier, the leading anti-Federalist Sir William Lyne. That selection failed because no one of standing would serve with him. But no one doubted that the unwritten English position of Prime Minister had come to Australia, though The Constitution said not one word about it. No one doubted that someone had to be commissioned, and would probably be called Prime Minister. Indeed all relevant English constitutional conventions came, their form adapting to Australian conditions as they arrived. Since that time those conventions have not of course stood still. Australia has been free to develop its inheritance as has suited Australia. Perhaps the best example is the "Westminster doctrine" of the Minister's personal responsibility for what is done by his department, which Australia has developed to mean that a Minister has very little personal responsibility for what is done by his department.

Except in that last detail, all of that is like, not different from, the position in England.

The Significance of The Constitution

What is significant about The Constitution, then, is not the fact that it is written. What makes The Constitution significant is that it brings together in one document rules on many fundamental matters, and that what that particular document contains, whether or not on an important matter, is supreme (in the senses both of prevailing over anything said elsewhere, and of being beyond the control of what Parliament says in future). It is those features which lead us to call such a document a Constitution, and it is the presence of such an instrument that distinguishes the Australian constitutional position from that of England. The Constitution is of very great importance. But the existence of this important document must not be allowed to obscure the fact that there is much constitutional law outside it. As I have said, there already was in Australia, and The Constitution operates in and as part of, a wider range of constitutional law. A great part of that law is by no means beyond the capacity of legislatures to control; and large parts of it can develop merely by practice.

Amending The Constitution

In Principle Amendment Ought to be Occasional

A Constitution, said Oliver Wendell Holmes Jr., is meant to endure. I am a great admirer of modern stationery, but a Constitution really ought not to take loose-leaf form, with each generation adding another sheaf of detailed provisions giving the received answers to what it sees as "today's" problems. If the terms of The Constitution are forever being added to and amended to deal with the particular problems of the day, in more and more detail, we may expect to finish with a document looking not so much like a Constitution as like the *Income Tax Assessment Act*; a document which presumably skilful draftsmen, probably kindly enough in their

own homes, have turned into a wasteland containing parts which no one — I choose my words with care — can fairly interpret; parts where no interpretation can be said to be wrong or right. That is not where we want The Constitution to finish.

When Amendment May Be Necessary

With whatever restraint and care a Constitution is drawn, occasions will arise to consider change. That should, I suggest, be when dissatisfaction is widely felt as to some matter of government, and no solution is seen other than one requiring amendment to the Constitution. If some other solution is seen, that will be the way to go. Where there is no need to change the Constitution, there is a need not to change the Constitution.

Legitimate cases for amendment will arise:

- when some structural change is desired in the governmental entity, and it cannot be achieved consistently with the existing Constitution;
- when some change is sought in the distribution of powers between the central and the State governments. This, of course, can only be achieved by amending The Constitution;
- if it is desired to amend the protections built into The Constitution, or (in the Australian case) to have formal protections of a kind we have so far done without.

In any of these cases, if the case on the particular issue is made out we will seek to amend The Constitution, not because we set out to "reform" it, or to "bring it up to date," or to "make The Constitution relevant to today's conditions," but because in the pursuit of some other goal we found the amendment of The Constitution necessary.

Forewarning and Forearming

What I have just said will, I trust, forewarn and forearm you for when you hear the phrase "horse and buggy". When you hear that phrase you will know that someone is going to tell you that the world has changed since 1890, or 1897, or 1901, or whichever such date the speaker chooses, and therefore The Constitution must be changed, for otherwise it will become "irrelevant" to "today". Which means, if you will think about it, that The Constitution will need changing every "day" for the rest of time. On the same argument the Ten Commandments ought to have been modernized and made relevant again (I was going to say "re-relevanted", but I am terrified that some trendy enthusiast will adopt it) when quinquereimes ceased to sail to Nineveh: and periodically since. It is because the Ten Commandments were drawn in terms which did not depend on their own day, that in three and a half thousand years the day has not come when a generation has said that it finds them irrelevant, and has called for an update. Certain things can, it seems, be expressed reasonably permanently.

The Constitution is not sacred. If some faults emerge, if some provision is in fact found to inhibit our fair progress, let

us surely take heart and seek to rectify it. But no recital of technical and technological change, no eloquent reference to John Nesbitt's passing parade, not even the approaching end of the second millennium of the Christian era, none of these in itself tells you that The Constitution does, or probably does, or ought to, need changing: let alone that it needs the ministrations of a host of worthy people, who at great expense (to be borne by the taxpayer) will push it and prod it and see if they can't find some way in which it could do with a change.

It is salutary to take warning from our recent past. In 1977 there was inserted into The Constitution a new s.15, designed to ensure that a replacement Senator appointed to complete the term of a Senator whose place has for some reason become vacant, shall be of the same political party as that Senator.

For sections 7 to 23 of The Constitution (including the original section 15), covering *every* issue concerning the Senate, the Founding Fathers needed (in the copy before me) 32 cm of print. In the same copy, this 1977 version of clause 15 requires on its own 26 cm. In a Constitution of 128 clauses, this abhorrent s.15 contains some five per cent of the whole Constitution. It is approximately 1,000 words long. Lincoln needed 265 words for the Gettysburg Address. In the United States Constitution 1,000 words contains the following amendments:

Amendments 1 to 10, the Bill of Rights
Amendment 13, Prohibition of slavery
Amendment 15, Negro suffrage Amendment
Amendment 17, Popular election of Senators
Amendment 18, Prohibition
Amendment 19, Women's suffrage
Amendment 21, Repeal of Prohibition

And in 1977 Australia solemnly put into The Constitution that number of words to ensure that never again could a Mr Bjelke-Petersen appoint a Senator Field to fill the vacancy created when a Mr Whitlam appointed a Senator Gair as Ambassador to Ireland and the Holy See. Used that number of words to deal most clumsily with a matter which is pre-eminently one to be dealt with outside The Constitution. All political parties joined in inserting into The Constitution this utterly inappropriate little tribute to the importance of political parties. Is it any wonder that one awaits with trepidation the turgid drafting that trendy enthusiasts would seek to put into The Constitution to celebrate the end of a millennium?

Some Teachings of The Constitutional Centenary Foundation

In recent times there has been formed the Constitutional Centenary Foundation, Inc., under the chairmanship of Sir Ninian Stephen. Its first Newsletter, published in April 1992, is full of interest. An opening paper, 'The Constitutional Decade', is attributed to the Chairman. There is a 'Concluding Statement' from a Constitutional Centenary Conference held in 1991, and there are papers by Professor Cheryl Saunders and Mr Padraic P. McGuinness. Various matters warrant remark.

Sir Ninian expectedly leads off with "horses and buggies", though with trendily different terminology ("carriages



Sir Ninian Stephen:
Is The Constitution outdated?

to cars", "cavalry to nuclear weapons"). It has been a century "of extraordinary change" (unlike say the 19th century, which in a period of some 40 unchanging years invented railways, steamships, chloroform, the telegraph, sewerage, and vaccination). The inevitable follow-up comes to time, but it goes far further than any similar statement I have previously seen:

"The great curiosity of our system of government, however, is that the formal structure of the entire federal system has remained substantially unchanged since it was laid down in the constitution adopted by the people of Australia nearly a century ago. The so-called Westminster system and its conventions, the conduct of parliaments, the structure and role of local governments, indeed the whole structure of our polity, has remained in its formal detail very much as it was laid down at the beginning of federation."

I confess that I look at that passage with astonishment, especially coming as it does from the man whose own hand wrote the Governor-General's assent to the *Australia Act* 1986, and coming as it does immediately after a passage reading:

"Many aspects of life in Australia have been influenced by and have adapted to these changes, including the way in which our democracy works in fact, as distinct from the theoretical model of a hundred years ago." (emphasis added)

In particular:

- You will see, if you examine the passage in the light of what I have said earlier, a totally inappropriate equating of The Constitution on the one hand and "the whole structure of our polity" on the other.
- How can it possibly be said that "the whole structure of our polity has remained in its formal detail very much as it was laid down at the beginning of federation," in the presence of the *Statute of Westminster* 1931 and the *Australia Act* 1986? (And a great deal more.)
- The "so-called Westminster system and its conventions" was not "laid down at the beginning of federation." What was laid down at the beginning of federation was The Constitution, and The Constitution contains not one word about that system and its conventions, "in its formal detail" or at all. The Constitution said only that Ministers of State have to be in the legislature.

- A fundamental feature of conventions is that they do not have "formal detail."
- There is a flat contradiction between saying that "the way in which our democracy works in fact, as distinct from the theoretical model of a hundred years ago" has adapted to the extraordinary changes of our century, and saying that the "whole structure of our polity", including its conventions, has remained "very much as it was" in 1901. Conventions are based on what happens; are based "on the way our democracy works in practice." Change the one and you change the other.
- The Constitution does not contain one word about "the structure and role of local government." Local government is not mentioned in The Constitution at all. Whatever is or is not hampering whatever development is or is not wanted, nothing in The Constitution is hampering it.

What it comes to is that very many changes have been able to take place, and have in fact taken place, within the existing structure of The Constitution as enacted in 1900. I should have thought that would lead one to praise The Constitution rather than to call for its amendment.

Sir Ninian also says, again expectedly, that "now" is very much the time for "an examination of our political system and its structures." He refers to the pending arrival of the 21st century (an event which one must admit will happen), and the centenary of our federation. The theme is a popular one. The Concluding Statement calls for a process of review of the Australian constitutional system to be completed by the year 2000, and says that the 1990s "provides (sic) an opportunity to review the Australian constitutional system." Why the opportunity is greater than that provided by any other decade it forbears telling us. Professor Saunders tells us that the approach of the centenary of federation "provides a symbolic opportunity for constitutional review." So it might, but things can be symbolic without being sensible. Even Mr McGuinness, who writes the two most sensible papers in the Newsletter, thinks that "everyone now agrees that this decade ought to be a time for debate and information." Faced with such unanimity it seems well to remind oneself that in the last decade of the first millennium good and learned people throughout Christendom expected the second coming of Christ and the end of the world to occur in holy tandem at the end of the year 1000, and bade the fearful make ready.

Perhaps there is still time to query all these propositions.

I would not dispute for a moment the appropriateness of focusing attention from time to time on some provision of The Constitution which is seen to stand in the way of some desired development, and seeking to have it changed; or focusing on the absence of some provision which is needed, and seeking to put it there. We have done that in the past, and no doubt we will do it in the future. And if the 1990s sees evidence of such problems, now is the time to consider them.

That does not mean that the end of a millennium need provoke us to tinker with what is not causing difficulty. It is worth noticing that what Section 1 of Article II of the United States Constitution says as to the election of the President, is that the election shall be by an electoral college consisting of

electors nominated by the various State legislatures. Not a word about parties, conventions, lapel buttons, balloons, popular voting, or other part of what people like us thought constituted the election of the President. I have found no American dismayed by this. None doubts that when the electors come to cast their vote they will comply with utterly binding convention, and vote in accordance with the popular vote in their State. What none has suggested is that this development of binding guidance for the electors makes it necessary to re-draw Section 1 of Article II of The Constitution. In similar manner the United States let its 200th birthday pass with no sign of a call to re-assemble some latter day representatives under some latter-day Governor Washington of Virginia, to look anxiously at that old Constitution (written *before* the days of the buggy) and make it relevant again. Perhaps they were kept from folly by having too much respect for their Constitution, and knowing too much of what Constitutions are and should be.

We are asked to take for granted the necessity for an utterly different approach. We are, it seems, to start again; in Sir Ninian's words, "to help lay the foundations for a system of government that accords with the realities of today and the needs of tomorrow." Here we poor deluded mortals were, some of us, thinking that we had "a system of government which accords with the realities of today" (whatever the words mean), while so help me Sir Ninian now reveals to us in a neutral debate-leading fashion that at present we do not have even the foundations for such a system of government. Those old Founding Fathers wrought even worse than we thought. On the other hand, perhaps they didn't. One can take some comfort from the remark of the great humourist Tom Lehrer, about the counsellor who "made his living giving helpful advice to people who were happier than he was." ■

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Blowing the Police Whistle

Whistleblowers need legislative protection if corruption in the police force is to be prevented.

ERIC HORNE

CORRUPTION, like the poor, will always be with us. But, like being poor, corruption is a matter of degree. It is relative and can be considered by some members of society in certain circumstances to be respectable. For example, is the acceptance of an informal bonus, such as a free meal, by a policeman necessarily indicative of a trend towards corruption? Alfred McCoy, in his book *Drug Traffic – Narcotics and Organized Crime in Australia*, suggests that it is.¹ If we take it as a given that a degree of corruption is always present, it may well be asked why it is that most cases of exposure of police corruption arise from sources other than the police themselves.

It was with considerable interest that I read Chief Commissioner Kel Glare's message to the Victoria Police in the October 1992 edition of *Police Life*. His subject is 'whistleblowing'. Very correctly he affirms that whistleblowers are "special and courageous people." He urges policemen to "understand, appreciate and support their actions." His message is very commendable and in keeping with his determined efforts to keep the Victoria Police free of corruption. His statement that police who do not approve of whistleblowing are "thankfully few" may well be true, but police who will openly support a whistleblower are, on the other hand, regrettably also few. In all my 37 years of policing, from constable to chief inspector, I have difficulty in identifying even one genuine whistleblower. There were, of course, police who informed on their colleagues, with a view to obtaining an indemnity against prosecution for their own misdeeds. Others would leak information to the media, but genuine whistleblowers I do not recall.

Like most long-serving police officers I experienced events and situations where perhaps the whistle should have been blown, but neither I nor my colleagues had the requisite motivation or courage to break with the police code of silence – a code which young men and women, however high their integrity on joining the police, quickly absorb and apply. Applied to minor infringements of police rules and regulations this code of silence is understandable, not only to protect individual officers' careers, but also for the effectiveness of the police as a whole. Even the most minor irregularities by police

will be seized upon with savage glee by some media persons and the chronic police-hater. A surfeit of whistleblowing would have a demoralizing effect on police and result in a significant loss of effectiveness. It is, therefore, only with the serious cases of police malpractice that this article is concerned.

What makes up a whistleblower? According to Norman Bowie's *Business Ethics*,² the whistleblower should:

- act from moral motives aimed at preventing unnecessary harm to others;
- have exhausted all internal procedures before going outside the organization;
- possess a weight of real evidence sufficient to establish a reasonable case;
- be aware that his actions may destroy his existing career and jeopardize future job prospects;
- not act for purely malicious or selfish reasons.

The Courageous Few

The most notable and heroic police whistleblower was, in my mind, the New York policeman Frank Serpico whose exploits achieved fame in the Al Pacino film *Serpico*. The book of Serpico's attempts to expose the systematic corruption within the New York Police reveals that his experiences resembled a Kafka novel.³ Colleagues became suspected enemies. Superiors could not be trusted. Many policemen had forgotten the aims and responsibilities of their occupation. The culture of 'us' and 'them' created in the minds of many officers a justification for corrupt behaviour. Money was 'clean' if it came from traffic bribes, gambling and prostitution: it was 'dirty' if it came from narcotics.⁴ All Serpico's efforts to expose police corruption during the 1960s were frustrated by the evasions of his superiors. His refusal to take his share of pay-offs from criminals in the gambling and narcotics rackets earned him the distrust of his colleagues. He lived in fear of assassination from corrupt colleagues and the administrators seemed to prefer to "look the other way." For five ➡

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Whistleblowing in W.A.

An extract from the Report of the Royal Commission into Commercial Activities of Government and Other Matters, Part 2, Western Australia, 1992.

THE Queensland Fitzgerald Report (1989) made the observation that "[h]onest public officials are the major potential source of the information needed to reduce public maladministration and corruption. They will continue to be unwilling to come forward until they are confident that they will not be prejudiced." The Commission endorses both statements. Even where appropriate systems are in place, one cannot be certain that maladministration and misconduct will be revealed. What is certain in this State is that appropriate systems are not in place to facilitate such revelation, nor to provide reassurance to officials and private individuals that if they make such revelations they will not be subjected to harassment, discrimination and legal proceedings...

It may well be the case that whistleblowing legislation will become the norm for this country. Whether this will be so or not, the Commission believes that its enactment in this State is desirable. It is not a measure that government and senior officers have hastened to embrace; it can create embarrassment and difficulties. But in our view the desirability remains...

The vital prerequisites for a whistleblowing scheme are:

- (a) that it be credible so that officials and others not only feel that they can use it with confidence but also can expect that their disclosures will receive proper consideration and investigation;
- (b) that it is purposive in the sense that the procedures it establishes will facilitate the correction of maladministration and misconduct where found to exist; and
- (c) that it provides reassurance both to the public and to the persons who use it. Consistently with the preservation of confidentiality in relation to operational matters, there should be appropriate reporting to Parliament. The public is entitled to know that where allegations have been made, they have been properly investigated and, if substantiated, remedial action taken. Persons using it are entitled to expect that they will be protected from reprisal...

One of the more contentious questions to be answered in settling upon a scheme suited to this State, is the identification of the types of actions, activities and concerns which may be made the subject of a whistleblowing disclosure. This is not a matter on which a uniform approach has been adopted elsewhere, although there is a common core of matters which are now widely accepted, including illegality and dangers to public health and safety. In the light of the Commission's inquiries, one matter in particular will require careful consideration. That relates to the management and waste of public funds. While officers should not be able to complain of every use of public funds with which they disagree, it is abundantly clear that there is a vital public interest involved in the protection of public funds from waste, mismanagement and improper use. Whistleblowing provides one means for the protection of that public interest...

Of central importance in whistleblowing legislation are the measures to protect the whistleblower from reprisal, whether it be from harassment, intimidation and discrimination in the workplace or otherwise, from civil actions for breach of confidence or defamation, or from criminal and disciplinary proceedings. It is essential that a whistleblower, not only should have avenues through which to make the disclosure, but should also be able to turn to an appropriate agency for counsel and for protection against reprisal. It is inappropriate that a whistleblower be given rights against reprisal but then be expected to rely upon self-help for their vindication. We would add by way of qualification that a person should not be entitled to protection if a complaint is made which is known to be false, or which is not made on reasonable grounds...

Accordingly, the Commission recommends that:

The Commission on Government review the legislative and other measures to be taken:

- (a) to facilitate the making and the investigation of whistleblowing complaints;
- (b) to establish appropriate and effective protections for whistleblowers; and
- (c) to accommodate any necessary protection for those against whom allegations are made.

years Serpico lived with harassment, fear and frustration, until the Mayor of New York was persuaded to establish the Knapp Commission into Police Corruption. That body found that amongst some police and citizens corruption had become 'respectable', and that "any policeman who violated the code of silence did so at his peril."⁵ Perhaps the most significant and disturbing aspect of Serpico's story is that of the 32,000-strong New York Police Department he alone had the moral courage to press insistently for an official inquiry. Most police were either participants or were prepared to "look the other way."

In Australia, the most well-known act of whistleblowing, albeit unsuccessful, was that of the Queensland Commissioner of Police, Ray Whitrod. Recognizing the existence of widespread systematic corruption in the Queensland Police, he chose to resign rather than accept the government's promotion of the corrupt Terence Lewis to the rank of Assistant Commissioner. Noteworthy also is the case of Sergeant Philip Arantz of the New South Wales Police. In 1972 he correctly informed the *Sydney Morning Herald* that Commissioner Norman Allan had falsified police crime statistics. After considerable harassment from the police bureaucracy Arantz was wrongfully dismissed from the force. Not until 1985, 13 years later, was he given compensation for his courageous action. A condition applied to the compensation, that "he not further discuss the issue!"⁶

Disillusionment

When I joined the Victoria Police in 1951, I took with me a background of religious fundamentalism and, like Serpico, had an immense respect for and trust in the police, a sentiment that I still retain to this day even if it is based on a different perspective to that held early in my police career. On completion of my training it did not take me long to realize that I needed to reassess my attitude towards the real world of policing. After six months of service I became aware that about 50 per cent of my traffic bookings were not proceeded with as a result of pleas from policemen of all ranks for a wide variety of reasons. I discovered that to refuse a plea was unthinkable in the eyes of my colleagues. Only the motorist without influence received a summons. After being instructed not to prosecute in a particularly blatant traffic offence I decided that I would not book any more traffic offenders. This was apparently displeasing to someone in the bureaucracy. One morning I was taken on patrol by a Sergeant who drew my attention to an offending motorist and I was told to "book him." I respectfully declined. The now grim-faced Sergeant left me without a comment. Later that day I was taken aside by the rather fatherly Senior Sergeant in charge of the station who, in a kindly fashion, suggested that it would be better if I transferred to another station.

Shortly after arriving at Prahran Police Station in 1954 I was contacted on a patrol by a local starting-price bookmaker and advised that there was 10 shillings each week for me from each of the SP bookies in Prahran if, as he put it, I would be "in it". In those days this would probably have doubled my

weekly salary. It did not take much imagination to realize what was involved. My refusal to be "in it" resulted, I suspect, in my being rostered for duties which provided me with few opportunities to interfere with the activities of local street bookmakers. There were other constables and sergeants on the station who took the same position as I did but who mostly chose to "look the other way." By this time I was aware that there were many perks for the unquestioning policeman. Driving licence applicants sometimes made gifts to testing police, tow truck drivers rewarded police who allocated accident-damaged cars to them, SP bookmakers, brothel keepers, abortionists and publicans paid some police for protection. Fortunately for Victoria much of this came to an end in 1955 with the appointment of Chief Commissioner Selwyn Porter and government anti-corruption initiatives. These, with the aid of Mick Miller and his 'Untouchables', began a drive against corruption which continues strongly to this day.

I describe these personal experiences because, first I believe that the widespread and systematic corruption of police by society was widely known. Honest police, lawyers, journalists, local government officials and justices were aware of the situation but chose to "look the other way." Like the corruption in the New York Police of the 1960s, corruption in the Victoria Police was 'respectable'. Secondly, our present state of minimal corruption is no reason for complacency; corruption can and sometimes does spread very quickly.

For most policemen of the 1950s the thought of blowing the whistle never entered their minds. It certainly didn't mine. Apart from the adverse reaction of colleagues there was always the chance of reporting corruption to the corrupt. The Queensland experience with Commissioner Terence Lewis is evidence that a network of corruption can reach to the highest levels of police.

The Victoria Police today is, I believe, second to none in its freedom from systematic corruption. It is true that there have been pockets of corruption, malpractice and violence and these will always occur in any large body of police. The lack of corruption, however, does not mean that society can be complacent. There have been a number of disclosures of police corruption in recent years. Dr Bertram Wainer's efforts in the area of abortion and police corruption are well known. Operation Zebra in 1984 involving illegal starting-price bookmakers and police, the exposure of a Fraud Squad detective as a brothel owner and the involvement of a detective in the importation of cannabis were examples of police corruption in the 1980s.⁷ Significantly, most cases of serious police corruption are exposed by people other than police, often by criminals and journalists.

