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Constitutional Reform

Dear Editor,

Your articles by Kenneth Minogue and S.E.K. Hulme (IPA Review, Vol. 45 No. 4, 1992) between them do an excellent job of exposing the pretensions and self-contradictory rhetoric of our current crop of Constitutional reformers. Hulme's point that the written Constitution only operates within and as part of a wider constitutional system, is a point that supporters of the existing arrangements would do well to remember and repeat. Taken in isolation, many of the proposals for change made in recent years may seem sensible enough (for example, the ostensibly money-saving idea of four-year terms for the House of Representatives). It is only when these measures are assessed in the light of their likely effects on the system as a whole that their harmfulness can become apparent. In nearly every instance the fashionable proposals would shift more power to the executive government.

For all their good sense, however, both articles beg certain questions. Professor Minogue observes that "no constitutional entrenchment is any more successful than the cultural conditions in which it operates." Fair enough. But are the cultural conditions operative in Australia of a kind which would make entrenchments ineffective?

S.E.K. Hulme takes umbrage at the "horse and buggy" arguments of our would-be Constitutional reformers, but he does not oppose Constitutional change per se. "If some faults emerge," he says, "if some provision is in fact found to inhibit our fair progress, let us take heart and seek to rectify it." Fair enough. But isn't this precisely what the reformers would say they have found, and exactly what they are doing? That the reformers' conclusions are not supported by the reasoning they offer the public at present, does not mean that no reasoning could ever support them.

Both Minogue and Hulme sagely intone: "If it is not necessary to change, then it is necessary not to change"; other opponents of reform use the argument that our present Constitution has served us well for 90 years. But does this prove that it has served us better than anything else could? Does it prove that the present arrangements will continue to serve us well as our conditions are transformed? What, in fact, do Australia's circumstances make necessary?

A longer version of Hulme's article was presented as a speech to the Samuel Griffith Society. During the same conference, Dr Colin Howard gave a paper arguing that the High Court has interpreted the Constitution's External Affairs power in a manner which not only violates the Founders' original intentions, but also enables the federal executive to by-pass any Constitutional impediment to its power whenever it sees fit to do so (which is to say, whenever it thinks it can get away with it).

Here, one might say, is a Constitutional provision crying out for reform in a conservative direction. One could probably find several more without great difficulty. Thus, the task confronting those who feel repelled by the absurdities of Messrs Home, Keneally, Turnbull, et al, is not simply to oppose their proposed changes, but to develop a thorough alternative agenda; as Greg Craven told the Samuel Griffith Society, "the real question in the present context is always going to be not 'whether', but 'what', 'how much', 'when', and 'in what way?'"

Alan Cocks, Elwood, Vic.

Population Growth

Dear Editor,

In the last IPA Review (Vol. 45 No.4, 1992) there are two pieces on population.

The first is a series of dogmatic assertions like "each new life is unique, inestimably precious...irrespective...of whether a child is planned or unplanned, healthy or handicapped..." And presumably whether born in America or Uganda?

The second essay sets out to overturn the view that