Potential police whistleblowers would be well advised to take note of the 1976 Beach Inquiry into alleged police corruption in Victoria.⁸ In his history of the Victoria Police, Robert Haldane recounts the emotional reaction of police to the establishment of this Inquiry, leading them to provide legal, financial and moral support for corrupt and inept colleagues. Haldane quotes from the Inquiry's report which indicates that policemen had displayed "a collective assumption" that they were "beyond reproach and above the law."⁹ In the face of massive industrial action by the Police

Association, which included a work-to-rule campaign, the government appointed another committee, the Norris Committee, which overwhelmingly rejected the Beach Inquiry's proposals. In these circumstances — pressured by a code of silence, immersed in a disciplined hierarchical structure and faced with the prospect of creating a police backlash severe enough to overturn a judicial inquiry and cause a government to cave in — few policemen would find the will to whistleblow.

Protecting the Whistleblower

The evidence is strongly against the likelihood of members of the police blowing the whistle — contrary to Chief Commissioner Glare's contention that only a few police "find it difficult to accept the action of whistleblowers."¹⁰ The reality is that few police with careers and families to consider would take such a drastic course.

Is there a need for anything to be done? Senior police are quoted in *The Age* (2 November 1992) as saying that "there was a serious attitude problem in the ranks of the force's 10,000 police, almost half of whom are under 30." The number of police suspended from duty for criminal or improper behaviour increased by almost 300 per cent in 1991.¹¹ Corruption can grow and spread rapidly. There is then a need for both police and public vigilance.

So what is to be done? In the light of the possible consequences for whistleblowers there are several courses. Blowing the whistle anonymously is one, but this lacks credibility. Another is to prepare to accept the termination of one's career and seek another. Finally, of course, one can look the other way. The problem is complex and is one which should be addressed by both senior police and our legislators. The genuine whistleblower should be protected and, if necessary, compensated. Such protection and compensation should be enshrined in legislation and administered by an official such as the Ombudsman. The term Ethical Informant should be used to describe the whistleblower. Hard times are with us and will be for some years to come. The possibility of the growth of systematic corruption in the police and in society is one which cannot be ignored. ■

The 7.30 Report

During September, the ABC program *The 7.30 Report*, interviewed IPA staff and others (e.g. Tasman Institute) for what proved to be a beat up of the market oriented think-tanks. The thrust of the program was that the think-tanks are cyphers for the mining industry. Their case was based on the fact that we accept funds from the mining industry. (About 15 per cent of total revenues deriving from 32 separate contributors in IPA's case. In the case of Tasman Institute, no more than five per cent of its revenue comes from any one client, a fact which the ABC chose not to broadcast.) If funding were to be the test of independence, then think-tanks, because of their diversified funding, are far more 'independent' than are universities and the ABC itself. The independence of the think-tanks (including that of the generally soft-left Evatt Foundation which was not mentioned in the program) depends on the integrity of their staff. It involves at times resisting pressure not to publish.

So biased was this fundamentally silly report that, for instance, IPA's opposition to the tax-free status that gold mining once enjoyed was not even mentioned. Had it attempted objectivity, the program would further have noted that our opposition to the tariff might not be approved by another and larger source of funds, and that our critical analysis of rural marketing arrangements would not be approved by yet another group of subscribers.

During the course of the interviews, by taking one incorrect and misleading sentence by Des Moore out of context, the ABC conveyed the impression that we at IPA believed that because the Tasman Institute takes occasional consultancies, it was less independent. The IPA has also taken consultancies, e.g. with Tasman for Project Victoria. Tasman, like IPA, is independent and resists the pressures to weaken that independence (for example, I understand that some parts of business sought to stifle the fundamental reform and privatization of WorkCare proposed by Tasman for Project Victoria — but Tasman stuck to their guns). The Tasman Institute is the sister organization with which IPA has worked most closely in the past and with which we hope to continue our informal association. Obviously, we do not hold the view propagated by *The 7.30 Report*, nor anything like it.

John Hyde
Executive Director

1. Alfred McCoy, *Drug Traffic — Narcotics and Organized Crime in Australia*, Sydney: Harper and Row, 1980.
2. Norman Bowie, *Business Ethics*, Englewood Cliffs, New Jersey: Prentice-Hall, 1982, p. 143.
3. Peter Maas, *Serpico*, New York: Viking, 1973.
4. The Knapp Commission Report on Police Corruption, New York: George Braziller, 1973.
5. *Ibid.*
6. Evan Whitton, *Can of Worms*, Melbourne: The Book Printer, 1987.
7. Bob Bottom, *Inside Victoria: A Chronicle of Scandal*, Pan Macmillan Publishers Australia, 1991.
8. *Ibid.*
9. Robert Haldane, *The People's Force*, Melbourne University Press, 1986.
10. *Police Life*, October 1992.
11. *The Age*, 2 November 1992.

Strang

Is the World So Gullible? Just returned from a year's study tour of 42 American cities, Peter Botsman, Head of the government-funded left-wing think-tank, the Evatt Foundation, says (in *The Bulletin*) that if Labor loses at the next Federal election, Hewson's term in office will be short-lived because his policies simply go against "world opinion". Australia, he suggests, is becoming a kind of international role model (Medicare and the Accord are mentioned). Soon "other countries will be emulating the sort of things we've been doing here in the past 10 years." Botsman may have uncovered a cunning plan by the Federal Government to improve Australia's relative position in the international economy by handicapping our competitors, that is, by persuading them to do as we have done.

From Biscuits to Oblivion An air of hysteria pervades many children's books on the fashionable subject of the environment. Take this blurb on the cover of *Earth First*, a new book by David Bowden and Jenny Dibley targeted at 10- to 13-year-olds: "Just before bedtime you decide it's a biscuit you need...But the biscuit jar is empty! As luck would have it, you live next door to a 24-hour supermarket...Back in the kitchen, you stuff a biscuit into your mouth, empty the rest into the biscuit jar and dump the useless packaging into the bin. Minutes later, you are snoozing happily, enjoying a dream about next weekend's camping trip. But the dream turns into a nightmare — your camping trip is cancelled because the Earth has been destroyed by useless packaging!" The book's bias is suggested by chapter headings such as 'Technology vs the Environment'. This particular chapter unfavourably compares the reliance on refrigeration and packaging in Western food stores with open-air Third World markets. The contribution of refrigeration and packaging to minimizing food wastage is not considered. Among its more surprising claims, the book lists wood as a non-renewable resource! Someone should tell the authors that, yes, wood does grow on trees.

Retreads Under the old socialism, not quite everything went according to (central) plan. But forget that. The new, improved, redefined socialism is now available. Duncan Kerr's *Redefining Socialism* includes a collection of new essays (by some old names) determined to convince us that with a coat of paint and a new set of wheels, socialism is the vehicle to carry Australia into the next century. Peter Baldwin, the Federal Higher Education Minister, for example, proposes the establishment of a government venture capital agency to direct funds into industry development. What a novel idea! What should we call this new agency? ... How about The Visionary Economic Development Corporation — VEDC for short?

Where's the Romance? Remember the Chicago Seven, the young revolutionaries jailed in the USA in the 1960s? In the 1990s, according to a poster seen recently in Fitzroy, students are being urged to take to the streets for the Austudy Five. It doesn't create quite the same frisson, does it?

Knowing Your AVC Every new wave in education is accompanied by new jargon and a restructured bureaucracy. The Carmichael Report, *The Australian Vocational Certificate Training System*, devotes an appendix to the many acronyms for the many committees which are mentioned in the report: 29 in all. But none of the committees listed matches that mentioned in a press release from the Victorian University of Technology. It announced a new appointment to the Australian Vice-Chancellors Committee Credit Transfer Project Business Studies Reference Group. That's the AVCCCTPBSRG.

Too Many Letters We live in the age of the acronym and I suppose one should be grateful for any sign of resistance to further examples. On the other hand...A letter circulating among Commonwealth government departments expresses "concern that the shorthand term 'ATSI' is increasingly being used by Governments to describe Australia's indigenous peoples. This is not appropriate. At the recent Australian Aboriginal Affairs Council (AAAC) Ministers' forum in Canberra (28 August 1992) a formal resolution was agreed that it is unacceptable to use the shorthand reference 'ATSI' to describe Aboriginal and Torres Strait Islander peoples, particularly in official documents. It is requested that 'Aboriginal and Torres Strait Islander peoples' should always be printed in full and that terms such as 'ATSI' should on no account be employed...There are currently a number of terms used in reference to Torres Strait Islanders: 'Islander', 'Islanders', 'TSIs' and 'TIs'. These terms are ambiguous, inappropriate and offensive. When referring to Torres Strait Islanders it is important to use the full wording." The letter is signed by the CEO — sorry, Chief Executive Officer — of ATSIC — an acronym which is apparently acceptable as it appears prominently on the letterhead. Such are the sensitivities and subtleties which preoccupy the minds of our bureaucratic brethren in Canberra.

Difference of Opinion "Support for Kennett takes a post-poll tumble" was the way *The Bulletin* headlined its opinion poll on 1 December. But the actual figures told a different story. Sure, the new Government in Victoria had fallen four points in popularity since the 3 October election (a smaller decline than might have been

e Times

predicted given the tough measures the Government has had to introduce to reduce the State's debt), but Mr Kennett's personal standing had in fact shot up by 13 points. Whose opinion, then, was reflected in the headline?

Certainly Mr Kennett is infuriating the Left, which, true to form, is turning very nasty. Members of the far Left have taken a break from disarmament rallies and tree-hugging to distribute a sticker around Melbourne which reads: "Take a contract out on Kennett" and portrays a rifle with its sights aimed at the Premier.

Read Their Lips The Natural Law Party claims to be the third-largest political party in Victoria, and even gained the vote of Don Chipp at the recent State election. Most Victorians were more incredulous about the party's platform. The platform ("based on scientific principles and supported by extensive research") included a claim to be able to reverse the ageing process and almost halve the incidence of cancer; prevent crime by introducing programs to eliminate stress in the population (it's true armed robbers do look under stress; so do their victims); improve education by increasing the intelligence of children (why hasn't this been thought of before?); get rid of unemployment through specialized training to "unfold the latent creative potential of the individual"; and, perhaps the boldest claim of all, eliminate party rivalry.

Long-Sighted From time to time, most people concerned about Australia's long-term welfare get irritated at the inability or unwillingness of politicians to think beyond the next election. But few would adopt quite as Olympian a view as Michael Archer, Professor of Biology at the University of NSW, who insists (in *The Sydney Morning Herald*) that "we have to think in terms of 50,000 years from now." Professor Archer is concerned, in particular, about the survival of native plants and animals, but he underestimates the fallibility of the human animal. "How do you make God laugh?" asked Owen Harries at a PSRI conference on foreign affairs two years ago. Answer: "You tell Him your plans for the future." Planning 10 years ahead stretches the limits of human foresight: 50,000 years is strictly for the birds (not necessarily native birds).

Professor Archer is not one to think small. He would like to increase the area of Australia set aside for national parks from five per cent to 25 per cent! He opines: "It would be nice to think of Australia as a colossal environmental reserve..." If the environmental lobby continues to have its way, his dream may well come true.

Exotic Rights Reading the international journal *Anthropology Today* is a revelation of the weird practices and rites that have evolved in social groups around the world. I refer not to the journal's research articles, but to its

employment pages. York University in Toronto, for example, is looking for two assistant professors in Socio-Cultural Anthropology (beginning 1 July 1993). The advertisement states, in part: "York University is implementing a policy of employment equity, including affirmative action for women faculty. York encourages applications from all qualified candidates, including women, native peoples, persons with disabilities, and visible minorities." What, in the name of Margaret Mead, is a visible minority? Very tall people? People with red hair? People with no hair? To the outsider the possibilities seem limitless; but no doubt among the initiated vision becomes appropriately selective: some minorities suddenly become visible while others fade from sight.

Each tribe of anthropologists has its own revealed truths, which an umbrella organization like the American Anthropological Association must take into account. Its newsletter does so by including an editor representing the Association for Feminist Anthropology; another the Association of Latina and Latino Anthropologists; a third the Association of Senior Anthropologists; a fourth the Society for Anthropology in Community Colleges and so on. It may seem irrational to those of us who hold to the notion that truth transcends sectional interests, but that notion would probably be dismissed as ethnocentric.

More Radical than Thou Roger Milliss's book, *Waterloo Creek*, which takes the Myall Creek massacre as illustrative of relations between British settlers and Aborigines in mid-19th-century New South Wales, has been criticized by an ANU historian as not being radical enough. Milliss's book presents Aborigines as the victims of predatory whites; it shared the National Book Council's 1992 Banjo Award for non-fiction. Dr Peter Read of the ANU, however, believes that Milliss ought to have concluded the book by arguing for "Aboriginal passports, an Aboriginal State, or even a statutory Aboriginal majority in the national parliament." Dr Read told *ANU Reporter* that he was not trying "to impose 'political correctness', and said there was much diversity in Aboriginal history. Some historians believed, for example, that an ethically neutral stance produced better Aboriginal history than an historian committed in advance to an Aboriginal case."

Democratic Burden In the Hobart Magistrate's Court earlier this year 'Aboriginal activist' Michael Mansell was fined \$25 for refusing to vote. He claimed that making him vote was forced assimilation. Tell that to South Africa's blacks.



Genesis Revisited

BRIAN J. O'BRIEN



In the beginning God created heaven and earth." He was then faced with a class action lawsuit for failing to file an Environmental Impact Statement with the Heavenly Environmental Protection Agency (HEPA), an angelically staffed agency dedicated to keeping the Universe pollution-free.

God was granted a temporary permit for the heavenly portion of the project, but was issued a "cease and desist" order on the earthly component, pending further investigation by HEPA.

When asked why He began these projects in the first place, His response that he liked to be "creative" was not considered adequate reasoning. He will be required to substantiate this further.

HEPA was unable to see any practical use for earth, since "the earth was void and empty and darkness was upon the face of the deep." God's next response was "Let there be light."

This clearly was a significant variation of the original proposal. Officers of HEPA formally required Answers to the Questions: How was the light to be made? Would it be a coal-fired or nuclear-powered generating plant? God explained that the light would come from a huge ball of fire.

Nobody in HEPA really understood fusion, but His proposal was provisionally accepted subject to review by the Galactic Environmental Authority (GEPA), whose administrative procedures differed from those of HEPA, but were currently being reviewed. In the meantime, because HEPA was sensitive to a Big Bang, the conditions of interim approval were: (1) there would be no smog or smoke resulting from the ball of fire, (2) a separate burning permit would be required. Furthermore, since continuous light would be a waste of energy, it should be dark at least one half of the time to achieve the Andromeda Target.

And so God agreed to divide light from darkness and He would call the light "Day", and call the darkness "Night". HEPA expressed no interest with in-house semantics but listed the outcome in its annual Performance Indicators.

When asked how the earth would be covered, God said "Let there be firmament made amidst the waters; and let it divide the waters from the waters." One ecologically radical HEPA member accused Him of double talk, but the Council tabled action since God would be required first to file for a Firmament Permit from the ABLM (Angelic Bureau of Land Management) and further would be required to obtain water permits from appropriate agencies involved.

HEPA asked if there would be only water and firmament, and God said, "Let the earth bring forth the green herb, and such as may seed, and the fruit tree yielding fruit after its kind, which may have seed itself upon the earth." HEPA agreed to this as long as indigenous (native) seed was used, from a licensed vendor.

About further development, God also said, "Let the waters bring forth the creeping creature having life and the fowl that may fly over the earth under the firmament of heaven." Here again, HEPA took no formal action since this would require a separate application to and approval of the Game and Fish Commission, co-ordinated with the Heavenly Wildlife Federation and subject to renewal every equinox and a comprehensive review every saros.

It appeared that everything was in order until God stated He wanted to complete the project in six days. At this time He was advised by HEPA that His schedule was completely out of the question. HEPA required an adequate public comment period, then a minimum of 180 days to review, then there could be the public hearings. It would take a minimum of 12 months before a works approval permit could be granted.

And God said, "To Hell with it." And HEPA rested. ■



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RON BRUNTON

Holistic Thinking About Environmental Risks

MOST environmentalists argue that if we are to understand the world and develop effective solutions to its problems we must adopt the perspective of holism. Not the most euphonious of words, 'holism' entered the English language in 1926, with the publication of Jan Smuts' philosophical work *Holism and Evolution*. It is an unlikely provenance for a concept so beloved by greens and New Age followers. Certainly, Smuts was a gifted and respected amateur botanist with a reverential attitude towards nature. But he was also a great South African statesman whose views on racial matters, while liberal within his own milieu, were paternalistic and essentially separatist.

For Smuts, holism referred to a cosmic evolutionary principle or force that created ever more complex 'wholes' which are qualitatively different from the sum of their constituent parts. Although this notion is present in some contemporary usage, 'holism' or 'holistic thinking' more commonly refers to an anti-reductionist outlook which recognizes that nothing exists in isolation, and which stresses the importance of considering things in their context, and in their interactions with each other.

This broader meaning of the term expresses a sound maxim. All of us would probably be better off if policy-makers heeded the counsel of environmentalists

and committed themselves to a more holistic view, giving greater thought to the possible consequences of particular courses of action. Too frequently, inter-related issues of significance are insulated from each other in public discussion.

Unfortunately, some of the worst offenders against the application of holistic thinking in public debate are environmentalists. This is perhaps an inevitable result of the way in which most of the prominent environmental

A genuine acceptance of the interconnectedness of things would mean recognizing that safety and danger are intertwined within the same objects and practices.

groups in Australia have defined their primary role. They are lobby groups attempting to pressure governments and business into taking actions which restrict or devalue the resources of parties other than themselves; rather than using or risking their own and their members' resources to develop innovative and effective programs for environmental management and proper public education.

Of course, environmentalists often do delineate scenarios which combine

disparate elements and give the impression of an integrated or holistic approach: thus the promised consequences of the enhanced greenhouse effect are presented not just in meteorological terms, but in terms of the harmful outcomes for epidemiology, biodiversity, economic activity, social and political stability, international relations, and so on. Yet in the hands of environmental activists the scenarios invariably omit or play down possible beneficial outcomes such as increased agricultural productivity, or the economic, social, political and environmental dangers that may lurk in favoured programs to counter the enhanced greenhouse effect.

Campaigns Against Chemicals

A candid acknowledgment of the complexity of environmental issues would undermine the capacity for political mobilization around these issues. For instance, what would happen to campaigns against the chemical industry if more people realized that supposedly health-motivated restrictions on the use of some agricultural products could actually intensify risks to humans from the natural substances the products were developed to combat? When the US Environmental Protection Agency banned the grain and soil fumigant ethylene dibromide (EDB) in 1984 because tests had suggested the possibility of a very small increased risk of cancer, it removed a major weapon against the potentially more potent

natural carcinogen aflatoxin B, which is harboured in moulds.

Such campaigns would also be jeopardized if people had a better understanding of the uncertainties involved in the scientific assessments of chemical risks, such as the problems of extrapolating from animal tests to humans, or from the extremely high doses used in experimental testing to the far lower doses to which humans are likely to be exposed. People who fear that we now live in a much more hazardous world because of 'chemicals' have little knowledge of the highly dubious assumptions that underlie many widely cited estimates of the risks to human health posed by particular substances,

or of the absurdity in distinguishing between the toxicity of 'natural' and 'synthetic' chemicals.

A partial antidote to the ignorance on which much contemporary anxiety about chemicals is based is a recently published book by Joseph Rodricks, *Calculated Risks*. Rodricks provides an accessible, moderate and interesting introduction to the methods and chemical and biological principles of toxicology, and their application to risk assessment and management. He discusses the limits of contemporary knowledge and the misleading nature of the claims about toxic risk that usually accompany campaigns against targeted products and processes.

In fact, the kind of 'risk-averse' strategies that environmentalists advocate can only seem plausible within the very perspective that they profess to despise: a reductionist linear framework which considers events and actions in isolation from each other. As Aaron Wildavsky has noted in his masterly work *Searching for Safety*, a genuine acceptance of the interconnectedness of things would mean recognizing that safety and danger are intertwined within the same objects and practices. The fire that warms us and makes our food more digestible and palatable can also burn and destroy; water can drown us; and all chemicals, whether man-made or natural, are toxic

Morbid Aversion to Risk

"...the idea that our individual lives and the nation's life can and should be risk-free has grown to be an obsession, driven far and deep into American attitudes. Indeed, the desire for a risk-free society is one of the most debilitating influences in America today, progressively enfeebling the economy with a mass of safety regulations and a widespread fear of liability rulings, and threatening to create an unbuoyant and uninvestive society...

Who are the people who promote the intolerance of risk in contemporary America, and select which risks the society should worry about? It is reasonable and almost certainly correct to assume a link between the attitudes that have led to the slowing of such new and promising industries as space technology and nuclear power, the gross development of liability law and litigation, the concern about environmental pollution, and the finicky attention to one's bodily health, comfort, and even purity. Together they form a syndrome.



The people who are environmental extremists are likely also to be exorbitantly fussy about the risks to their bodily purity from a multitude of pollutants, natural and artificial, not much concerned about the progress of the space and nuclear power industries, automatically against manufacturing companies in liability cases, and generally uninterested in creating

and maintaining a productive industrial economy.

From such people are drawn the staffs and membership of the special interest groups that have sedulously promoted America's risk aversion. Douglas and Wildavsky counted some 75 national environmental groups alone, and thousands more at state and local levels. By something like sleight of hand they represent themselves as public interest groups, but in fact these risk-averse groups speak for a very clear special interest: those who work not in manufacturing industries, but in the now vast services sector, including government and corporate bureaucracies, and who manufacture nothing. In short, they do not get their hands dirty. So it is easy for them — it does not violate their "class interest" — to be indifferent to creating a productive industrial economy. It is no sweat off their backs if a manufacturer is closed down, and its workers laid off for environmental reasons. The risk-averse groups are drawn from a privileged class."

Henry Fairlie, 'Fear of Living', *The New Republic*, 23 January 1989

under some conditions of exposure.

Given that uncertainty is an inescapable fact of human existence, this means that we cannot reduce existing risks without incurring new ones. But neither can we avoid risks by refusing to change and by sticking with what we know: our ability to deal safely with the unforeseen circumstances that will inevitably arise in the future is strengthened by responding to, creating, and learning from the new opportunities scientific and technological progress present to us. Resilience is as important a characteristic of human social systems as it is of ecosystems, and it is only achievable by societies whose knowledge and ingenuity is being expanded by the experience of continual trials and errors, and whose prosperity and control over resources are growing. By focusing on the possible dangers of introducing new products or technologies, environmental campaigns direct people's attention away from the dangers we would face were we to prevent these new developments.

Farm Productivity Saves Land

For example, a recent Cato Institute study of agricultural productivity, *Sustaining development and biodiversity: productivity, efficiency, and conservation*, has provided an indication of the massive environmental costs that would have occurred had US agricultural technology been frozen at 1910 levels (the earliest date for which reliable data are available). The authors, two analysts from the United States Department of the Interior, calculate that US agricultural production for domestic consumption and export required the harvesting of around 300 million acres of land in 1988. But were it not for the changes in the use of machinery, seed varieties, fertilizers and pesticides, and changes in products and management practices that have occurred since 1910, over 1,220 million acres — 54 per cent of the total US land area — would have been needed to meet domestic needs and to produce the same amount for export as was produced in 1988.

(Despite widespread concerns about land degradation, a comparable study for Australia would almost



"The greatest developments of the last two centuries are three: science, or competition among ideas; economic growth, or competition for resources; and democracy, or competition for office. So why aren't scientists in this democratic nation speaking out on issues that affect economic growth? Toxicologists, for instance, know that the popular perception of risk is wrong. But they don't speak out. Science is falling into disrepute because others are not silent; they are urging us to turn back the clock a century or more, to reverse the Industrial Revolution and halt technological progress.

If they are successful, they will, at the very least, slow economic growth, which will lead to more pollution and disease. At worst, given the strong historical link between science as competition of ideas and democracy, they may weaken democratic rule. To me, that is the most serious threat."

Aaron Wildavsky, 'Is It Better to Love the Earth or the Truth?', Cato Policy Report, May/June 1991.

certainly show a similar trend, even if less marked. Thus, historical statistics for Victoria published in 1986 by the Australian Bureau of Statistics indicated substantial increases in yields and carrying capacities of land for the major categories of crops and livestock between the decades 1910-20 and 1974-84.)

As the authors of the Cato Institute study point out, the fourfold increase in land which would have been required for agriculture in the United States would mean that only mountain peaks or virtual deserts would be available for National Parks or Wilderness Areas. The acreage of forestlands and wetlands would have been drastically reduced, with an attendant reduction in natural habitat and biological diversity. And the massive land conversion would almost certainly

Focusing on the possible dangers of new products or technologies directs attention away from the dangers we would face were we to prevent these new developments.

have produced a higher net amount of greenhouse gases. Of course, there would have been an alternative to this land conversion, but this would have involved substantial famines.

Were environmental groups to adopt a truly holistic approach to risk, they would have to rethink their goals and strategies. They would need to move away from the anti-humanist inclination to treat the 'natural' as the ultimate measure of what is right, and towards a greater acceptance of the great environmental (and other) benefits of cultures which promote freedom, prosperity, rational inquiry and discussion, technological progress and a sense of individual responsibility. While this would diminish their appeal to the rancorous chattering classes, it would make them far more constructive contributors to the well-being of both humanity and the planet. ■

Reforming Public Sector Enterprises

Far from being reasons to slow the pace of public sector reform, recession and high unemployment provide every reason to push on with renewed determination.

BILL SCALES

IF improvements in the performance of the government business sector are to be successfully implemented, they must be based on a proper and widespread understanding of why the hard work and inevitable dislocation is justified. Activity and jobs in Victoria, for example, will not grow if Victoria lags behind the rest of Australia in implementing productivity-enhancing reforms. The magnitude of the task facing the State argues for it to lead in its reform efforts, not to lag behind the rest of the pack.

John Cain has put on the public record his account of how essential reform in public transport was stalled in his Government's third term. This had the effect of "killing stone-dead a range of programs of work practice changes in other areas of the public sector. In health, community services, education and even police the forces of resistance to change received an enormous lift" (*The Age*, 16 October 1992). Clearly, a lot of restrictive practices and over-staffing in public sector agencies remain to be addressed and there are pricing and other reforms yet to be implemented.

The Imperative to Improve Performance.

One of the forces which is focusing reform effort onto the public sector is the fact that other sectors of the economy have already been subjected to increased competitive pressure. Manufacturing protection has been halved over the last decade and phased reductions in protection will mean that the majority of tariffs will be no higher than five per cent by the year 2000. For the most part, our miners and farmers have been subject to stiff international competition for many years.

Governments must realize that their performance is a major consideration of firms faced with large investment decisions. Firms require stability of policy direction and governments whose zeal for reform is equivalent to their own. Our trading industries are up against intense international

competition. They cannot be expected to succeed if they are burdened by inefficiency on the home front. It is this realization which must condition the search for better performance from the public sector.

Government-supplied inputs are significant costs for many industries. Major export industries, particularly coal and grain, are heavily dependent on rail transport. Some 75 per cent of coal and 60 per cent of grain is transported by government-owned railways. Electricity represents about 30 per cent of the operating costs of the average aluminium smelter. The electricity bill alone for a car assembly plant is about \$70 per car.

All Australians, as taxpayers and shareholders in these enterprises, should be vitally concerned with maximizing the return on the massive investment that is made on their behalf in the public sector. At June 1991 government business enterprises in Australia accounted for:

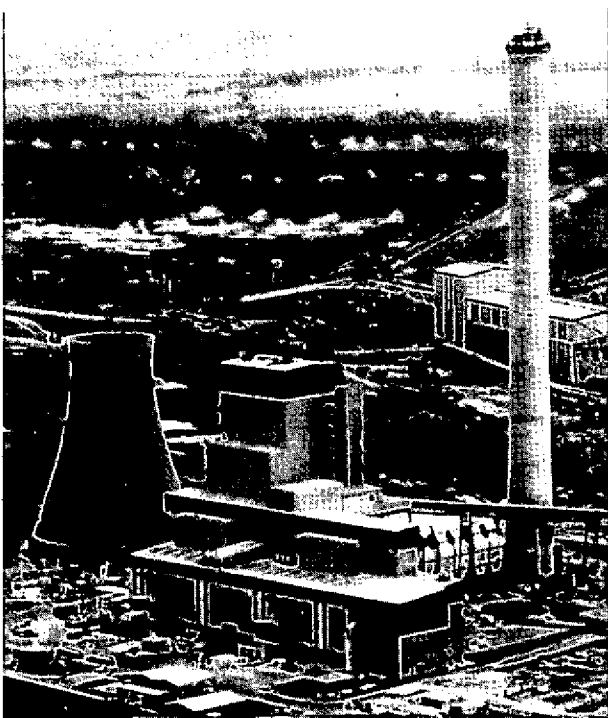
- Six per cent of total employment (439,000 employees)
- 10 per cent of total wages (\$17.3 billion)
- 10 per cent of gross domestic product (\$33.9 billion)
- 14 per cent of gross fixed capital expenditure (\$8.2 billion)
- 19 per cent of the net capital stock (\$202.1 billion)

Social Equity

Increasing efficiency and the size of the national cake is a precondition for a fairer and more just society. Without a stronger productive capacity the ability of society to deliver services to those in need cannot be sustained. This fundamental truth seems to be lost on those who portray the search for a more productive economy, and particularly a more productive public sector, as being cold-hearted and unconcerned with the social well-being of the community.

Bill Scales is Chairman of the Industry Commission. This is an edited version of a speech to the AIC Conference, Managing Change and Maximizing Performance in the Victorian Public Sector, Melbourne, 27 October 1992.

Gains to the community from public asset sales come primarily from efficiency improvements, not from the revenue from the sale itself.



Victoria's Loy Yang B power station: partly privatized

Micro-economic reform is not ostensibly aimed at social goals and nor should it be. That is the proper task of the redistributive policies of government. But without efficiency there is less to redistribute — the inefficient will have taken it for themselves through either excessive incomes or cost padding. I see no morality in that. What is moral and ennobling about inefficient work practices, for example, which waste human talent, impose costs on fellow Australians — particularly the poor and the disadvantaged — and limit their potential to improve their lot?

Recession and high levels of unemployment have been cited as reasons to slow the pace of reform. The personal and economic costs of having 11 per cent of the work-force unemployed must be acknowledged and addressed. But in my view, far from being a reason to slow the pace of reform — including that of government business enterprises — there is every reason to push on with renewed determination. One powerful reason is that to slow down reforms in the government sector would impose costs on taxpayers and reduce employment prospects in those industries which are striving to cope with increased competition in difficult times. The search for greater efficiency is a self-reinforcing process. To ease the pace of reform in one area may well cause the whole process to lose momentum and that would do irreparable damage to our prospects of building a more dynamic economy.

Benefits are Tangible

Improvements to date in the performance of government business enterprises (GBEs) provide considerable comfort that the effort to find still better ways of doing things is worthwhile. The extent of progress is apparent from evidence presented to a number of recent and current Industry Commission inquiries into areas where GBEs dominate — including energy, water, rail and post.

At the same time there is real and persistent concern that users have not fully benefited from the productivity gains achieved. This suggests strongly that governments must continue to review such areas and remove the remaining impediments to better performance.

Thus the challenge is to extend the reform effort and to keep the effort going. This can be done in the knowledge that further substantial rewards are at hand. But it also has to be done with the knowledge that other nations are not standing still. The competitive challenge to Australia's trading industries is intensifying. The ultimate test is to match and exceed international best practices in price, delivery and service.

What must be done to make the government business sector more efficient?

The approach must be outcomes-driven and informed by the circumstances of individual enterprises.

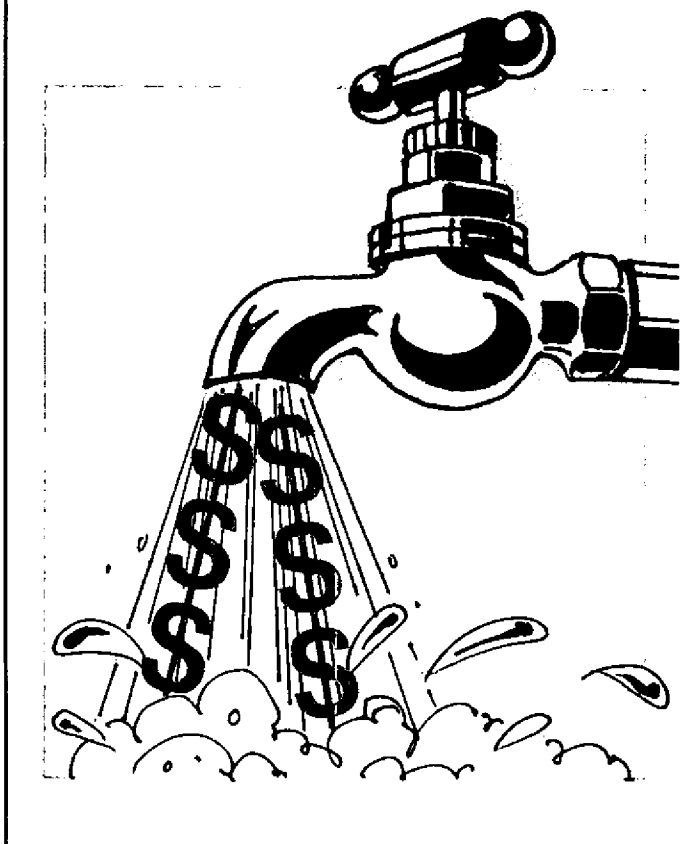
Ownership

Before considering how to reform GBEs, governments need to ask themselves whether they should be in a particular business at all. The answer will be influenced by a wide variety of factors, involving an assessment of the economic benefits of government participation in business, its commercial risks and its potential longer-term costs, including the diversion of public funds from other priority areas.

It is clear that private ownership brings with it a dimension of competitive discipline which cannot be replicated in the public sector. Gains to the community from public asset sales come primarily from efficiency improvements, not from the revenue from the sale itself. This point can be missed, especially by cash-starved governments. A dilemma can arise when the revenue from the sale of a public enterprise will increase if the enterprise is transferred to the private sector with restrictions on competition still intact and/or with inadequate regulatory controls over the abuse of market power. In such a case the efficiency gains from such a transfer would be placed at risk. To avoid this, restrictions on competition should be removed *before* sale. Certainly the British experience suggests that barriers to competition are difficult to remove once enterprises have been privatized.

In a number of inquiries the Industry Commission has recommended the sale of government assets where there are clear-cut efficiency benefits to be obtained. This includes, for example, all electricity generation assets and at least some distribution assets. The potential exists also for the private ownership of some railway tracks, such as dedicated coal lines and other assets.

A major part of pricing reform is to ensure that users pay directly for each litre of water consumed.



In its recently released report on water resources and waste-water disposal, the Commission concluded that there is considerable scope to improve arrangements for urban water services *while maintaining government ownership*. The reforms proposed would not preclude private ownership in the future should that be judged desirable. However, in the irrigation sector the Commission has recommended that distribution systems should be privatized. If ownership remains in public hands a taxpayer commitment to maintain and refurbish existing uneconomic systems is likely to be on-going.

The advantages of private ownership of organizations providing public services are uncertain where a natural monopoly is present — that is where the markets tend naturally to be supplied, at least cost, by a single producer. Where the possibility of actual competition is remote, there are difficulties in devising effective regulatory regimes to deal with concerns about the abuse of market power. There is a trade-off to be made between 'cost padding' and 'profit padding', with uncertain effects on the prices and quantities of services provided. Thus, case-by-case evaluation is required. The answer hinges on the cost effectiveness of regulating a public versus a private monopoly.

Competition

Much public sector activity has been artificially insulated from competitive pressures by legislated monopoly or

regulations on the use of substitute services. Where competitive disciplines have been artificially suppressed it is no surprise that pressures to reduce costs and set charges at efficient levels have been dulled, and that the customer has not always been foremost in the minds of government-owned providers.

If performance of GBEs is to be maximized, then, as a priority, restrictions on competition must be removed. That said, what past Commission inquiries have concluded is that the method of introducing competition should be sensitive to the characteristics of the industry concerned.

For example:

- With electricity, the Commission found that there would be substantial net benefits in separating the natural monopoly transmission function from the potentially competitive generation and distribution functions.
- In the Commission's rail inquiry, we recommended open access to the permanent way. That would allow operators other than owners of the railway track to run their own trains on that track.
- The simplest way for the benefits of competition to be realized in postal services would be to repeal the legislation which reserves to Australia Post the right to carry letters. However, the Commission's draft report recommended that the Government's social objective could be met by providing reasonable access at a maximum 'affordable' charge, and that the Government could pay part of the cost of providing higher-cost services, so that no member of the community would have to pay more than the maximum charge.

At the same time there are some areas where it is virtually impossible at present to introduce direct competition. Water, sewerage and drainage services, for example, are typically provided by single suppliers, operating as regional monopolies. The monopoly nature of service provision is reinforced by the lack of substitutes in consumption of water. This is not a prescription for legislated monopoly — it would be unwise to enshrine in legislation something which technological change may open to potential competition at a future date. Nevertheless, where direct competitive pressures are weak, the need for other reforms is increased. This was recognized in our report on water and waste-water disposal where particular attention was paid to pricing reform.

Efficient pricing

Prices charged for water, sewerage and drainage services, like those of many other GBEs, do not fully cover the costs of making the services available. Acceptance of cost under-recovery in the past has not only encouraged excessive demand for water services, but has reduced the pressure on water agencies to resist these demands. It has therefore contributed to premature augmentation of systems and to excessive investment which has little prospect of providing a worthwhile return to the community.

Proper pricing is essential, both to convey to consumers

the costs of providing services and to convey the value to the community of those services. Given the high capital costs of water infrastructure, this information is essential to reduce the risk that community funds are squandered. It can help to ensure that investments are not put in the wrong place or commissioned at the wrong time.

The Commission has recommended that in future all costs of providing both urban and irrigation water services should be fully recovered from customers. But in saying this we have stressed that cost recovery should be pursued in conjunction with pressure on agencies to reduce their costs. A major part of pricing reform is to ensure that users pay directly for each litre of water consumed.

Commercial focus and accountability

There is ample evidence that the ability of GBEs to maximize their performance has been constrained by detailed government involvement in day-to-day decision-making. The managers have not been allowed to manage. If they are to do so, they have to be given clear goals and freedom to act. At the same time, freedom to act has to be balanced by making managers accountable.

The concern now must be to push on to strengthen the commercial focus of enterprises. They must be thought of as, and expected to act like, private companies. The range of restrictions involved in public ownership — including terms of employment — must be opened to change. Equally, the privileges of government ownership should be done away with so that government businesses are not able to compete on unduly favourable terms. The counterpart of an increased commercial focus is to establish an appropriate arms length relationship between government as owner and its business enterprises.

Community service obligations

Increasing the commercial focus of GBEs inevitably means addressing the vexed issue of community service obligations. With a commonsense approach to reform, there is reason to believe that community aspirations can be met without reducing the efficiency and commercial freedom of GBEs.

There is much to be said for having community service obligations individually identified, individually costed and directly funded by government. This would have two benefits. First, it would remove the burden that many customers and user industries suffer when cross-subsidies are used to fund existing community service obligations. Second, it would bring into the open redistributive policies of government, which have hitherto been obscured from the same form of public scrutiny as is available to direct budgetary expenditure. Only in this way can the legitimacy of social policies be assessed and their order of priority in relation to other social welfare expenditure be established.

New South Wales seems to be at the cutting edge of

The 1992-93 NSW Budget provides separate costings for community service obligations, defining each in terms of program objectives and descriptions.



John Fahey, Premier and Treasurer of New South Wales

reform in this regard. Since July 1991 there have been formal contracts between the NSW Department of Transport and the various transport authorities concerning community service obligations. The 1992-93 NSW Budget provides separate costings for community service obligations, defining each in terms of program objectives and descriptions. This has to be seen as a step forward to greater clarity in both defining and financing the cost of community service obligations.

Conclusion

In summary, there is no *one* model for government business in Australia. The appropriate structure must be geared to outcomes. Privatization, public ownership, and corporatization all have their role to play. However, reforms in Victoria are urgent. Victoria is now having to compete not only with the rest of the world, but with other State Governments which for some time have been aggressively reforming parts of their public sector with a view to increasing competition.

The task ahead is daunting. What is required of government business enterprises is being asked of other sections of the community. No one is, or at least should be, exempt from the reform process which is aimed at improving the welfare of *all* Australians. ■

Delivery Postponed

NICK RENTON

THE thought processes in the public sector continue to astonish the rest of the nation. Those in the private sector who had hoped that the conversion of the old Postmaster-General's Department and its split into two statutory corporations would produce commercial approaches have been doomed to bitter disappointment.

To illustrate: Australia Post has with some flourish recently launched a special "Express Post" service, with its own jazzy and expensively-designed logo. This is presumably intended to complement other recent technological innovations such as its public "Fax Centres" and electronic postal services undreamt of a few years ago. Elaborate new canary-coloured pillar boxes now duplicate the traditional red-painted receivers on some city street corners.

In this age of deregulation the management of Australia Post is understandably enough trying to attract custom away from the various private sector entrepreneurs who are very successfully competing with it in the courier industry.

The business community, when needing speedy action, has for years found it more attractive to pay dollars per letter to unofficial delivery specialists rather than to buy a 45-cent stamp (or whatever the rate was at the time) from an unreliable post office. The powers that be in that organization seem at last to have received that message.

But does the new scheme really make sense for the community? For example, in respect of a correctly posted envelope, Australia Post proudly asserts that:

"...we guarantee to deliver it by the next business day — or we will provide another Express Post envelope free of charge."

This does not seem to indicate that the authorities have much faith in the reliability of their brand new glamour service, as otherwise they would surely have said something like:

"...we guarantee to deliver it by the next business day — or we will pay the sender \$10,000 compensation for not having honoured our solemn undertaking in this regard."

If they truly were always to meet their promise of prompt delivery, then such a formula would clearly cost them nothing.

The wording of the guarantee also says much about the public service mentality of those now running Australia Post. In the real world outside — in industry and commerce — the failure of an envelope to get to its intended destination in due time could in some cases cost the sender a large sum of money — for example, in the case of tender documents missing a critical deadline. A mere refund of postage — possibly only a small fraction of the amount of cash actually lost — would be cold comfort in such circumstances.

Many urgent business communications need to be

reduced to writing for legal reasons or simply as a precaution against error or misunderstanding. In this era of high technology such messages are often transmitted by facsimile or electronically through computer modems.

However, not everything lends itself to such an approach. Some commercial material still needs to be transported from point A to point B in a physical sense. For this reason stockbrokers, merchant banks, solicitors, listed companies, news-gathering organizations, small businesses and many others make frequent use of the 'bicycle brigade' in order to run urgent dispatches around the city.

Fifty years ago the postage on an ordinary letter was the pre-decimal equivalent of about two cents. There were 11 mail deliveries a week — two each weekday and one on Saturdays. The concept of 'service' was the norm. In 1992, postage is 45 cents and deliveries are down to five a week. Letters often seem to take days to get from one suburb to the next. The idea that persons who want a letter delivered more quickly than is customary should have to buy a special pre-paid envelope at their local post office for \$2.80 or \$3.80 (according to size) and then post it with its contents in one of the special boxes by 6 pm on the day before they desire delivery is just a cop-out.

On a related matter, in this era of privatization and level playing fields the long-standing statutory immunity from legal action which Australia Post presently enjoys in respect of all of its activities should surely now be removed.

In particular, if that body wants to compete with the private sector in providing courier services and the like, then why should it continue to remain exempt from suits which seek proper damages if it is negligent or if it breaches a contract for which it is being paid on a commercial basis?

The provision of a free envelope to a customer whose letter did not get to its destination on time may in any event turn out to be an empty gesture. The frustrated customer may well choose never to risk urgent business dispatches to Australia Post again.

Finally, two other points arise: Firstly, why does Australia Post really feel that it needs to set up a special service, at an extra price, to provide a "next day" delivery timetable which most users would think should be the norm in any case? Should its efforts not be directed towards improving the quality of its standard letter service rather than dreaming up ways for customers to bypass this service?

Secondly, how good is "next day" anyway? In many cases it means, not "next morning", but rather "next afternoon". To complement this trend to ever later postal deliveries the authorities have merely compounded their customers' difficulties by introducing even earlier closing times for the clearing of ordinary street receivers. And, just by way of a special bonus, the new Express Post service's celebrated next day guarantee does not even apply to letters mailed on Saturdays or Sundays! ■

Nick Renton, an independent business consultant, is the author of Style and Good Writing (Information Australia) and other books.

A Revolution in the Public Service

DEREK PARKER

FOR those who believe that nothing in the public service ever changes, academics John Halligan and John Power have a surprise: the 1980s "were revolutionary for public administration in Australia," a period in which "the approach that prevailed for most of this century was overturned." *Political Management in the 1990s* is an examination of the process of change in Victoria, New South Wales, Queensland, South Australia, and the Commonwealth. Their case is so detailed and comprehensive that it is hard to dispute.

Halligan and Power are interested in the intersection of the political agenda of governments and the attempt to improve the managerial capacity of public bodies: what they call "political management." The old pattern, where ministers made policy and the public service carried it out, has been abandoned for a system in which the influence of party policy extends deep into the administrative machinery of government.

They find Victoria during the Cain period to be the most fertile territory, describing it as "remarkable for its bold program of reform and for the magnitude of its economic and political disasters." Victoria was the first State to introduce private sector management methods to the public service, aimed at improving efficiency and ensuring that the goals of the public service matched those of the government.

BOOKS IN REVIEW



John Halligan and John Power,
Political Management in the 1990s

Oxford University Press

This worked well until 1989, when it became apparent that the government had lost control of the system it had established. The focus of the Department of Management and the Budget was on grand economic strategy rather than the nuts-and-bolts function of supervision. The tendency was for risky programs to be set in motion (with an élite of political appointees) and then forgotten. This was the root cause of disasters like the VEDC and Tricontinental.

But there were also problems on the policy-making side. A network of consultative mechanisms was established to lubricate the process of reform, but when it came to the hard decisions — about cost-cutting in the transport sector, for example — the result was a log-jam of endless negotiations and no action.

New South Wales is the only non-Labor State that *Political Management* examines in detail. When the Greiner

Government took power in 1988, it inherited a public service which had changed little in two decades. The new regime launched an ambitious program of change focused on bringing private sector talent into the public service. The emphasis was mainly on government-owned business enterprises where corporatization and the introduction of balance-sheet accounting made the most sense, but a new Senior Executive Service based on performance-related contracts was also introduced throughout the public service.

Galligan and Power note that it will be some time before the reforms are institutionalized, although they note that the system established by Greiner may constitute a New Liberal model. They do not deal with Greiner's fall: the question now is whether Greinerism will out-live its creator.

Limited Reform in Queensland

Queensland, say Halligan and Power, "has a rich public administration heritage which has suffered at the hands of its politicians." The Goss Government is still battling to overcome the bureaucratic stagnation and inertia of two decades. Reform has so far taken place only at the centre, with a modernized set of central agencies established: a good start but no more.

Halligan and Power foresee two possibilities. The first is that the Goss



Leaders during a decade in which public administration underwent profound changes (left to right): John Cain, Nick Greiner, John Bannon, Bob Hawke.

Government will be "unable to confront entrenched interests in the public sector and its unions," and reform will be a matter of talking rather than doing.

A more optimistic scenario is that the Goss Government may be able to learn from the mistakes of others and combine activism with prudence. Perhaps, as in NSW, the final shape of the Queensland system cannot yet be seen.

The public service of South Australia is the one most built on tradition and consensus and in some respects acts as a counter-example to the other systems. Before and during the Bannon period, there was little attempt to emulate the private sector. Although South Australia was the first State to adopt program budgeting, it did not see such budgeting as a tool of central control; neither is there a separate Senior Executive Service or much emphasis on corporate planning. Cabinet remains the key — indeed the only — co-ordinating mechanism.

South Australian governments have historically had little interest in private sector adventures. This makes the State Bank fiasco even more difficult to understand: the book might have been

improved by an examination of it rather than the passing mention it receives.

Halligan and Power also note that South Australia, although priding itself on its liberalism, is remarkably stunted in administrative law: there is no Freedom of Information legislation and no judicial system of review, for example.

The old pattern ... has been abandoned for a system in which the influence of party policy extends deep into the administrative machinery of government.

At the Commonwealth level, the Hawke Government moved slowly but nevertheless brought in some important changes, especially in service-delivery areas such as the Australian Taxation Office and the Department of Social Security. The Department of Finance forced greater efficiency through tight

control of resources and the measurement of performance by results. Halligan and Power see the Hawke Government as a follower rather than a leader; as a public service reformer, it "was a pale imitation of New South Wales and Victorian schemes."

But in general they believe that a proper balance between management and politics was found, although they assert that in the closing years of the Hawke period there was a renewed emphasis on external accountability. They do not, unfortunately, indicate whether it has continued under Paul Keating (although one might think that accountability does not play a large part in the Keating view of the political world).

Political Management is an important study, but there is a sense in which its story is unfinished. Reading it drives home the fact that politics does not stand still: Hawke, Greiner and Bannon are gone, a Coalition Government is firmly in power in Victoria, a turn of Canberra's electoral wheel is possible. Let us hope that Halligan and Power will revisit their subject in five or six years, to see what has been learned and what has been forgotten. ■

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Third-Born Children the New Scapegoats

RITA M. JOSEPH

ON WORLD POPULATION DAY in July, the Leader of the Australian Democrats, Senator John Coulter, stood before a crowd at Darling Harbour and propounded his preposterous view that no Australian family should exceed two children, on the grounds that third and subsequent children present a threat to every other Australian's well-being. "They [Australian parents] must see," said Senator Coulter, "that every child more than their second impinges on every other person's right to clean air, to clean water, and to a decent environment."

I saw the faces of the Darling Harbour crowd — I heard the applause for Senator Coulter's call for the immediate adoption of "population and social policies" aimed at eliminating the incidence of third-born children in Australia. And no-one was protesting. No-one was laughing at this absurdity.

There was the Senator — expounding his crackpot idea, advocating policies which would have the effect of classifying third-born children as second-class citizens. But no-one was laughing.

Suddenly I was afraid. Afraid because the Senator is not just a citizen exercising his right to free speech. Senator

Coulter is the leader of a small party that holds a power far beyond its ballot representation among ordinary Australians. His party holds the balance of power in the Senate. As leader of that party, he is formidably placed to lobby and to bargain with that balance of power in order to introduce whatever legislation he may devise to implement his policies.

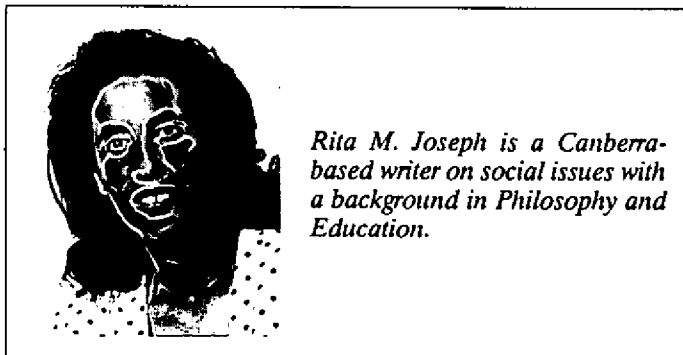
Behind Senator Coulter's glib euphemism, "population and social policies," is the noisome meaning that we must cede to government control our most intimate and personal functions as human beings.

Senator Coulter will, of course, insist that his new policies are meant only to 'discourage' parents from having a third child. But who can doubt, with the horrendous experiences of such policies in China, that ultimately, population control policies will end up penalizing and punishing those third children who do survive the increasingly stringent policing of the compulsory contraception and mandatory back-up abortion programs which governments, starting down this track, will inevitably deem to be necessary? (An estimated 1,500,000 children in China today are disqualified from

education, formal employment and often even basic housing because their parents defied the government's one-child-per-family policy.)

In the end, it surely makes little difference whether the ideal for which certain human lives are to be forgone is a vision of a pure race that must exclude Jews, or a vision of an ecologically-sustainable human elite that must exclude third-born children.

The significant point is this: that Senator Coulter is tying human rights to the order in which a human being is born into his family. Yet a third child has no more control over his 'third-ness' than a Jew has over his 'Jewish-ness'. It is no more possible for a third-born child in Coulter's Australia to hide or to remove or to make reparation for the imagined offensiveness of his 'third-ness' than for a Jewish-born child in Hitler's Germany to hide or to remove or to make reparation for the imagined offensiveness of his 'Jewish-ness'.



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There is no such thing as a humane population control policy. Like a humane apartheid policy, it is an impossibility, a contradiction in terms. Establishing population control means establishing a controlling bureaucracy; and bureaucracy by its very nature is incapable of dealing wisely and sensitively with procreation, surely the most exquisitely complex and intimate area of all human activity.

Make no mistake about it: behind Senator Coulter's glib euphemism, "population and social policies," is the noisome meaning that we must cede to government control our most intimate and personal functions as human beings. And right around the world, in the name of the new search for the Perfect Ecology, some very pretty theories about the urgency for population control are even now being translated into some mighty brutal practices — like punitive birth taxes, compulsory abortion, increased government tolerance for infanticide, particularly of babies who might require a little more than their 'fair' share of scarce resources.

There are as yet few who have grasped how quickly and inextricably population control rights become bound up with quality control rights; and how inevitable is the slide from governments' stipulating the best number of babies to stipulating that this number of only the best babies may live.

It is time to recognize that the very notion of population control, and the delusion that governments can practise it wisely or fairly, is itself one of the most dangerous ideas that has ever threatened the human race.

The Ecological Elite

I don't doubt, of course, Senator Coulter's genuine concern for what he calls "the impossible demands" human populations are making on the biosphere. But what I question is his right to insist upon the selection criteria for determining which human beings are to be denied access to life and to a share of the earth's resources. Across all the centuries of human history, philosophers have always condemned the practice of selecting others to be sacrificed for the common good, while these same philosophers have consistently upheld and commended everyone's personal right to sacrifice his or her own life heroically for the good of others.

But then the pursuit of virtue no longer appears to be the highest purpose for human life. There has been an eschatological revolution of unprecedented consequence. Quite suddenly the end of man, his highest purpose, is now to ensure the earth's longevity. Indeed, the population control lobby's most fundamental doctrinal belief is that man's gravest and finest obligation is a strictly utilitarian one — to make the world last as long as possible. And ethically it is an entirely new ball-game, with some very crass new values surfacing which have not yet been scrutinized.

We are being urged to adopt ignoble methods to restrict the entry of certain babies to our world. Governments are exhorted to usurp control of procreation from individual parents so that we can reach the Perfect Ecology where a small exclusive human population can be sustained

amidst biological diversity on an earth that we are assured can continue forever, if we can just get the delicate ecological balance right. What bunkum! It is just one more of a whole line of silly theories in history that have tried to spin our temporal world into an eternal one.

Yet somehow with the ascendancy of this nonsense, we seem to have crossed the fine line between conservation and hoarding. The miser's fear now grips us; we lock ourselves up with our wealth, and shut out others from life. We dare not share what we have now, lest there not be enough for ourselves, and for our new vision of an indefinitely attenuated future. It is curious that the miser's philosophy which, from the beginning of the history of thought, has been despised, has achieved respectability at the end of the 20th century.

Is this really the way to go? Eliminating the incidence of third-born children to conserve valuable resources; worriedly, continuously toting up what we have left; estimating ever more greedily how long we can make it last, how many more mouths we should be rid of...Longevity, and maintaining sustainable lifestyle for a select few: these are the new values; and in pursuit of these values, individual human lives, conceived and growing *in utero*, are being arbitrarily devalued until they count for nought.

Each New Life is Valuable

And yet there lingers in most hearts some remnant of the deep, long-held belief that each new life is unique, inestimably precious, and that this holds true irrespective of external circumstances, of whether a child is planned or unplanned, healthy or handicapped, born first or born third, to prosperity or privation. And if we actually think about it, most of us, I suspect, would recognize that this equality of value for individual children should hold across the centuries; children conceived here and now are not to be denied a share at our table on the spurious grounds that we wish to conserve something for certain more esteemed children, two or three or 50 centuries from now. Contrary to one of the implicit and least defensible value judgments of the population control lobby, the as yet unconceived children of generations to come are not to be counted more worthy of life, more deserving of a share of our concern and our resources than the children being discarded in abortion clinics today. Who cares about increasing the earth's longevity if, in order to gain those extra years, we end up losing our humanity?

It troubles me deeply that while there are so many at present to worry about the danger of a depleted ozone layer, there are few to apprehend the danger in the current drive for depleted population levels. There are few to defend the right of the poor or the unemployed, for example, to have their families, unmolested by the carrot-and-stick treatments devised by Big Brother governments. There are few who recognize that the sanctimonious pursuit of demographic goals is often adopted in the first place only to disguise gross economic mismanagement and to permit endemic corruption to continue. ■

Supply-Side Demography

Policies designed to curb population growth in order to increase the average standard of living have things around the wrong way.

KARL ZINSMEISTER

FOR more than two decades, population control groups have waged a powerful political and philosophical campaign to advance the proposition that a continued rise in human numbers is one of the world's gravest problems. Popular concern took root in 1968, when Professor Paul Ehrlich wrote a best-selling book in which he described population growth as a 'bomb' and claimed that during the 1970s it would 'explode', causing hundreds of millions of deaths, leading to war and violence, and destroying the planet's ability to support life.

An equally apocalyptic view was expressed five years later by Robert McNamara, then President of the World Bank:

"The greatest single obstacle to the economic and social advancement of the majority of the peoples in the under-developed world is rampant population growth...The threat of unmanageable population pressures is very much like the threat of nuclear war...Both threats can and will have catastrophic consequences unless they are dealt with rapidly."

A large international apparatus of population control groups has promoted the idea that we are in the midst of a runaway crisis. Population growth, these groups maintain, is a major cause of poverty, starvation, pollution, unemployment, and political tension today; extreme measures are called for. The United Nations and the World Bank have made population control a central part of their work. Public opinion has also been strongly influenced. Polls show that much of the public in the Western world believes mankind is darkly threatened by current population growth. Indeed, this view has become so strong that until very recently it was considered intellectual heresy to question it publicly.

But in the last few years that has begun to change as an expanding revisionist school of population studies has challenged the gloomy prognosis on population. Drawing on advances in economics, demographics and social history, the revisionists argue that population growth has been made a

scapegoat for problems that actually have other sources. They point out that it is not slowed population growth that brings social prosperity, but rather social prosperity that brings slower population rise. The result: a great, new population debate is now under way.

What brought about this turnaround? Why is it that the last decade's conventional wisdom has suddenly been called into question? Three reasons stand out.

First, there was the shock of reality itself. As new data on population growth and its effects came in over the last decade or so, it was clear that the dire predictions of the "population explosionists" had failed, and failed utterly, to come true. There were no population wars in the 1970s. There were famines but they were not population famines. The exponential growth and predicted calamities just didn't take place. On the contrary, there were many pleasant surprises.

Paul Ehrlich's Fantasy

For instance, Paul Ehrlich wrote in 1968 that it was a 'fantasy' to think that India — which he cites as a paradigm of over-population — could feed itself at any time in the near future, "if ever." One participant at the Second International Conference on the War on Hunger in 1968 argued that India's 1967-68 grain production of approximately 95 million tons represented the maximum possible level. Yet today, India's annual grain production is over 150 million tons, and the country has become a net *exporter* of food.

Another fact the traditional population theorists did not fathom was how fast the world was changing demographically when they made their dire predictions. As recently as 1970, women of the less developed world were bearing an average of six children each. Today, that average is down to 3.7 children. When you consider that about 2.2 children would produce *stable* populations in the less developed countries (that is, each generation merely replacing its parents, with a small factor for child mortality, etc.) then this remarkable fact can be seen: In just the last 15 years or so, the less developed

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world moved three-fifths of the way toward a fertility rate that yields "zero population growth."

So great was the change, it now appears, that the official United Nations' estimates of world population in the year 2000, put together at the end of the 1960s, will be more than 20 per cent too high.

To be sure, it should be noted that the less developed countries did not all share equally in the fertility fall. Fertility in Asia dropped very rapidly, while in parts of Africa it has remained high. But, after all, it was in Asia (with 2.8 billion people, almost 60 per cent of the world's total) that the population problem was supposed to be the worst. Africa, the partial exception to the world-wide downward fertility trend, is still a relatively sparsely inhabited continent with a total of 550 million residents and low overall population density, even excluding desert areas.

Another factual development often overlooked by population alarmists is that, contrary to popular claims, the standard of living in most of the Third World has been rapidly improving, not declining, during the last few decades — the very decades when population was growing fastest. The Third World infant mortality rate has fallen from 125 deaths per 1,000 births in 1960, to 69 in 1986; life expectancy at birth has risen incredibly — from 42 years to 61 years; adult literacy rates in the Third World doubled in 20 years; the number of physicians per 100,000 people went up 2.5 times; and the calorie supply per capita rose from just 87 per cent of healthy daily requirements to 102 per cent. The claim that rapid population growth vetoes social progress runs head-on into strong countervailing evidence from the last 25 years.

**Each baby comes equipped
not only with a mouth, but
also with two hands and a
brain. People not only
consume, they produce...**

Violations of Human Rights

The second major factor that led many to question the prevailing orthodoxy was the serious human rights violations that followed in the wake of the population control alarms of the 1960s and 1970s.

In 1976, the Indian government declared, "Where a state legislature...decides that the time is ripe and it is necessary to pass legislation for compulsory sterilization, it may do so." In the six months following that ruling, over six million Indians were sterilized, many thousands forcibly. That episode inspired such fierce resistance among Indians that the government of Indira Gandhi was eventually brought down.

Even before the government issued this public justification, coercion in the name of population control had been rife in India. The distinguished demographer, Richard Easterlin, reports that when he was a member of a United Nations Family Planning Mission to India in 1969, program administrators in Bombay told him how strong-arm tactics were used in the slum districts to assure that government vasectomy targets were met. When he expressed concern at this, a surprised official answered, "Surely, the end justifies the means."

An even more massive campaign of intimidation and violence in the name of population control has been, and to a considerable extent continues to be, conducted in China. In the early 1980s reports began to reach the West that the Chinese government was exerting enormous and often brutal pressure on couples to limit their family size to one child. After a graphic series of articles was published by the *Washington Post* in January 1985, American authorities could no longer ignore the evidence. Upon returning from a four-year assignment in China, when he was finally free to publish his findings without risking expulsion, correspondent Michael Weisskopf filed his report:

"What emerges from more than 200 interviews spaced over three years with officials, doctors, peasants and workers in almost two-thirds of China's 29 local jurisdictions is the story of an all-out government siege against ancient family traditions and...reproductive habits...

"Nowhere is this dark side of family planning more evident than in Dongguan...in southern China. Here, abortion posers scoured the countryside in the spring of 1981, rounding up women in rice paddies and thatched-roof houses. Expectant mothers, including many in their last trimester, were trussed, handcuffed, herded into hog cages and delivered by the truckload to the operating tables of rural clinics...

"Any mother who becomes pregnant again without receiving official authorization after having one child is required to have an abortion, and the incidence of such operations is stunning — 53 million from 1979 to 1984, according to the Ministry of Public Health...

"China's family-planning work is backed by the full organizational might of the Communist Party, which extends its influence to every factory, neighbourhood and village. Every Chinese belongs to a 'unit' — workplace or rural governing body — and every unit has a birth control committee headed by party officials.

"Few unauthorized pregnancies can elude the tight supervision of birth control activists, a phalanx of female members of the party...who are deputized by local officials to monitor the reproductive lives of Chinese couples...

"They keep detailed records of every woman's menstrual cycle, checking to make sure of regularity...

"A positive test spells trouble for any woman who already has a child. She is urged to have an abortion, offered a cash bonus and time off from work as a reward. If she refuses, the pressure mounts.

"First come the tactics of persuasion played out in what is known euphemistically as 'heart-to-heart chats'.

"If she holds her ground, the talks intensify...Now the pregnant woman is criticized for resisting and warned of the penalty for unauthorized birth, which varies from place to place but can include loss of farmland, fines of

up to \$1,000, firing from factory jobs, public censure and the denial of land, medical benefits, grain rations and educational opportunities for the unplanned child...

"Meanwhile, the meetings go on, often all the way up to the point of delivery. Where talking fails, force often prevails."

The Indian and Chinese programs are extreme examples of the human rights violations carried out in the name of population control in a number of countries. What is worse, international authorities of the population control movement have presented, and continue to present, rationalizations and apologies for harsh measures of these sorts. In 1983, the United Nations awarded its first UN medal for family planning achievement. Its joint winners: the heads of the Chinese and Indian programs.

The argument is often made by advocates of state-dictated population control that the life of certain Asian or African or Latin American peasants is miserable, and that we who understand cannot allow them to perpetuate their misery. Population revisionists, on the other hand, start with the belief that there is dignity and potential in every human life, that even an existence considered deprived by modern standards can carry great meaning and pleasure. Population revisionists believe it is very dangerous to construct a generalized, systematic argument the bottom line of which is that humans are economic, social, and ecological nuisances — in short that people are a kind of pollution.

Population and Prosperity

The third, and probably the most important, factor in reshaping the population debate has been the influence of new research and empirical analysis on the actual results of population growth. Over the last decade, the prevailing shibboleths about alleged economic and social ill-effects have been examined, one by one. Most of them have been found wanting.

For instance, it was claimed in the 1960s that the presence of children in a society would depress savings and investment. It was also argued that population growth would have major negative effects — slowing income growth, increasing unemployment, and deterring technological innovation. None of these assertions has proven true.

When the population scare was in full bloom, it was claimed that population growth reduced educational attainment — which turned out to be absolutely false. Population rise was said to be responsible for the growth of Third World mega-cities. In truth, the rural to urban shift has been shown to spring primarily from other sources. It was asserted that population was the major cause of world hunger. But population level has had almost nothing to do with the famines of recent decades. Experts agree that those famines have been, almost without exception, the result of civil strife, of political and economic disruptions.

Through most of the 1970s those who saw population as a problem insisted that less was always better. After all, more people meant more mouths to feed, more feet to shoe, more

schools to build. More people, in short, meant more trouble.

Plenty of activists still think that way. But many scientists have changed their minds, believing it is a mistake to talk of population as an undifferentiated global problem. What matters is not some abstract total number of people in existence, but where they are and how they are living. There are certain countries with ample population and others with too few people.

It does not matter to the people of Zaire — which suffers underdevelopment partly because in many parts of the country there are not enough people to support an efficient infrastructure — that there are 97 million people in Nigeria. Zaire has certain needs and Nigeria has certain needs, and it is nonsense to lump them together under the simple heading of "over-populated Africa."

Related to this is another insight of the new demographic thinking: the number of people which a given area can 'support' is subject to constant change, and is related to the way those people are economically and socially organized. There are 120 million people jammed onto the rocky islands of Japan. Yet, because of their well-structured and highly-productive society, they are among the richest and longest-lived people in the world. If you had asked the Algonquin Indians who inhabited the island of Manhattan in the 1700s how many people they thought it could support, they might have told you it was already full. Holland — which few people would describe as being unable to support its population — has a population density of 354 people per square kilometre; India, which we are told is one of the most over-populated nations in the world today, contains 228 people per square kilometre.

There are dozens of lightly populated countries that are poor, dirty and hungry. And there are plenty of countries with large, dense populations that are prosperous and attractive. This is not to argue that density is an advantage, but rather that the number of people is not the critical variable in determining these things.

People can be Assets

There is no such thing as a 'proper' number of people — economic success can be achieved in both sparsely and densely populated countries. Revisionist demographers like to point out that each baby comes equipped not only with a mouth, but also with two hands and a brain. People not only consume, they produce — food, capital, even resources. The trick is to organize society so that each person will be an asset and not a burden. In a country whose economy is a mess, even one additional baby can be an economic liability. But if the country is structured in such a way as to allow that child to labour and think creatively, he becomes an asset.

In short, people are a valuable resource. The fundamental insight of a diverse group of revisionist scholars — including Simon Kuznets, Colin Clark, P.T. Bauer, Ester Boserup, Albert Hirschman, Julian Simon, Richard Easterlin, and others — was in building up a body of thought that emphasizes the creative potential of individual humans and demonstrates their productive capacities when living in well-organized

societies. Because these thinkers have emphasized production more than consumption, human supply more than human demand, their school might rightly be called "supply-side demography."

Within the citadels of population alarmism at the United Nations, the World Bank, and elsewhere, resistance to these new insights continues to be strong. But the monolithic character of the population debate has thankfully passed. One of the first public airings of the insights of supply-side demography took place at the World Population Conference sponsored by the United Nations and held in Mexico City in 1984. Under the leadership of James Buckley and Ben Wattenberg, the American delegation introduced several revisionist declarations into the conference report. The main one was a plank suggesting that in Third World efforts to moderate population growth, economic development ought to be given equal emphasis with family planning. Economic growth is, of course, desirable in its own right. But the more direct, often overlooked, effect of economic growth on population is its vital role in bringing about the very social transformations which ultimately reduce high birth levels. Improvements in income, education, and health, and the changes in cultural mores and living patterns that economic development brings — like improved female status, more urbanization, and so forth — all act powerfully to suppress fertility.

That is the position Indira Gandhi came around to late in her life. In 1984 Mrs Gandhi stated:

"The very best way of inducing people to have smaller families is more development. Where we have highly industrialized areas or much better education or even much better agriculture, we find automatically families tend to grow smaller."

To put the idea in shorthand, one might say that economic growth is itself the equivalent of a powerful contraceptive.

Not only is development the best way of producing smaller families, it may be the *only* fully effective way, short of coercion. To see why this is the case, consider that surveys throughout the developing world show that when women are asked what number of children they consider ideal, what number they would *like* to have in their lifetime, how many they *desire*, the answers average approximately four children per woman. That would, of course, double the population every generation (two parents yielding four children).

Such an answer is not terribly surprising. After all, roughly three-quarters of the people of the developing world still live in rural settings — in villages where hands are needed for agricultural labour, where social practices tend to be traditional, where values change slowly. For a variety of reasons, most families in the Third World still *want* relatively large families. And that is rational behaviour.

Consider specifically the case of Africa. The World Fertility Survey canvassed 10 nations there. It showed that African women want families even *larger* than their already high current average of over six children. It is absurd, then, to

argue that high world fertility is just a result of unmet demand for modern contraception. In many places such demand is limited or non-existent because Third World families view children as social and economic assets.

It should not be assumed from any of this that revisionist demographers are opposed to family planning programs. In fact, most would argue that access to products that allow individuals to control the number and timing of their offspring is one of technology's great liberating gifts to this century. But while contraception is a family right, revisionists would argue, it is *not* a national duty.

Too many governments — under pressure from the international population control apparatus — are setting up programs which pressure families about child-bearing choices, on the false grounds that unless certain nationwide fertility goals and timetables are met, social progress will be unattainable.

In truth, that formulation is exactly reversed. Fertility levels reflect a society's level of development and proceed apace with it. Small families are a symptom, not a cause, of socio-economic advancement. It follows that socio-economic development ought to be the centrepiece of population policy. And if rapid social and economic progress is the goal, as the US delegation at Mexico City asserted, then the institution of free markets ought to be the favoured instrument. (In the period since 1984 even the opinions of world communist leaders have been added to the economic history of the West in making that case.)

Revisionist demographers accept that population growth must eventually end. That will happen as a matter of course, they believe, in an organic natural process that occurs as a society matures, modernizes, and the incentives for very large families disappear. A society need not wait until it is rich for this to happen. Even modest levels of development bring steep drops in birthrates. Assuring that contraceptive availability matches private demand in the interim is a reasonable undertaking for governments and interested parties. But to force fertility preferences will inevitably lead to unhappy results. No intellectual justification can be claimed to exist for intrusions on family and individual sovereignty when it comes to questions of family size.

It is now possible to leave behind the erroneous belief that population growth is a catastrophic, uncontrollable horror. The obvious, long-neglected truth is that in addition to consuming and making demands on society, people also produce. It is not governments, corporations, banks, or even natural resources that produce wealth, but people availed of efficient and open economic systems — witness the Japanese, the Swiss, the Taiwanese.

What prevents most developing countries from providing for their growing populations is not a lack of family planning programs or a paucity of physical resources or a shortage of Western aid. Rather it is a defective economy and government. Individuals concerned for the welfare of people in poor countries around the globe ought to focus not on raw numbers, but on the institutions that prevent citizens from exercising their creative and productive potential. ■

Updating Family Values

The US Republican Party bungled its pro-family message in the Presidential campaign. What can Australian politicians learn from the Republicans' mistakes?

BRIAN TRAINOR

WHY DID the Republicans get it so completely wrong on the family in the 1992 Presidential campaign, and why is it important for Australia's political parties to take note of their mistakes? Curious though it may seem, I think that I can explain by first telling the reader about an interesting discussion that took place with a class of students in Port Augusta, South Australia, in the late 1980s.

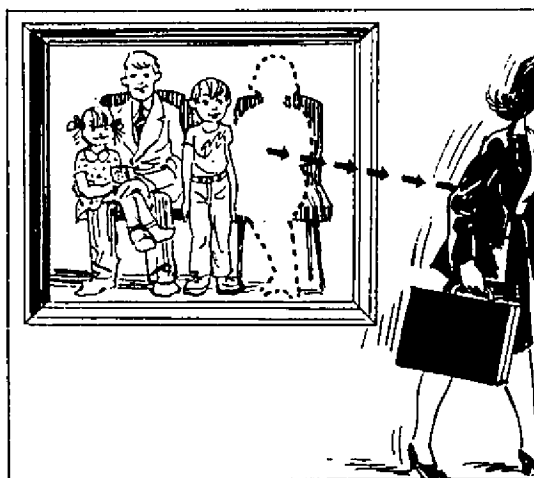
I was teaching a graduate class comprised mainly of women (teachers and nurses) when a student raised the issue of the predominance of males in the upper echelons of the various professions. The reaction of the group was not what I expected. There followed a series of 'mini-autobiographies' in which the women recalled that they had worked full-time as teachers or nurses for a few years before, and then after, their marriage; they had then stayed at home full-time for a few years to bring up their child(ren) and had then returned to the work-force part-time when their child(ren) got older. The general pattern was to move in and out of paid work (full-time or part-time) in a way that took into account the changing needs of the family.

These women cherished their family life. The home, to them, was a kind of centre of 'spiritual' gravity and they did not, in general, resent the gravitational pull it constantly exercised on their emotions. It was important, they believed, to stay at home full-time to look after their young children, to return to work part-time only if it was compatible with the demands made by a young family, and not to return to full-time work too hurriedly. However, their professional life outside of the home was also very important to them as well, and they were convinced that, provided that they could resist the temptation to work "too much and too soon," then the requirements of being a 'home-worker' and a 'non-home-worker'

were not only compatible but were actually complementary. These two types of 'work' were deemed to be mutually enriching; it was good for the family when a married woman had professional interests outside of the home and positively beneficial when a women used the lessons distilled from her experience of child-rearing to tackle problems encountered in her career.

At this point, I would like to make two suggestions (or guesses) which I hope the reader will agree are reasonable. Firstly, that this group of professional women are at least fairly (and probably very) representative of professional women in the western, industrialized world; and, secondly, that married women with children, even when they work at much less interesting and rewarding jobs, still *prefer* to have a 'break' from the home and to engage in either full-time or part-time work, as 'allowed', so to speak, by their domestic circumstances.

We are now, I think, in a position to see why the Republicans got it wrong. Had they simply expressed their support for pro-family values and for the family as the basic unit of society (and hence for the family as the 'preferred lifestyle') and had they expressed their concern about the high rates of abortion, divorce and single parenthood, they would have reached a very wide and sympathetic constituency. Instead, by suggesting that a married woman's place is in the home and *only* in the home, they managed to drive out of the Republican heartland very many women who fully endorse the pro-family values with which the Republican Party has traditionally been associated (and with which the Liberals under Menzies were once associated). No doubt, Republican strategists hoped that, by suggesting that American wives could find *complete* fulfilment within the bounds of hearth and



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home, they would tap into and draw from widely-held pro-family sentiments, but in this they miscalculated completely.

Similarly, leading Republican spokespersons probably thought that they were being pro-family when they insisted that, with a little belt-tightening, it was perfectly possible for the average American household to survive economically on one income. Perhaps they were right, but they completely missed the very important point that American wives, even whilst putting their families first, still want to work. The celebrated fictional character Murphy Brown may well have felt that having her child made her "feel like a natural woman"

Were all social scientists just as blind as I was in not being able to appreciate that what happens in the home or 'private' sphere is just as worthwhile as what is happening in the social or 'public' sphere?

and no doubt there are many actual American wives who feel the same. However, no matter how highly-prized such an experience may be, married women today strongly feel that other aspects of their identity also need to be fulfilled, as and when appropriate, that to be able to develop oneself outside of the home is a legitimate expectation, and that when the 'whole person' of the woman is thus more fully developed, the benefits are felt within the home as well.

A Foot in Both Worlds

But what about Australia? Will the 'family' become a major issue in the next election and, if so, how will Australia's political parties handle it? Let me return at this point to the group of women at Port Augusta. I recollect that they were a very calm, pleasant and psychologically well-adjusted group of individuals who patiently 'put me right' on a number of issues in a way that might be of interest to Australian politicians. They could see that I was surprised that there was so little resentment expressed at the fact that men predominated at the upper levels of the professions; but they saw themselves as having had "the best of both worlds" (a rich home life and a career) and, interestingly enough, they saw their husbands (some of whom were at the upper echelons of their professions) as being somewhat 'disprivileged'. Their husbands were forced by economic necessity to be too career-centred (there is more to life than a career and the greasy pole) and to be the 'constant' breadwinners. Lacking the 'freedom' to move in and out of the paid work-force, they had less opportunity than their wives to have a more diversified lifestyle and to enhance their all-round personal development. Couldn't I see that professional men and women who remained within their profession were more likely to have more experience and to be better qualified for promotion than

married professional women who moved in and out of their professions? Were all social scientists just as blind as I was in not being able to appreciate that what happens in the home or 'private' sphere is just as 'real', important and worthwhile (if not more so) as what is happening in the social or 'public' sphere?

These women were all for the liberal feminist principle of equal opportunity in employment and promotion but were firmly against the policy of affirmative action to benefit women unfairly (as they saw it); they simply did not see women as a disadvantaged group. If it really is legitimate to take time out of the full-time paid work-force to look after young children (i.e. if it is a 'valid' lifestyle choice or decision), then why are affirmative action policies deemed to be necessary to 'compensate' women for having made that decision? Surely such a decision is just as 'legitimate' as the decision to spend three years travelling around the world, but what has either of these decisions got to do with who gets appointed to a position or who gets promoted? Or does our society now regard a woman's decision to take time out of the work-force to look after her young children as some kind of unfortunate mistake? Though seldom finding public expression, the attitudes and beliefs of these women are widespread and important and need to be carefully weighed by our own law and policy-makers.

Important Issues

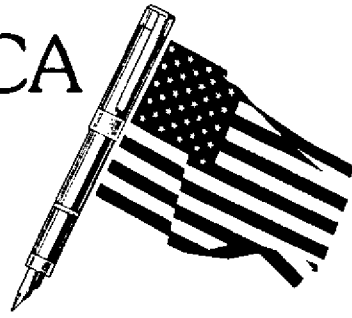
Here, in no particular order of importance, are three other important factors which likewise need to be taken seriously into account by our legislators.

- There are many strongly pro-family mothers in Australia who, for family and/or personal reasons, would dearly love to be working but who can't find any work; and there are many strongly pro-family mothers who are currently working but who, for family reasons, would strongly prefer not to be working at all.
- There is currently a high divorce rate in Australia, but divorce is still widely regarded as a misfortune for the couple involved, and especially for their children, and has not been 'normalized' in the manner desired by many human service professionals.
- There is a high rate of abortions in Australia but most people, including most 'pro-choice' people, do not like abortions (every abortion stops a heart beating) and are concerned about the continuing high rate of abortions in Australia.

Certainly there is a very rich electoral harvest out there, but it will be reaped only by a political party that is adept at interpreting and handling the complexities of modern pro-family sentiments. It is likewise certain that any party that is as insensitive to the ambiguities of the modern form of pro-family sentiment as the American Republican party, and as generally anachronistic in its outlook, will pay the price at the polls that it deserves. ■

LETTER FROM AMERICA

HARRY G. GELBER



Behind the US Election

27 October: The election is one week away. Although Governor Clinton leads in the polls, the public mood is unsettled. And it is mood and impressions which seem likely to decide the issue, even more than policies. President Bush has fought the most stunningly lacklustre campaign by an incumbent President that anyone can remember. It has strongly reinforced the impression that, while he is a decent man and known quantity, he leads a government which is simply tired. He offers administration rather than vision, insider manoeuvring rather than drive. Clinton, by contrast, seems to offer energy and that most precious of American political commodities: hope. Lyndon Johnson offered a hopeful vision of the "Great Society". Nixon, for a time, that of arms control and great power detente. Reagan offered that plus "Morning in America." By contrast, Ford, Carter and Bush each failed on "the vision thing." And America usually gets fractious and impatient without it. To people who feel that need, Governor Clinton comes like a breath of fresh air. Young people, especially, have flocked to him. But to those who fear change, the unknown, or free-spending Democrats, he seems more threat than promise.

Will America next week vote its Fears or its Hopes?

6 November: How interesting: they voted both. It was an election that Bush

lost much more clearly than one which Clinton won. Bush seemed devoid of energy, vision and plan. He stayed where he had been for months, at some 38 per cent. Clinton won with a mere 43 per cent of the 104 million votes — the highest turn-out in 20 years. Clinton and Perot (with 19 per cent) both represented change; but Perot the kind of change which would normally be at home on the Republican side. Even the traditional anti-incumbent "throw the bums out" mood was not simple. Of those Congressional incumbents who stood for re-election, 93 per cent were returned. But in all 14 States where Term Limits were proposed, voters endorsed the idea.

President-elect Clinton therefore faces an extremely complex situation and must try to meet a great range of usually unspecific and often disparate hopes. For the moment, he enjoys almost universal goodwill. As Vice President Quayle generously put it on the morrow of the election, "If he runs the country as well as he ran his campaign, we'll be all right." But neither the old-established Congressional barons, nor the global money market, nor the problems of Russia or the Middle East are likely to be so kind, or at least not for long.

More interesting still, it may well be that the themes of the election have been surface manifestations of what may turn out to be a fundamental shift in the political and economic affairs not just of the United States but of much of the advanced industrial world. It seems

to affect not merely economic conditions but the viability of a whole set of established institutions.

Consider some of the numbers and analyses of the economic downturn which are starting to come out. Between 1979 and 1991 employment by the "Fortune 500" companies — America's largest corporations — fell from 16.2 to just under 12 million. That was a fall from 18 per cent to under 11 per cent of total non-farm employment. Much of that was due to the emergence in the 1970s and 1980s of a global labour market, with major businesses increasingly making their decisions, about what to produce where, in relation to global cost comparisons. These trends may well be strengthened by the fall of Communism which could introduce some two or three trillion people into that global market for labour, goods and capital.

At the same time, a striking feature of the economics of the developed world over the past decade has been the disproportionate contribution to growth in employment made by small business. According to one British study, over one million additional jobs were created in the UK between 1985 and 1989 by companies employing fewer than 20 people — twice as many as the jobs created by larger companies. The US Bureau of Labor reckons that in the 1980s new companies generated 12 million of the total of 18.5 million new jobs, which more than balanced the drop in employment by large corporations.

But the rate of business failures in Britain has accelerated sharply this year, with particular pain in the small business sector. And the weakness of the US economy can be explained, at least in part, by the collapse of the job-creating capacity of the same small business sector. Between 1990 and 1991 the additional jobs created there dropped from 1.5 million to 144,000. These changes can, of course, be traced back to the loose monetary policies and financial deregulation of the 1980s, which ensured a generous supply of expensive credit. That left everyone, from property owners to large and small businesses, with heavy burdens of debt.

This brings us to the daunting question of the liabilities — even the viability — of large segments of the financial and financial services sector. The general picture of bad loans, straitened borrowers, shell-shocked banks, is well known. But some interesting figures have recently been worked out by Professor Tim Congdon in Britain.¹ The current record real interest rates have squeezed an over-borrowed business sector. In the UK, company failures have multiplied by five since the Tory Party took office in 1979. So have personal bankruptcies. Corporate borrowings are five times' cash holdings, while profits are dropping. The real cost of mortgages — i.e. interest minus house price deflation — is at 14 per cent. Mortgages which are in arrears are not far short of total building society capital. The banks are in a shaky position and rapidly contracting their balance sheets.

While the details differ, there are similar problems elsewhere. A number of major Japanese banks are in obvious trouble and there are real questions as to whether they will be able to meet their (internationally mandated) capital adequacy ratios by next year. Some estimates say that the Japanese financial services sector has some \$500 billion in bad loans hanging over its head. It is far from clear that the rescue packages proposed by the Japanese Government will be adequate. In the US, the S&L affair is far from played out. Though it does not any longer seem likely to produce a major crisis, the bail-out operation has obviously absorbed huge quantities of financial resources which

might have been more productively used. The banks' need to recuperate, widen margins and reduce risk has been strongly encouraged by new federal banking regulations which severely penalize bank directors who adopt risky lending policies. It all sharpens the credit crunch. In Germany, the Bundesbank is struggling to cope with sharply increased money supplies, preferably without, at the same time, keeping interest rates at levels likely to cause even more trouble elsewhere in Europe. In the meantime, throughout the European Community, fear of the effects of the single market is compressing prices, costs, income and growth.

What is in question, it seems, is not just the specifics of various issues... but the underlying impression that governments not only do not, but cannot, cope with the new and multiple problems facing them.

It is against this kind of background that one must see the contrast in the US, but also elsewhere, between the relatively minor concerns suggested by many of the conventional measurements of economic health and the unusual level of public and consumer pessimism. In 1932 male unemployment in Britain was 23 per cent; now it is around 10 per cent. Over the last 20 years the British labour force has grown by 3.2 million people, nine out of 10 of them women. In the US, unemployment rates were not far short of 30 per cent in the Great Depression, 11 per cent at the start of the 1980s and 7.6 per cent when Ronald Reagan ran for re-election in 1984, compared with 7.4 per cent in the first eight months of 1992. Inflation was 4.6 per cent in 1984 and 2.9 per cent in 1992. The famous misery index — unemployment plus inflation — was 12.3 then and 10.3 now. It has also been pointed out that while US real GDP fell by 30 per cent during the Depression, it fell one per cent in 1990/91 and

is expected to grow by two per cent in 1991/92.² Both productivity and corporate after-tax profits have been rising this year. US companies have succeeded in sharply cutting their costs and greatly increasing their efficiency.

Feeling Bad

What has changed has less to do with the numbers than with imponderables. They can be summarized as the "feel good" index.³ According to that index the growth of "feel good consumption" was 14.6 per cent under President Johnson, 10 per cent under President Nixon, 3.5 per cent under President Carter, 10.1 per cent in Ronald Reagan's first term and 9.3 in his second. But for the Bush years it is calculated at -2.3 per cent.

The various suggestions for remedies of the nation's ills all cluster around the notions of greater competitiveness, more attention to infrastructure, a more highly-educated work-force, and stress on research and development. There is some debate about whether an old-fashioned fiscal stimulus would be useful. (The argument against it is, essentially, that after a decade of big budget deficits it doesn't seem sensible to say that even more borrowing would help an economy already burdened with too much debt.) It can be argued that a correction has, in fact, already begun: since 1988, while feel-good consumption has declined, real US exports have risen at a rate of seven per cent per annum. It is, however, also true that the US trade deficit blew out in August 1992 to a remarkable \$9 billion, reflecting a slump in overseas demand for American goods: another reflection of the global slow-down. The public mood continued through the election to be gloomy.

So what other reasons might there be for Americans not to "feel good"? One underlying factor is something to which the Chairman of the Federal Reserve, Alan Greenspan, has just given professional expression. Speaking in Tokyo in mid-October, Greenspan argued that the current recession appears to have some quite new characteristics, that nothing like it has happened since World War II.

Those characteristics include an asset deflation pattern of which policy-makers have little experience. The old economic models are simply less valuable and "a number of the old rules of thumb that policy-makers used are inoperative." He therefore thought that the recovery, whether in Japan or the US or Britain or Australia, would be very slow.⁴ In the US, given the inevitable future trade-off between higher savings and higher consumption, it may well be that whatever national economic policy is adopted, feel-good consumption will fall short of public expectations for much of the 1990s.

There is, then, very little doubt that recession economics are a good part of the explanation of the fact that not merely George Bush, but Helmut Kohl, John Major, François Mitterrand, Kiichi Miyazawa, Brian Mulroney and a large number of other leaders, including our own Paul Keating, have been in trouble. But the issues seem to be even more fundamental than that.

In the United States — and elsewhere to a greater or lesser extent — at least three developments have come together and it is their simultaneity which makes matters so confusing. One is, as Alan Greenspan has explained, that long and painful recession with some novel and poorly understood characteristics. The second is the long and socially painful restructuring process which modern economic and technical developments, including the globalization of money and information, have made necessary. And the third is the end of the Cold War, which seems to have affected not merely America's view of its position in the world, but some aspects of America's vision of itself. That comes together with the generational changes implied by the contest between Bush and Clinton, the baby boom generation and the older generation of the 1940s and '50s.

Doubts about the Political System

But there is yet a further implication. What is coming to a head — and was strongly reflected in this election — was a whole set of doubts about the existing political and social framework and its institutions, as distinct from

conventional worries about who would manage things better within the accustomed forms. The evidence for this kind of malaise is all around us:

- the contest between the desire for 'unity' and the acute pressures for ethnic separatism;
- the deep social fissures between different suburbs;
- the intractable problems of an 'under-class';
- the tensions between liberal and humanitarian abstractions and local resentment of migrants;
- the more-than-usually sharp contempt for politicians and desire for Congressional term limits;
- the Perot appeal — "we must take back the government" from special interest cabals;
- the desire for 'leadership' and clear direction;
- the evident feeling that the entire government apparatus is not working properly, that perhaps issues are altogether getting away from the capacity of government — any government — to manage them.

What has emerged is therefore an indistinct but powerful feeling of disorientation. It is, albeit in very different forms, no less evident in the French, Danish and British reactions to the Maastricht Treaty and in German worries about immigration. What is in question, it seems, is not just the specifics of various issues, which are complicated enough, but the underlying impression that governments not only do not, but cannot, cope with the new and multiple problems facing them. Moreover, the apparent choices for remedy do not carry conviction. President Bush's reliance upon market forces and stress upon governmental non-intervention, whatever its technical merits, accentuated instead of assuaging these inchoate feelings of insecurity. The emergence of "Fortress America" (Ross Perot), or "Fortress Germany" (remove the gypsies), or "Fortress Britain" (the Tory anti-EC groups), is spurred on by fear of surrender to inter- or trans-national bureaucratic structures, reflected in British or Danish or French worries about the EC,⁵ or the

worries about a North American Free Trade Area which Perot claims (wrongly) just means a transfer of American industries to Mexico. In each case it is not merely the policy specifics which worry people, it is whether this leader — *any leader* — can cope while preserving 'our' legitimate interests.

It may therefore be that in the US, but also elsewhere, we are at the beginning rather than the end of a process having to do not only with new ideas but the development of new institutional forms. One would guess that, to be successful, these will have to allow for the ancient and continuing desire of peoples for a separate and identifiable political as well as cultural identity, expressed in state forms and capable of sovereign decision. But they will also have to allow, not so much for an inter- or trans-nationalism which is sure to be unacceptable, as for multi-national management networks through which the participating States will be able to pursue national interests in a fashion which voters will accept. The United States will no doubt remain, for the time being, the single remaining superpower, with the largest and richest of the world's national markets. It will also be the source of many or most of the new technologies which will underlie the next stages of industrial and post-industrial development. But, in addition, even the US will have to accommodate itself to the formation of such networks and the pursuit of its interests through, rather than against, them. Perot wholly failed to see that need. By contrast Bush and Clinton at least glimpsed the future. ■

1. Gerrard and *National Review*, October 1992.
2. See an article by two Stanford University Economics Professors, Robert E. Hall and John B. Taylor, *New York Times*, 16 October 1992, p. A31.
3. See James Annable, Chief Economist at the First National Bank of Chicago, writing in the *Financial Times*, 19 October 1992.
4. Press conference of 14 October, transcript issued by Federal Reserve Bank. Also *Financial Times*, 15 October 1992, p. 1.
5. They are unlikely to be assuaged by the latest suggestions from M Jacques Delors, the President of the EC Commission, that the 'subsidiarity' (or local decision-making) demanded by several Ministers and countries really demands the formation of a European federal system, since only within that can subsidiarity be given full meaning.

Australia, Vanuatu and the British Connection

To understand the expulsion of an Australian Acting High Commissioner from Vanuatu requires understanding the history of the complex relationship between the two countries. This history, moreover, reveals that, as part of the British Empire, Australia was no pawn of Britain.

MARK UHLMANN

AUSTRALIA'S relationship with Vanuatu is probably of little interest to most Australians. Many would not know that Vanuatu was formerly called the New Hebrides and was administered jointly under the French and British flags until it achieved its independence in July 1980.

Very few would have lost sleep over the falling-out between Australia and the island group. This falling-out concerns a new Vanuatu law with adverse implications for Australian investment, which led to the expulsion of our Acting High Commissioner, James Pearson, in July. This in turn led to the imposition of a ministerial ban by Paul Keating on official visits between Australia and Vanuatu until 31 December.



Foreign Minister Evans:
a "lot of history" involved

estimates committee that "it would seem that relationships there are coming back to a decidedly more even keel which is very much to be welcomed." He said that there was a "lot of history" involved in the situation. Indeed there is.

Even fewer Australians would have been able to understand why the Francophone leader of that country, Maxim Carlot, and his Foreign Secretary, Serge Vohor, are so touchy when it comes to perceived meddling in the affairs of Vanuatu by Australia. Mr Vohor claimed that Australia acted like the "big brother and father of the South Pacific."

On 24 September, however, Senator Evans was reported as being able to assure a Senate

Though Australians may have little or no historical memory when it comes to our relationship to the islands of the South Pacific, our influence, both during the colonial era and after, has been significant in shaping the destinies of Fiji, Tonga and, in particular, Vanuatu. This is quite apart from the more obvious and much more widely known influence in Papua New Guinea.

Anglo-French Conflict

As Roger C. Thompson notes in his book, *Australian Imperialism in the Pacific* (Melbourne University Press), Australian interests led to a struggle against France for control of the New Hebrides, which shaped the present-day Anglo-French divide among the indigenous leadership in Vanuatu. This struggle was nominally conducted in the name of Britain, but Britain itself had very little interest in the New Hebrides and at various times would have been happy to hand the islands over to France.

The Australian interests included the Presbyterian Church which had missions in the islands, established before the French began to close in during the 1870s following their annexation of neighbouring New Caledonia in 1853. The Presbyterians feared expulsion if the French took control, as had happened to Protestant missionaries after the French claimed Tahiti in 1842.

There was also a fear, following the strenuous efforts of the colonists to end convict transportation to the eastern colonies, that the French were contemplating a large scale dumping of their convicts in the New Hebrides. This fear was not without foundation.

Other Australian interests included politicians and leading colonial citizens who believed Australia had a strategic need and a destiny to control adjacent islands in the Pacific. Although a NSW colonial politician, Sir Henry Parkes, has

Mark Uhlmann, formerly a journalist with *The Canberra Times*, is currently employed as an advisor to Graeme Campbell MP.

been dubbed the father of Federation, it was in Victoria in the late 19th century that the strongest claims of Australia's destiny to be a major power in the Pacific were expressed. The colonists called it Australia's "manifest destiny," borrowing a term from their American cousins, and were also influenced by the US "Monroe Doctrine," which stated that no foreign power should be able to make annexations in the Americas. Many of influence in the colony, including those who ran *The Age*, felt that a similar doctrine should be followed in the Pacific to Australia's advantage.

So Victoria led the push for British control of Pacific islands adjacent to Australia and, in particular, led the struggle with France for control over the New Hebrides. This Victorian policy, despite, at various times, considerable differences with New South Wales — and a competing school of thought which considered the Australian continent big enough to cope with without taking on extra territory — was adopted at Federation as that of the Australian government.

Australia's Influence over British Policy

Officially, of course, Victoria as a colony and Australia at Federation had no foreign policy — that was conducted by Britain. Unofficially Australian politicians had a powerful influence over the conduct of British policy and the extension of the British Empire in the Pacific, frequently to the resentment of their British counterparts.

Recent simplistic interpretations of Australia's relationship with Britain would have us believe that those who upheld the Empire connection in Australia were mere lickspittles of the British. In fact, while the republicans who clustered around *The Bulletin* in the late 19th century can be admired for their vigorous brand of nationalism and anti-imperialism, those who upheld the Empire connection — the great majority — did so because it seemed obvious to them that it was in Australia's best interests.

The connection with the British Empire gave Australia unparalleled advantages in defence and trade. With well-placed diplomacy, Australian objectives could also be pursued in Britain's name, giving them far more weight and prestige than they otherwise would have had. Certainly a number of British politicians thought that Australia got the better of the deal and that Australians, far from being lickspittles, were ungrateful upstarts.

As Thompson notes, in 1887 the Marquess of Salisbury (who, at the time, was both Prime Minister and Foreign Secretary) privately called the colonists who put pressure on him over the New Hebrides, "the most unreasonable people I have ever heard or dreamt of." He regarded their interest in the New Hebrides as the attachment of a mere "debating club sentiment."

Another British Foreign Secretary, Sir Edward Grey, noted privately in 1908, "I think there is too much tendency here to slobber over the Colonies and they are too much given to spit at us; I except Canada from this criticism but for Australia it might be put even stronger."

The Australian colonies and New Zealand had a history of urging Britain to annex islands in the Pacific, because of

their own strategic and economic interests and then expecting Britain to bear the expense. Later, when the colonies accepted the principle that they should bear the expense for acquisitions they lobbied for, the British were often still reluctant to expand their Empire on request.

Even during the greatest period of colonial expansion,

The connection with the British Empire gave Australia unparalleled advantages in defence and trade.

there was an opposed tradition in Britain, based on the influence of the Manchester school which was against colonial expansion on the basis that it would over-extend British economic and defence capabilities. The Liberal Government of Gladstone was anti-expansionist by inclination and even negotiated with the Irish nationalist party of Charles Parnell in an abortive attempt to achieve a form of Home Rule for Ireland.

By contrast the Gladstone Government faced leading colonists, particularly in Africa, Australia and New Zealand, who pushed it to expand. The colonists were able to exert an influence through a complicated set of factors, in particular their appeal through ties of blood to the British general public and the willingness of British oppositions to use colonial matters to embarrass governments.

Successive British governments feared the ability of colonial matters to rouse public opinion at home against them. In particular the British feared the colonists breaking away as the American colonies had done. The loss of one or more of the Australian colonies would have spelt political doom for any British government.

There were times in the late 19th century when passions seemed to be running so high in the Australian colonies against actions by Britain that British public opinion was alarmed, and the British Government felt obliged to placate the colonists. Colonial politicians, though never having any intention to break from Britain, certainly exploited these fears for all they were worth. Different British government departments also took varying positions, the British Colonial Office sometimes supporting Australian objectives against the Foreign Office.

A series of events involving the thwarting of Australian ambitions in east New Guinea led to the British Government, with the greatest reluctance, locking itself into support for the Victorian-led push for control in the New Hebrides.

These began with an abortive attempt in April 1883 by the Queensland Premier, Thomas McIlwraith, to annex all of east New Guinea to that colony. This act was repudiated by Britain, but the British Colonial Secretary, Lord Derby, stated to Gladstone that the British Government could not "hold out" against Australian demands that Britain declare a protectorate.

Though he was not very willing to give into Australian

demands, he stated, "we could not as matters stand allow any other state to seize part of the island; the Australians would threaten secession if we did, and everybody would be against us."

Eventually, a half measure was adopted. A protectorate was declared over the southern portion, which the Premier of Victoria, James Service, called a "piddling policy."

There was outrage in Australia soon after when Germany annexed the northern half and the Bismarck Archipelago, though as usual the reactions varied between the colonial governments.

Several years later, after some adroit political pressure was applied to the British Government by the British Conservative Opposition, an extraordinary concession was extracted. The British Under-Secretary for the Colonies, with the New Guinea incident in mind, stated in the Imperial Parliament in 1895 that his government would never agree to French annexation of the New Hebrides, "without consultation with the Australian Colonies and without conditions absolutely satisfactory to their governments." Thompson states, "For the first time in her history Britain therefore allowed her hands to be tied by the wishes of her colonists on an issue of foreign policy" and that this "unique veto over foreign annexation of the New Hebrides...became a *de facto* control over British policy in the whole of Melanesia."

The battle for the New Hebrides centred on attempts to gain economic control of the islands, but of course was also fought at a cultural and religious level. Even though an Anglo-French entente was signed in 1904 and the New Hebrides Convention of 1906 established an Anglo-French

condominium in the islands, bad blood continued in the New Hebrides. In 1910 the French Resident Commissioner called for a "holy war" against the Presbyterian missions. Throughout the struggle, both French and Australian interests tried to stack the islands with sympathetic colonists.

Parallel to these developments, there were a number of observers in Australia, mainly of Irish Catholic background, who had no love for the Presbyterians, were at least partially sympathetic to the French and saw them as no danger to Australia.

Interest in the islands waned in Australia after France became an ally during World War I and by the 1920s only the Presbyterians continued to push for sole British control, but without any government support. However, the cultural struggle between the French and British influences already established on the islands continued in more subtle forms.

Since the 1970s there have, of course, been renewed clashes between Australia/New Zealand and France over French policy in the Pacific islands — clashes which, in the depths of emotion displayed, at times seemed to have unconsciously tapped into this historical legacy of antipathy.

At any rate, Thompson remarks, "The rivalry between British and French interests...and competing French and British education systems have created a culturally divided indigenous leadership in Vanuatu." Australia's part in that legacy goes some way to explaining the touchy reaction of Mr Carlot who, as a Francophone and Prime Minister since only last December, may well have been itching at the first hint of interference for an opportunity to assert himself against Australia. ■

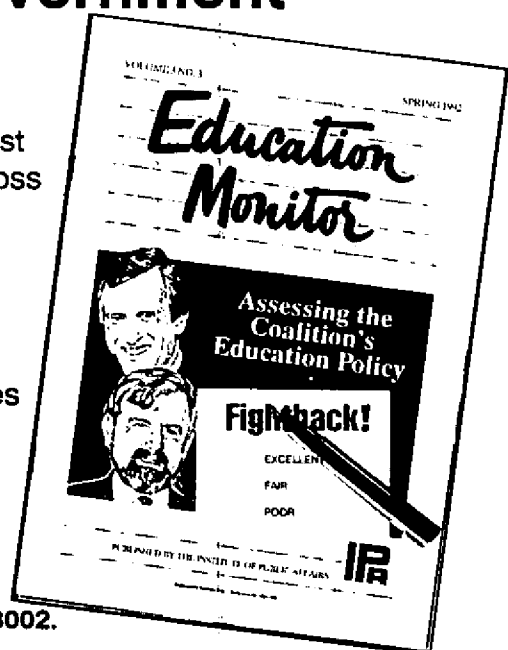
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Millennium

Getting Tribal Rites Wrong

Shown in Australia recently on SBS television, *Millennium's* celebration of 'tribal wisdom' was ponderous and unconvincing, despite the series' enchanting cinematography.

RON BRUNTON

AT the end of an episode which made a particularly disparaging comparison between Western economies and supposedly people-centred tribal economies, David Maybury-Lewis, the Harvard anthropologist who was the host and narrator for the *Millennium* television series, announced that we have two choices for the 21st century. We can either care for people and the planet, or else we can allow "things to be more important than people." Then people will become things, and "everything and everyone will be a commodity."

But for a project which takes such a jaundiced view of Western consumerism, *Millennium* certainly has a large product range. The 10-part series which screened on SBS from August to October is available for purchase on videotape, and people who like 'things' can also buy the magazine issued to accompany the series; a coffee table-style book written by Maybury-Lewis which includes some stunning photographs (and some drivel); a personal journal; an address book; two different t-shirts; the soundtrack of the series on cassette or CD; a watch which, in the words of the promotional literature, puts "a new face" on "the Western ritual fantasy of time"; and a coffee mug for taking "a well-earned break from this hectic, fragmented world."

Millennium pretends to address some weighty questions: "Where do we come from? What are we? Where are we going?" (taking its cue from the title of one of Paul Gauguin's paintings of Tahitians). But the intellectual clarity and genuine — as opposed to 'tribal' — wisdom that are a prerequisite for any serious consideration of such questions are absent.

Take the 'tribal wisdom' that is the focus of the series; in the stilted words that Maybury Lewis intones at the beginning

of each episode: "These are the stories we were told, stories from the heart, stories for a thousand years." "Stories that we wrote" would have been a fairer description. Much of the 'wisdom' is expressed in voice-overs spoken by actors talking in what are obviously supposed to be 'tribal' accents, working from a script prepared by Adrian Malone, the executive producer of *Millennium*. (When subtitles are used to provide direct translations of what the people on-screen are saying, the 'wisdom' tends to become more paltry.) In an ABC radio interview last June, Nigel Evans, a British documentary film-maker who joined the production team as artistic

director at the behest of the BBC, stated that for the two tribes for which he had direct knowledge, the actors' statements bore no relation to what the people on screen were actually saying.

Millennium's message of rancorous relativism is familiar, though no less egregious for that. Tribal societies are harmonious, offering rich and meaningful lives to their members by providing a stable per-

sonal identity, intense spirituality and profound wisdom about people and their place in the world. Tribal people's understanding of the interconnectedness of everything ensures that they treat the environment with care and respect. Certainly, some tribal societies have rather unappealing customs, such as head-hunting, or the sanctioned gang rape of women, or the summary execution of supposed sorcerers (i.e. weaker rivals), but these customs should be understood in their religious and social context. The lopped-off skulls are honoured in deeply moving ceremonies, and gang-rape occurs in very important rituals.

Of course, the modern West is all the things that tribal societies are not. Maybury-Lewis apparently can find little

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of value in his own society; little to redeem the alienation, the loneliness, the greed, the fragmented world view, the destructive individualism and the pillage of the environment that he imagines all around him.

But Maybury-Lewis provides few grounds for us to trust his judgment. It is difficult to take seriously the views of someone who can write:

"now that the artificial polarity between capitalism and communism has disappeared, we need no longer be paralyzed by the impossible choice between the social horrors of the former and the political nightmare of the latter."

Millennium includes claims that are misleading. There are many instances, but three will suffice.

After a segment dealing with the attempted suicide of a white North American girl, Maybury-Lewis states: "tribal societies that are whole don't have the problem of suicide." This can mean either that those tribal societies in which suicide occurs are not 'whole', which is vacuous; or it can mean that suicide does not occur — or did not occur traditionally — in tribal societies, which is quite false.

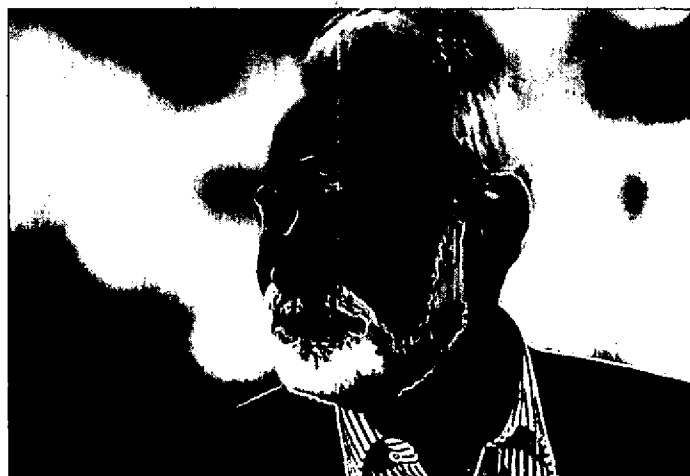
He tells us that the proposed space-station site on the Cape York Peninsula, "has been the homeland of the Kuuku Y'au and Wuthathi people for 70,000 years." This is nonsense. While humans may have inhabited the area for 70,000 years — or even longer — there is absolutely nothing to suggest any connection between present day inhabitants or claimants and those of the distant past, or even that contemporary tribal identities are more than a few generations old.

Chief Seattle, the American Indian green exemplar, has a prominent place in the *Millennium* book, and a number of extracts from his '1854' speech are included as lessons for us all. However the book relies not on the speech Seattle actually gave, but on the bogus version, created in 1970-1 by Ted Perry, an American teacher and film script-writer.¹ This bogus speech certainly expresses "the interconnectedness of things," not surprisingly given the importance the idea of interconnectedness has assumed in *our* culture. As an anthropologist with a professional interest in American Indians, Maybury-Lewis should have been able to recognize that he is celebrating a spurious text. The true story has been around for a number of years, and there is sufficient internal evidence within the text itself to indicate that something is very wrong.

Corporate Backing

Part of the blame for *Millennium* must lie with Anita Roddick, the multi-millionaire founder and head of the cosmetics chain The Body Shop International, which provided the major share of the project's funding. Roddick seems to see herself as unique in the business world for her social conscience, and people who read her autobiography *Body and Soul* could be forgiven for thinking that corporate philanthropy is her very own invention.

In her autobiography Roddick writes that, when she visited the Kayapo Indians of Brazil, a medicine man said that



David Maybury-Lewis: romanticizes tribal life.

he could make her pregnant. He took her to the river, and gently stroked her bare back with a leaf. Then he gave her a drink made from bark shavings and tied a vine around her waist, telling her that if she left it there for three days she would fall pregnant.

"Now I knew that you needed sperm to be pregnant, but I was also in awe of the rainforest people and their wisdom. Supposing I did get pregnant by the rainforest method? I would know how it happened and so would the Indians, but no one else would believe me. Certainly I think [husband] Gordon would have found it a bit hard. I worried about it so much that I went back to the medicine man and asked for an antidote."

Roddick also seems to have difficulty recognizing the interconnectedness of things. In the *Millennium* magazine she excoriates the rest of her industry: "There are no magic potions, no miracle cures, no rejuvenating creams. That is all hype and lies." All this is probably true. But when episodes of *Millennium* show people such as the Wodaabe of Niger preparing magic potions to attract members of the opposite sex, it is presented as tribal wisdom, not hype and lies.

If there is anything positive to have come out of *Millennium*, it is the public reaction, which suggests that common sense may be more widespread than often appears to be the case. I am continually meeting or hearing of people who started watching the series yet quickly gave up because they found it tendentious or boring. *Millennium* has also been the subject of trenchant criticism from some surprising quarters, including important chattering class media outlets. I have discussed the project with 10 or so anthropologists, whose social and political views span a broad range of positions, and all are either outraged or embarrassed by it.

In a lapse of judgment, *Millennium* was 'proudly sponsored' by Telecom. It is hard to think of a program whose message is more at odds with the corporate goals that Telecom should be pursuing. ■

1. See Ron Brunton, 'Chief Seattle: White Man's Indian', *IPA Review*, Vol. 45 No. 2, 1992, pp. 54-6.

Menzies and the Middle Class

C.D. KEMP

It is the fashion among today's 'clever' people to pour scorn on those who influenced or controlled Australia's destinies in the past. These earlier leaders were apparently misguided nincompoops who must be held largely responsible for the deplorable situation in which Australia now finds itself. Although a rather too critical book, Judith Brett's *Robert Menzies' Forgotten People* avoids this absurdity.

For nearly two decades after the War, Menzies dominated the Australian political stage like no other politician before or since. He was respected, even feared, not only by his opponents but also by many in his own party. His exceptional talents were conceded by all. Under his leadership Australia prospered, the economy grew rapidly, living standards rose year by year, unemployment was almost non-existent and inflation minimal. There has been no other period in this century where Australia's economic performance even remotely rivals that of the Menzies era. Perhaps he was lucky in that the economic winds were generally blowing strongly in his favour. But whether or not this is so, he provided the country with a sense of stability and a background of solid continuity which have been missing in the years since his retirement. Whether one liked or disliked him, agreed or fundamentally disagreed with him, most Australians felt that nothing could go

BOOKS IN REVIEW



Judith Brett, *Robert Menzies' Forgotten People*

Pan Macmillan Publishers Australia.

too seriously wrong while he was at the helm. With others there was an element of risk; with him the risks were minimized; it was wise therefore to play safe. There can be no doubt that in the main he inspired confidence both in his own country and overseas. This was no small matter.

Yet with all this unparalleled record of achievement, Sir Robert remains something of an enigma, a difficult but fascinating study for biographers and political scientists.

The latest work is Judith Brett's *Robert Menzies' Forgotten People* — an extensive character analysis rather than a biography. It is a bold attempt at throwing new light on the forces that drove Menzies and on the contradictory and often puzzling elements in the make-up of his character. In order to do so she resorts to Freudian psychoanalysis.

I find this part of the book most unconvincing. Here I am influenced by the

fact that I knew Menzies personally.¹ Judith Brett attributes much of Menzies' overriding ambition to a reaction to the dominance and authority exerted by his father within the family. Put simply, the son was determined to show that he was a bigger and better man than his parent. Even the prime ministership of Australia was not in his eyes sufficient for this purpose. He looked further afield to prove himself, even to achieving supremacy among the great of England. Brett suggests he wanted a place in the British War Cabinet — which is perfectly understandable — not just for itself but so that he could intrigue against Churchill and ultimately displace him as the British Prime Minister and leader of the Empire.

All this was early in 1941: not long after the Battle of Britain, not long after his tremendous wartime speeches, when Churchill must have been on a pinnacle with the British people. Churchill, of course, had, too, a vast experience of war. Menzies had none and was, by common consent of his peers, not so much a man of action as one with an extraordinary skill in the use of words. In war, the ability to act decisively and comprehensively is vital. But Menzies, like Asquith in World War I, was the cool, logical advocate rather than the man of action. One had the impression that he had not mastered the particular mystique of getting things done and done quickly. This part of Judith Brett's book, which is the most

C.D. Kemp was Director of the Institute of Public Affairs from its foundation until 1976.

original part, based on a piece of speculative psychoanalysis, has, I believe, little foundation in fact.

Dichotomy in his Character

Having said that, I think *Robert Menzies' Forgotten People* is in many ways an admirable book and a credit to the industry and scholarship of its author. She writes with insight and penetration on many aspects of Menzies' character. Judith Brett is right to attribute great importance to his famous radio talk in 1942, *The Forgotten People*, the forgotten people being the middle class. Menzies himself was middle-class to the bootstraps. He had all the virtues — although in a magnified form — and all the defects — also in a magnified form — of that class. He had the ambition, the work ethic, the basic honesty, the proud independence, the sense of service, the respect for moral values, the responsibility and essential decency of its better representatives — at least in the Menzies era. But also, strangely for a man of his transcendent talents and superb intelligence, he had the defects of the middle class — the insularity, narrowness, complacency, self-satisfaction, intolerance, suspicion of the unusual, lack of imagination. In his public life Menzies exhibited these weaknesses in a most exaggerated form. It is this dichotomy in his character — high intelligence, peerless talents, unswerving honesty on the one side, the petty, unattractive smallnesses and narrowness on the other — that makes him such a difficult person to understand.

Menzies had little interest in the world beyond that of the English-speaking peoples. Unlike Casey, he displayed no curiosity about the Asian countries. Judith Brett relates that when he visited India in 1959 he did not, according to the Australian High Commissioner, Sir Walter Crocker, "ask a single question about India...He wanted to see none of the sights and he had no curiosity about and no interest in India or Indians." When one thinks about it, this is nothing short of astounding. Nor, says Brett, did his curiosity even extend to Europe. Even more astounding! The



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— also in a magnified form
— of the middle class."**

Australian middle class of that period was certainly cocooned in its own little world, but not quite so much as Menzies appeared to be. He certainly seems a bad 'choice' to carry out negotiations over the Suez Canal with Nasser. Brett writes: "Casey's attempts to advise Menzies on the way the Egyptians felt were of no avail." There were other questionable essays into the wider world — for instance, his performance at the United Nations in 1961, his attitude to Britain's joining the European Community.

There were other not negligible shortcomings besides his insularity. Judith Brett writes of his "vindictive wit." I doubt whether "vindictive" is a fair description of his remarkable but rather cruel talent, which he could not resist using, for making fun at other people's expense. It was one of his most unattractive traits. Few people escaped the sharp edge of his merciless tongue. He did not seem to realize how much pain it inflicted on others. He could be generous — sometimes over-generous — in his praise of people to their face. But the fact that he made slighting references to the intelligence and

idiosyncrasies of so many people, made you wonder what he would say about you when you were not in his presence. Those who make a practice of constantly denigrating others do so because they feel inferior: they raise themselves, in their own estimation, by lowering others. It is a not uncommon practice but those who indulge in it mark themselves down as little men (or women). But Menzies was anything but "a little man." He was a human being far above the common run. He had no need to resort to the ridicule and the denigration of his peers.

Associated with this was his well-known aversion to having people with brains too close to him: he wanted to shine alone. This was a major weakness but not an altogether unexpected one in a man who had fought his way to the peak from small beginnings. He had a reputation — apparently not undeserved — for being ruthless in dealing with possible political rivals — Casey and Bruce for instance — "Ming the Merciless."

Menzies was probably a little over-suspicious of others, their intentions and ambitions insofar as they might affect himself. I have a clear recollection of an amusing incident during the convention he called at Canberra in 1944 to launch the new Liberal Party. The IPA was invited to send delegates, but by that time we had decided that if we were to have a future it should be non-political and the invitation was declined. The Council of the Institute, however, agreed to send observers, and the Secretary, Captain A.C. Leech, and myself were dispatched to Canberra to act in this capacity. Menzies did not particularly like this because he felt that as mere observers, we would not be able to commit the powerful people behind the Institute to support the courses of action which he might wish to promote. Moreover, our role as observers was no doubt to report back to our masters in Melbourne on the personal performance of the convenor, Menzies himself. At dinner one evening in the Hotel Canberra, Menzies entered the dining room and espied Leech and myself already seated not far from the door. He moved in our direction, then suddenly dodged behind one of the

pillars (which were a feature of the hotel dining room) and poked his head out, the rest of his body being concealed. With his hand cupped to his mouth, and in a mock whisper he said, "Seen anything suspicious, boys?" We collapsed in laughter. We knew what was in his mind. In fact, his performance throughout the convention was masterly, and we said so in our subsequent report on the proceedings.

The 1949 election was a climacteric in Menzies' career: it brought him the Prime Ministership which he retained for the unprecedented period of 17 years. It is, therefore, somewhat surprising that the book he wrote after his retirement devotes less than a page to this crucial event. Menzies attributes the Liberal triumph to the people's rejection of the Socialist State. This may be true enough as far as it goes: but the key issue of the election was almost certainly the threatened nationalization of the banking system, which Menzies mentions only in an almost off-handed fashion. There can be no doubt that the shrewd campaign against bank nationalization, organized and led not by a politician but by the Chief Manager of the National Bank, Leslie McConnan,² contributed to a major extent to the overthrow of the Labor Government in December 1949. In his book Menzies fails to mention this important, indeed, critical, fact and the name of McConnan finds no place in the index to *Afternoon Light*. It is a strange and, one might say, an ungenerous omission.

Afternoon Light has some purple passages but, considered as a whole, is, I think, somewhat disappointing. One would have expected something more weighty and instructive from a man who had been at the helm of his country in affairs for so many years. It smacks too much of an essay in self-justification. Moreover, it is rather uneven and ill-proportioned. The final chapter is on cricket (late in life Menzies still retained an almost school-boyish hero-worship for the great figures of the game). He too frequently writes in the same mannered and self-conscious idiom which one had come to expect from him in his speeches, but which seems inappropriate in written prose. With his transcendent talents he could, one feels, have done a

great deal better. Nevertheless *Afternoon Light* makes interesting reading, and has its high moments. It contains, for instance, a beautiful and moving chapter on his parents.

A Decent Man, An Honest Government

Most of those who knew him must have been aware of the flaws in Menzies' make-up. But then, all men of size have their shortcomings and, in Menzies' case, one would have to say they were far outweighed by his virtues. Judith Brett's book fails to give sufficient emphasis to his manifest qualities. Essentially a decent man himself, he gave decent and honest government. One

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wonders what he would have thought of today's politicians with their lavish retirement benefits largely financed by the taxpayer. When he retired from politics he had little, apparently not enough to purchase a home in Melbourne. But then Menzies was contemptuous of the purely materialist values and scornful of those who were driven by them. He had no great regard for businessmen as a species (neither, for that matter, did Casey). One thing is certain — the disasters and excesses of the 1980s, from which Australia is now suffering grievously, could simply not have happened if he had been at the helm. This is worth more than a moment's reflection. There is no doubt that the ruling passion of his life was his desire to serve and lead his country (although it is true that he believed he was much better fitted to do this than anyone else).

To gain a just appreciation of his stature one has only to consider most of those who have succeeded him in the prime ministerial office. He appears a giant among pygmies. He brought to public life a balance and a style and dignity that were conspicuously lacking in the Hawke years, and his behaviour after retirement makes a vivid contrast with that of Hawke, which has demeaned the great office which he (Hawke) held.

One of Menzies' most revealing speeches was given at a private dinner in his honour in 1954 at the Athenaeum Club arranged by the Institute of Public Affairs and attended by some 150 of Melbourne's business leaders. This speech, more than any other I have seen, expounds Menzies' philosophy of politics. The concluding words are worth recording:

"If it [politics] is all expediency, if it's all what will win votes next week or next month, you don't need me. There are much better phonograph records than myself. All you need is a few humble obedient time-servers and if those are what you want you'll get them...But, you know, if politics were only a matter of occupying a job, how many of us would be in it? Did anybody suppose that a man like myself who loves the law, and the practice of the law, and the whole philosophy of the law, would go into this turbulent stream for a job? A job! Of course not! And what I ask you to realize is that people like myself — and I'm not the only one — go into this life because they have beliefs, because they have a faith, because they believe that there is something that matters for their country." ■

1. I have always been puzzled as to how biographers can paint a perfectly accurate picture of their subjects without personal knowledge. Of course, I am not suggesting that this should be a necessary qualification for the biographer; otherwise probably few biographies would be written.
2. See C.D. Kemp, 'Sir Leslie McConnan and the Battle for the Banks', *IPA Review*, Vol. 45 No. 1, 1992, p.57.

Catholicism's Condition

T. C. DE LACEY

NO Australian who has paid even cursory attention to public debates in the last few years could fail to be aware that something is seriously amiss in the Catholic Church. Besides periodic controversies attending the moral, financial and doctrinal improprieties of some churchmen — not to mention the political sympathies of some Church agencies — we have been treated to countless assurances by journalists and concerned Catholics that the Church has been embroiled in crisis ever since the Second Vatican Council. Given the institutional power of the Church, this crisis has significance for far more people than just its members; it has also provided the licence for any number of books and articles on the subject of what is to be done. Of all the accounts vying for the Catholic mind, however, *No Set Agenda*, by Father Paul Collins, must surely rank among the most influential.

Amongst Catholic commentators in this country, perhaps only B. A. Santamaria can match Paul Collins for both prominence and persistence in recent times. Collins' book *Mixed Blessings* became one of the two most influential analyses of the Church at the time of the Pope's Australian tour in 1986. Since then, as presenter of ABC Radio's Insights program and as a frequent interviewer on ABC TV's *Compass* (and now as Director of ABC Religious Radio), Collins has enjoyed privileged access to a wide and apparently appreciative audience. His views are likely to command wide assent not only among Catholics, but also among other Christians.

BOOKS

IN REVIEW



Paul Collins, *No Set Agenda*
David Lovell Publishing

Church of Wasted Potential

In *No Set Agenda*, the portrait he paints of the Church is, on the whole, a bleak one. It is a picture of wasted potential, self-doubt and confusion of identity. Whereas in many other parts of the world (notably in Latin America), Catholicism is "an extraordinarily creative and radical force," "seriously engaged in the religious, spiritual, ethical, cultural, political, environmental and economic issues of our time," Collins thinks that in Australia this is sadly not the case. "To a considerable extent," he believes, "the Church has lost its sense of being both 'Catholic' and 'Australian'. Its leadership has largely retired from engagement with the issues that face our contemporary society and many church people have retired into their own safe sub-culture."

This situation would seem to be the product of practices which are as deeply ingrained in the Church as they are unsuited to the demands of modern social life. To start with, there is an "unspoken but profound ambivalence about living in a liberal democratic

society." Steeped in the ways of hierarchy, the bishops and their spokesmen appear incapable of entering the sophisticated public discourse of our society — often giving an impression of nervousness or of unsmiling, inhumane or moralistic simplicity in the face of complex human and ethical issues. Worse still, the procedures of episcopal appointment ensure that the best people for the jobs — the strong, outspoken ones who can show respect for conflicting views — are the very people least likely to reach leadership positions.

According to Collins, clerical celibacy is another major contributor to the church's malaise. Like most American (and presumably, Australian) men, most priests are emotionally immature. But whereas the ordinary man is given countless opportunities to overcome his immaturity through situations of personal intimacy, for the priest no similar chances arise; the duty of celibacy precludes them. This leaves clerics psychologically unprepared to meet the demands now made upon them. The results are "radical loneliness" and lack of vocational satisfaction. Many of the most creative men are either stifled or driven to leave the priesthood altogether, placing further burdens on those who remain while diminishing the likelihood that the reforms so urgently needed will be initiated by the clergy themselves.

With the people who celebrate the Mass in such a sorry state, it would be remarkable if the ceremony itself were not affected. And indeed Collins informs us that "the sad reality is that most liturgy in Australia is dull, lifeless and

boring, and in some places it is quite appalling." Again, worship is often perfunctory, unprepared and unimaginative, while the music is almost universally bad — tuneless, difficult to sing and cliché-ridden. Collins, however, does not lay all the blame for this at the feet of the priests. Another major factor is that in Australia Catholics lack the common culture necessary to sustain a "coherent and living liturgical celebration every Sunday." Nor are things helped by some heavy-handed attempts to make perfect strangers behave like a community of the closest friends, since most Catholics go to Mass not to overcome social alienation, but to enter the presence of the living God.

A further pressure on the liturgy comes from what Collins believes to be the "orientation of post-modern Western culture toward the superficial accessibility of words and away from other deeper forms of symbolic understanding." This has led the Catholic Mass in a Protestant direction, focusing on reading and interpretation of the Bible more than on the symbolic action which renders Christ truly present. Collins rather boldly declares that "you cannot blame people for not going [to Mass]; the miracle is the faith of those who still do."

Mention of Mass attendance brings us logically to the laity, for if there is one thing which can be said with confidence about such a large and heterogeneous body of people, it is that fewer and fewer of them are fulfilling their obligation to attend Sunday services. Collins quotes one researcher's calculation that in 1985 only 36 per cent of Catholic women and 32 per cent of Catholic men attended weekly Mass (as compared with 60 per cent and 42 per cent in 1967). He also tells us that statistics from the Melbourne Archdiocese's annual Mass count indicate an attendance rate of just 24 per cent of the nominal Catholic population. I understand from newspaper reports that more recent figures suggest a slight improvement, but this could offer churchmen little solace in the face of such a marked long-term decline.

Collins estimates that less than 25 per cent of Catholics can be classed as 'serious', that is, as those who practise

regularly and whose convictions are deep. Even among this group, however, he thinks there can be only 10 to 25 per cent (maybe five per cent of the whole Catholic population) for whom the Faith is the "radical and central focus of their lives and the foundation of their meaning structure." The others see commitment in largely moralistic terms, going to Mass, for example, because "it



Father Paul Collins

is a sin not to." For these people, as for the so-called "Christmas and Easter Catholics", belief is essentially subjective or private: they want a personal experience of God and a church that will comfort them like a friend, protecting them from the stresses of the secular world; they see commitment to the Faith as a matter of Mass attendance, sending their children to denominational schools and complying generally (which can often mean highly selectively) with the doctrinal and moral teachings of the Church. Ministry they see as someone else's responsibility. Few of the laity evince (or have ever evinced) the strong commitment to social justice which is meant to be an integral part of living Catholicism.

Collins supports his picture of the Church with a plethora of sociological and historical references, and the casual reader could be forgiven for seeing *No*

Set Agenda as the last word on the condition of Catholicism. There are, however, several grounds for treating the book with greater scepticism, not least of which is that its author's ambitions do not rest with the mere sketching of a vivid panorama. Collins also aims to fill the void he has perceived — to present at least a partial agenda upon which to focus the energies of his co-religionists during the 20th century's final years.

So-Called Reactionaries

Superficiality and imprecision — the characteristic flaws of journalism — are much in evidence in *No Set Agenda*, especially when Collins holds forth on the subject of so-called reactionaries in the Church. When first we meet these shadowy figures, we learn that they denounce Collins as a 'Judas' and 'subversive' disloyal to the Pope. They define the Church "far too narrowly", finding the perfection of tradition always in the period before 1962, and are really a tiny, albeit vociferous minority of Catholics. Collins thinks that far more notice is taken of them than their numbers warrant (curiously, however, this doesn't deter him from referring to them repeatedly throughout the book).

As we read on, we learn that these troglodytes are showing signs of increasing anti-clericalism, blaming the fall in practice rates and vocations on 'liberal' clergy and church bureaucrats who fail to teach 'correct' doctrine and who do not maintain the proper discipline. Despite their alleged paltry numbers, there is also evidence that a "sizeable coterie" of "reactionary types" has attempted to take Holy Orders. Collins congratulates seminary officials for trying to keep such undesirables out, despite the shortage of priests. In his words:

"It is to the credit of almost all Australian seminaries that they have tried to face the difficult task of making sure that only men adjusted to life and ministry in the contemporary church are ordained" (p.133).

Paradoxically, within world-wide Catholicism, and to an extent in Australia, it is 'reactionary' organizations like Opus Dei, Italy's Communion and Liberation and the Neo-Catechumenate which have been successful in harnessing the idealism and energy of young people. So it would seem that you can keep them out of the priesthood, but you can't keep good reactionaries down!

I suspect that few of the people Collins has in mind when he bandies about this term 'reactionary' in fact deserve the label. Although he is very free with the names of supposedly 'reactionary' organizations, he is disinclined to identify many individuals whose views we could elicit for independent assessment. His reticence would not appear to stem from old-fashioned good manners, either, for he is quite willing to criticize other people who decline to name names (for example, when John K. Williams writes very generally of environmentalists who hold a religious view of nature, Collins suggests he is creating a straw man). In the one case where Collins is prepared to single out an individual 'reactionary', namely Melbourne Auxiliary Bishop George Pell, the evidence he proffers is too weak to stand up to much scrutiny.

In his first chapter Collins gives a quotation from a speech Bishop Pell made in 1988, wherein he expressed the conviction that a style "which is a mite more confrontational and certainly less conciliatory to secular values" would enable the Church to stem the exodus from its ranks and attract more converts. "The Cross," he argued, "is a sign of contradiction." Collins says that this sounds reasonable enough, but adds that Pell "then goes on to outline the type of traditional Catholicism that he thinks should be revived," a type which Collins takes to be "little different from pre-Vatican II Australian Catholicism in the 1950s." No further quotations are provided in order to establish the resemblance, but this does not deter Collins from concluding that "what the Bishop is actually calling for is the restoration of a Catholic sub-culture."

One would never guess, from Collins' account of that 1988 speech to the *Conversazione* of the Seminar on the

Sociology of Culture, that the Bishop expressed support for some matters dear to Collins' own heart. He expressed the hope, for instance, that the Papal encyclicals on social issues would be supplemented by regular statements from the Australian bishops (like that on wealth distribution), and that these would be "serious contributions to national debate and equally serious efforts



Bishop George Pell

to convince the majority opinion in parliament and population." So far from advocating a retreat to the sub-culture, he insisted that the Church must speak out on social issues, and not only on abortion, euthanasia and IVF either, but also "social justice questions such as expanding Australian poverty, justice for Aborigines and our responsibilities to Asian refugees and the poor overseas." Anticipating Collins' criticisms somewhat, the Bishop pointed out the need for Catholics to "move much more into television" and to "radically upgrade our present efforts, which are amateurish and second-rate." He also called for a major effort to extend ecumenical contacts with the Greek Orthodox.

Bishop Pell did, it is true, urge that devotion to Our Lady and the saints be encouraged; also that children in Catholic schools be told regularly of the

duty to attend Sunday Mass and of the Ten Commandments' status as part of Divine Revelation. In addition, he rejected the ordination of women and the general re-introduction of married clergy. Yet unless one can establish that such stances are incompatible with Vatican II (and the Council documents do not support such a claim), it is difficult to see how they can betoken a longing for pre-Conciliar arrangements.

"Amoral Capitalism"

Collins' comments about free-market economics are as hackneyed as they are unbalanced. "Economic rationalism," we are told, "is just another name for selfish and amoral capitalism," an "open slather" for competitiveness, individualism and particularism to run riot, allowing the most ruthless and amoral to enhance their financial power and prestige at the expense of others, especially by the manipulation of debt." He says it is ironic that "a number of Australia's recent free-market buccaneers are Catholics and that it was state and federal Labor governments that created the conditions for this totally unproductive and immoral form of capitalism." He chooses to ignore the fact that the 'buccaneers' generally did not make their millions through competition in a free market but through corrupt deals with government mates, and that it was the advocates of the free market who provided some of the stoutest criticism of those deals. I would not wish to pretend that free-marketeers are saints (nor, I dare say, would the people themselves), but from the way Collins carries on one would think they were the repositories of all evil. Has there never been a ruthless or amoral public servant, happy to prosper at the expense of the tax-paying public? Come to that, are we to believe that every single advocate of protection speaks out of disinterested conviction rather than self-interest? Collins is blind to such considerations, and this lack of proportion does him no credit.

Perhaps the silliest claim of all in *No Set Agenda*, however, arises during Collins' discussion of the different

Christian conceptions of God. Strains of Christian mysticism imagine God as an impersonal 'presence' rather than as a person, and Collins laments that "some parts of contemporary spirituality have lost this awareness and are riddled with excessive emphasis on the personal nature of God." As an illustration of this 'excess', we are told that "in the liturgical texts of the church there is constant reference to God as 'Father'. The Latin word underlying this is so much more impersonal, referring to God as *Deus*. 'Father' is not the meaning of the word at all."

Now, Collins is under the impression that he received an excellent training in philosophy during his years in the seminary, but he must have either skipped or slept through every session on Latin; how else could he have missed the facts that the Latin for 'Father' is not *Deus* but *Pater*, and that the liturgical texts of the Church are full of references to both words? The Credo, for example, begins with "Credo in unum Deum/Patrem omnipotentem/factorem caeli et terrae," which translates as: "I believe in one God, the Father almighty, maker of heaven and earth." One does not need to be fluent in Latin to appreciate the distinction, just to be the owner (as I am) of a reliable Latin-English Missal.

The deficiencies of Collins' analysis find their counterparts in his prescriptions. For a man who claims to be in the business of agenda-setting, he can be insufferably vague — perhaps even evasive — about what ought to be done. Concerning the roles of women, for example, he warns darkly that "if the church does not address this issue it will not only lose half its constituency; it will lose its right to articulate the basic issues facing humankind and in the process lose its own soul." Portentous stuff indeed, but as the case of Bishop Pell shows, the church is actually addressing the issue; it is very firmly saying "No" to the possibility of priestesses. One presumes that Collins uses the word "address" as a synonym for unconditional surrender to secular enthusiasms like feminism, but this idiosyncratic use of language hardly aids the reader's comprehension.

It is implied that the vocations

crisis makes the acceptance of married priests and female priests, in tandem with a further expansion of lay ministry, the only alternative to the horrid prospect of 'priestless parishes'. Yet earlier this century in many parts of Australia (such as in far-western Victoria, whence came relatives of mine) priests were in such short supply that they would have to travel hundreds of



St Patrick's Cathedral, Melbourne

miles from town to town of a Sunday in order that each community would receive mass at least once per week. These limitations on the availability of priests did not impair the parishioners' faith — it may even have paved the way for the historically exceptional intensity of devotion in the 1950s. When one considers the improvements in transportation which have been made in the last 50 years, there is no reason why Catholicism cannot cope quite well with fewer male priests.

Social Justice

Social justice is undoubtedly a high priority for Collins. "To be a Catholic these days demands a commitment to justice," he says, and prophesies that "for the Catholic of the near future sins against social justice will be seen to be as

serious as sexual sins were in the past." Yet the sorts of policies and activities to which he expects Catholics to commit themselves in pursuit of social justice are nowhere spelled out. From his intemperate remarks about economic rationalism we might guess that Collins harbours the usual anti-capitalist sympathy for punitive wealth redistribution through taxation, but this is just a guess. He suggests that Jesus' call to his disciples to "leave all and follow him" is a call for "risk-taking flexibility", an injunction to abandon the everyday preoccupation with security; but this is a voluntary decision for each believer to make, not for the government to enforce, and it can tell us nothing about what is 'socially just'.

Regarding the Aborigines, Catholics must apparently abandon their 'arrogant' and 'European' impulse to convert them from their polytheistic religions, and instead provide support to them as they struggle for land, the preservation of their cultures and an assured place in the political process. Collins tell us "it is impossible to generalize about their culture and their religion, which differs markedly from place to place," and on the very next page proceeds to make a gross generalization: "Aborigines see the land as a living reality...They look at the land with reverence, and not with the greedy eyes of mining or logging companies or developers." Yet suppose we leave his self-contradiction aside and grant him the innumerable regional differences in Aboriginal beliefs (considering that their traditional cultures were pre-literate and flung across a sparsely-populated continent it would have been remarkable if there had not been variations). If Aborigines are so diverse, why should we assume that all of them will find Christian proselytizing 'arrogant', 'paternalistic' or an imposition? Why should Catholics forebear from welcoming whichever Aborigines prove receptive into what is supposed to be, after all, "the one true Church"?

The biggest issue of all for Collins is the "ecological crisis." Having been told that "all other theological, moral and pastoral issues fade into insignificance beside this," we might expect his agenda to be explicit here if nowhere

else; but such an expectation would be in vain. The problems of the environment apparently stem from the "exploitative anthropocentrism" which dominates our consciousness, and for which Christianity bears a large share of the blame. To combat it, Catholics must embrace a new cosmology: "today's theology cannot begin with the parameters of biblical history, for this is too narrow. We have to begin with biological history..." But what this cosmology will actually amount to, is anybody's guess. About the only practical conclusion Collins draws is that Catholics must reverse their attitude to immigration. Keeping the population down to preserve Australia as a "world 'national park' for the future" may be "morally more justifiable" in the long-term than sharing our assets with people from less fortunate lands. "There is agreement to preserve Antarctica as a world heritage area so we ought to be thinking of Australia in the same way."

The Phoney Revolution

Ultimately, *No Set Agenda* generates more heat than light for Catholics attempting to make sense of what is happening in their Church and how best they can apply their energies. A more illuminating account has been provided by Piers Paul Read, the British Catholic novelist, in a recent pamphlet for the Claridge Press. In *Quo Vadis: The Subversion of the Catholic Church*, Read writes:

"Because few Catholics have actually read the decrees of Vatican II, 'progressive' theologians and 'renewing' catechists are able to postulate a revolution in Catholic thinking which in fact never took place."

This may explain the vehemence and abandon with which some 'progressives' fling the 'reactionary' epithet around, for how else than by silencing or discrediting the orthodox could those making illicit changes in the name of Vatican II conceal the credibility gap which yawns constantly before them?

Read remarks that "it is common

today to describe the opening sessions of the Council as a struggle between liberals and conservatives in which the liberals triumphed. Reading the decrees of the Council it seems more accurate to describe what difference there was as between conservatives and arch-conservatives." The Council confirmed the infallibility of the Pope and decreed that Catholics must give "loyal

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submission of the will and intellect...to the authentic teaching of the Roman Pontiff even when he does not speak *ex cathedra* [i.e. infallibly]." It merely allowed that a wider use could be made of vernacular languages in the Mass, while holding that "the use of the Latin language, with due respect to particular law, is to be preserved in the Latin rites."

Read reminds us that *Gaudium et Spes*, the Council's Pastoral Constitution on the Church in the Modern World, warned Catholics "in their zeal to promote social justice ... against forgetting the primary teaching of the Gospel. They must be careful to distinguish earthly progress clearly from the increase of the kingdom of Christ...Christ did not bequeath to the Church a mission in the political, economic or social order; the purpose he assigned to it was a religious one." This cuts to the heart of the matter.

The true objectives of the Church are, in the best sense of the phrase, out of this world, which is why its rituals and church buildings should be designed to express the sacred — the "set apart".

One can find a flicker of recognition of this fact in Collins' discussion of the Mass, when he says that "the celebration of a liturgical action should lift those participating out of everyday reality and move them into a sacramental space which transcends time and within which the risen Christ is personally present." Collins has rightly been praised for these words by Dr Geoffrey Hull, a devotee of the traditional Tridentine Mass, writing in the January 1992 issue of *AD2000*. Unfortunately, however, Collins seems incapable of thinking through all the implications of the insight.

In the immediate aftermath of the Council, the people who pushed the liturgy in the vulgar Protestant direction Collins abhors were generally the same people who dissented from the Church's moral teachings (which Collins thinks is quite acceptable) and sought the same egalitarian, Presbyterian model of ministry that Collins seems to favour. In each instance their motivation was the same: a belief that 'desacralization' (as it was called) and all the other changes would make the Church more 'relevant' to the surrounding secular society. Collins seems to think one can embrace this 'progressive' this-worldly outlook in respect of doctrine, organization and moral teachings without losing the sense of the sacred in the Mass; but it just will not work.

The real choice for Australian Catholics is not, as Collins supposes, between the ghetto and engagement with the burning social issues of our time. It is between a religion oriented primarily towards the service of the transcendent God (one component of which service is to aid one's fellow men) and an ethos which focuses on worldly expectations and worldly blights to such an extent that God gets shoved to the background. It never seems to occur to Collins that Catholics should pray for a rise in vocations; yet the call to the priesthood is supposed to be a gift of God's grace, in which case prayer should be an efficacious solution to the problem. Collins' mentality has been secularized, and this makes *No Set Agenda* a very poor guide for Catholic action in the 1990s. ■

The Director's Report to the 1992 AGM

EACH Annual General Meeting is an opportunity and an incentive to review past activity and to clarify expectations and hopes for the future. Since IPA's role is to lead the debate about public policy, its achievements and hopes need to be assessed with reference to economic and political circumstances.

The Year Past

An exhaustive account of IPA's many undertakings during 1991/92 is not possible, but the following were significant:

- Publication of four issues of *IPA Review*, five issues of *Facts*, three of *Education Monitor*, 12 studies, 17 *Backgrounders* and a book, *Reconciling Economics and the Environment*.
- Dame Leonie Kramer's Education Policy Unit completed three years of research with the publication of *Educating Australians*. The reception that this publication received was very gratifying.
- Stage I of Project Victoria was completed and Stage II was negotiated with the principal backers. Des Moore completed the Stage II project on health-care.
- The Environmental Unit produced seven *Backgrounders* and continued to provide advice on the Coronation Hill episode, endangered species and the enhanced greenhouse effect.
- The States' Policy Unit continued to provide the best publicly-available objective analysis of the relative merit of State budgets much to the chagrin of some Under-Treasurers.
- John Stone travelled to New Zealand to ascertain the real effects of the introduction of policies of a type which the IPA had recommended for adoption in Australia.
- As well as its publishing activities, the Western Australian office began work on *Mandate WA*, a policy blueprint for an incoming WA government.
- The Pacific Security Research Institute produced five publications and prepared for the visit of four leading Americans during the second week of July 1992.
- IPA took up the trade issue and contributed significantly to the fact that the sudden resurgence of protectionism failed to maintain momentum.
- We shifted to new premises at 128 Jolimont Road. These were opened with a very generous speech by His Excellency, the Governor General.

How the IPA is Viewed

To be persuasive, arguments and imagery must strike sympathetic chords. This is not to say that a large audience should agree with what IPA spokesmen propose — it is, after all, IPA's role to lead debate and the first requirement must be to be correct. But accuracy is not enough, argument must also be persuasive. People listen to each other only when they recognize common goals, values and reference points.

IPA's motives, as opposed to are arguments, are impugned with irritating frequency. Our spokesmen, therefore, need to make the shared goals and the ways that these are linked to particular policy unusually clear. For instance, we value economic growth, not for itself, but because, among other things, it creates jobs, provides the wherewithal to care for the sick and makes protection of the environment possible.

Discrimination on racial grounds offends widely-accepted canons of fairness and this remains the case whether discussing discrimination based on prejudice against Aborigines or the multiculturalism policies of the Federal Government. It is reasonable in debate to make the point that, once the principle of non-discrimination is breached, the person seeking the racist policy may, one day, be among those discriminated against.

Labour-market deregulation is not an ideological fetish, but is a means by which employment levels may be improved. Further, it will give back to workers one of those rights (property in one's own labour) that distinguishes them from slaves. And so on.

The choice of emotive words (such as "slaves") is entirely appropriate, indeed emotive language is an important tool. But it must be chosen carefully. Imagery to be effective must be appreciated by most people and it must reinforce the shared values.

Since IPA's values are very much 'mainstream', this ought not to be a problem. It would not be, were it not the case that vested interests with privileges to protect and resources that are vastly superior to our own (the ABC and the Hospital Community Services Union, for instance) did not portray us with other values. It is the fate of all reformers to be misrepresented and IPA is no exception.

The 'Future Directions' seminar (a day-long meeting of the Board and senior staff) decided to try to position the image of the IPA where misrepresentation was more difficult.

IPA demands rigour in argument. It employs argument alone to defend the legitimate aspirations of all those people who are so badly disadvantaged by poor government — the unemployed, our ill-educated children, battlers trying to cope with taxes, high interest rates and inflation, for instance.

Those Australians who suffer exceptional

(Continued overleaf)

misfortune, such as the seriously physically and mentally disabled, should receive generous assistance. Generous assistance will be forthcoming only within an economy that is growing faster than the population is growing. They will be generously treated only by a welfare system that concentrates upon their real needs rather than dissipating limited resources on payments to the relatively well-to-do, inefficient service provision and upon free riders. IPA's rational economics and rational welfare proposals are the best protection that these people have.

More generally, IPA is opposed to privilege, defends just reward and defends the tried and proven institutions that made Australia a just and prosperous community.

Statements of general principle, such as the above, sound like calls to motherhood. Their frequent repetition is made necessary only by the self-serving and the perennially indignant. It is, moreover, well to remind ourselves of the goals of good policy lest we come carelessly to confuse means with ends or to sound as though we have.

If IPA is to enjoy growing influence and funding we must be seen to be competent, influential, and considerate of everybody's rights and legitimate aspirations.

Finance

IPA has in excess of 3,500 individual subscribers and 552 corporate subscribers. Our largest subscriber provided only seven per cent of our revenue and our top 10 subscribers only 32 per cent of it. About 15 per cent of IPA's revenue comes from mining companies — slightly less than from manufacturing.

IPA should aim to use its funds efficiently for the purposes for which they are raised. Subject to the acquisition of safe reserves, income and expenditure ought approximately to balance. Last year, IPA's income increased by \$87,000, expenditure increased by \$76,000 and there was an excess of expenditure over income of \$48,000. Cash reserves and investments increased from \$856,000 to \$864,000. Given the difficult times, this is a reasonable result, but the financial structure is becoming more fragile as we lose companies and individual members and increasingly rely upon projects. The last of several three-year commitments to the Environmental Unit are being paid now.

Since 30 June 1992, corporate membership has not kept pace with budget. To offset this, two members of staff have been given notice of retrenchment and other cost savings have been effected. Further savings may be necessary.

The Future

After a sustained period during which IPA's ideas were most often given effect by Labor in Government

(the Field Government's last budget, for instance), the situation has changed. The Coalition in opposition has promised to adopt several IPA policies, and recently the Victorian Government has started to implement recommendations from Project Victoria.

Our reputation for not preferring one political party over another and remaining loyal to ideas alone is central to the acceptance of our analysis. Special care is, in current circumstances, needed to ensure that it is plain to all that the political parties are at arms length from us. We may sometimes agree with a political party but there can never be any alliance.

During 1992-93 I expect the IPA to:

- publish on Aboriginal policy and on the implications of the Mabo case. Then I expect Dr Brunton again to take up more purely environmental issues;
- proceed with Project Victoria, in the first instance reporting on local government and transport;
- continue to make timely comment on the macro-economy;
- publish further on the situation in New Zealand and maintain a watching brief to reveal the lessons that may be learned from across the Tasman;
- conduct a conference in February or March concentrating on the causes of unemployment;
- publish *Mandate WA*; and
- produce four monographs, four issues of *IPA Review*, three of *Education Monitor* and four of *Facts*.

During 1993 IPA will pass its 50th birthday. Australians are, today, not without difficulties that are national in character. However, I think, looking back on the years since the Second World War a very reasonable conclusion is that had there been no Ref Kemp and no IPA those troubles would have been a great deal more of a worry than, in fact, they are.

It would be unfair to claim that Australia is today without political leadership. Never before has there been so much policy detail before the public. But a vision, a clear expression of where all the nuts-and-bolts public policy is to take us, is wanted. Now, if IPA can help, as Prime Minister Chifley once put it, to place a light on the hill, then it will have performed Australia a very great service. The placing of such lights is, as I think Chifley understood, a difficult undertaking. It demands knowledge of what is needed and what is possible (otherwise the wrong hill may be chosen). It also requires empathy with the public's often deeply held and noblest sentiments, a first class command of language and timing (otherwise the light, although seen, will be ignored).

John Hyde
Executive Director

Report Uncovers Large Potential Savings in Education

ON 21 September at the IPA's Melbourne office *Schooling Victorians: Lessons for the Future* was launched. The Report was prepared by the IPA's Economic Policy Unit for Project Victoria. Des Moore outlined the main findings of the Report to an audience of about 70 people. Brian Start, Professor of Education at the University of Melbourne, also spoke at the launch.

The Report details savings of around \$260 million per annum which could be made if pupil-teacher ratios in Victorian government schools and the average size of those schools were brought into line with the average for other Australian States. Additional savings could be made by contracting out cleaning services and the sale of

property. These measures, the Report argues, would have no detrimental impact on the quality of education. The Report proposes a reduction of the role of government in education and increased management autonomy for state schools. Some of the Report's cost-saving proposals are already being adopted by the new Victorian Government.

Professor Start, who is also President of the CHIP Foundation (Children of Intellectual Potential), analyzed the damage done to Victorian education by left-wing ideologues. He also noted the role reversal involved in education bureaucrats becoming the clients of the system rather than the providers. *Schooling Victorians* is available from the IPA for \$15.00.



Professor Brian Start

Speakers' Group Named After Captain of Industry

In September the Essington Lewis Speakers' Group, established by Cliff Smith for the IPA, was launched by Emeritus Professor Geoffrey Blainey. The existing IPA Speakers' Group will now formally adopt the Essington Lewis title. Professor Blainey is the author of a biography of Lewis called *The Steel Master*. The function was hosted by Laurie Cox, Chairman of the Australian Stock Exchange, and was held at the Boardroom of Potter Warburg Securities Ltd in Collins Street, Melbourne.

Essington Lewis occupies an important place in Australia's history this century. He presided over BHP during its great period of growth, being appointed General Manager in 1921 at the age of only 40. In 1940 Prime Minister Menzies appointed him Director-



Essington Lewis

General of Munitions — in effect putting him in charge of harnessing Australia's secondary industry to the war effort. Lewis set up headquarters at Western House in Melbourne which, 40 years later, housed the IPA. As Director of Labour, Lewis appointed J.B. Chifley (later Prime Minister of Australia) with whom he got on well.

Lewis was a hard task master, and could occasionally be bullying, said Professor Blainey, but at the same time he had real humility. Prime Minister Curtin arranged for him to be awarded the prestigious Companion of Honour for his great contribution to the nation, an award not normally given to private citizens. Lewis wrote to Curtin saying he was not keen on the idea: "I feel that I owe Australia a great deal and that Australia owes me very little."



Professor Blainey (standing) was warmly thanked by the audience

Essington Lewis remained Chairman of BHP until 1954. He died in 1961.

The vote of thanks following Professor Blainey's speech was given by Brian Loton, the current Chairman of BHP.

In recent months the Speakers' Group has been addressed by Laurie Cox; by Lorraine Elliott, who has since been elected a member of the Victorian Legislative Assembly; and in late November by John Stone, who spoke on economic and industrial relations reform in New Zealand. For further information about the Essington Lewis Speakers' Group, contact Helen Hyde on (03) 654 7499.



Lorraine Elliott

John Stone



The Market Relies on Trust

In October IPA Director, John Hyde, delivered the 1992 Latham Lecture in Sydney. His topic was Trust, Politics and Business. He argued that the



John Hyde

market order depends for its existence upon constraints which are in essence moral. It is by accepting these moral restrictions on personal behaviour that the trust is generated that makes investment and exchange possible. In the 1980s, to some extent, trust broke down, to the detriment of the market and the political order.

The political and business scandals of the 1980s, of which WA Inc. was an example, were the consequence of a

long-term decline of moral standards, rather than inadequate laws, which affected government and business alike. New laws, he said, are not the answer to this decline. An informed public that withholds the trust that wins commercial contracts and elections can exercise considerable influence. A good reputation has again to be made a valuable asset.

Australian governments which have been prone to granting privileges should cease doing so. They should be less inclined, he said, to enter commercial situations, because in commerce it is difficult for them to avoid favouring some Australians over others.

An edited version of his speech will be published in *Quadrant*.

Implications of the Mabo Case

A *Current Issues* looking at the legal, political and economic consequences of the recent controversial Mabo case in the High Court, together with some of the anthropological background, is currently being finalized at the IPA's Perth office. The authors are: Peter Durack, a former federal Attorney-General; Ron Brunton; and Tony Rutherford, who is currently completing key chapters of *WA Mandate*, which will propose policies for the next government of either party in Western Australia.

Dr Mike Nahan, Director of the IPA States' Policy Unit in Perth, provided an independent audit of the Queensland National Party's election commitments made for the 1992 Queensland election. He has also addressed recent conferences on privatization and on the environment.

Environmental Unit Moves

Dr Ron Brunton, Director of the IPA's Environmental Policy Unit, is relocating to Melbourne. The Canberra office, which was established three years ago by the Australian Institute for Public Policy, will be closed. Ron Brunton's work on environmental issues will continue in Melbourne.

RECENT IPA BACKGROUNDEERS

The New Zealand Employment Contracts Act by Doug Myers, May 1992.

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.

Gas, Coal and Politics: Making Decisions about Power Stations by Frank Harman, July 1992.

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 Strategic Approach to Industry Policy: A New Form of Protection? by Des Moore, August 1992.

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

Honest Money: A New Zealand Lesson, 1989-92 by John Stone, September 1992.

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.

The Industrial Relations Policy Debate and the Victorian Elections by Colin Howard, 23 September.

The existing industrial relations system has been a significant cause of present unemployment levels and badly needs reform. Reform proposals need to be assessed against fundamental principles including: the freedom to associate and the freedom to contract.

Quality of Child Care, Accreditation and Family Welfare by Geoff Hogbin, 19 November.

The Commonwealth Government's forthcoming long day care accreditation system has major defects. Few of the proposed criteria for accreditation are either objective or enforceable. The proposed system cannot guarantee quality and may be conducive to corruption; it provides no effective safeguards against child abuse or the spread of infectious diseases.

Environmental Backgrounders

Global Warming: The Origin and Nature of Alleged Scientific Consensus by Richard S. Lindzen, June 1992.

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.

Rural Environmentalism and the Evolution of Knowledge by John Cary, June 1992.

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

Chemophobia and the Molecular Level by Sev Sternhell, September 1992.

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.

The Green Lobby's Strategy and Tactics: a Tasmanian Case Study by Guy Barnett, 30 October.

Guy Barnett examines some of the most politically divisive and emotional environmental disputes in Australian history: the Franklin Dam dispute, the Wesley Vale pulp mill debate and the 'Son of Wesley Vale' are case studies from which important lessons can be learned.

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.

Current Issues

In the wake of the FitzGerald Report and other Royal Commissions, there is widespread concern about the extent of corruption in Australia — in both the public sector and the private sector. Written by economists Michael Brookes and Ben Heijdra, **Dividing the Spoils** is a dispassionate examination of the origins of corruption and impropriety. It asks questions such as: Would an extension of the market reduce the degree of corruption or would it make it worse? \$14.00 (inc. p&h).

A related monograph, **Why Worry About Business Ethics?** by moral philosopher R.E. Ewin, examines what business ethics ought to be about, whether it can be successfully taught, and the connections between personal and business ethics. \$12.00 (inc. p&h).

Clipping the Wings of Eagles

Clipping the Wings of Eagles: Artificial Impediments to Mining and Minerals Processing in Australia, by Ken Willett.

Examines some of the many artificial barriers (that is, impediments that arise from government action or government neglect) which severely hamper Australia's mineral and mineral processing industries, with policy recommendations for overcoming them. In particular, it looks at eight impediments: taxes on intermediate inputs used in mining; problems with the income tax regime; barriers to imports; water transport inefficiencies; high real interest rates; labour market impediments; the highly bureaucratic system of exploration and mining tenure; and the uncertainties created by past government decisions. \$12.00 (inc. p&h).

Ken Willett

Mabo and After by Peter Durack, Ron Brunton and Tony Rutherford. Three essays which explore the important implications of the recent High Court decision in which the doctrine of *terra nullius* was overturned and a continuing form of native title in Australia was recognized. Senator Durack's essay warns that political division, rather than reconciliation, may be the lasting outcome of the case. Ron Brunton examines the problematic role that oral evidence is likely to play in future land rights claims. And Tony Rutherford presents the economic consequences of the decision and concludes that the most damaging feature of the decision is the high degree of uncertainty it creates for all concerned. \$8.00 (inc. p&h).

Mabo and After

Current Issues November 1992

Peter Durack, Ron Brunton
& Tony Rutherford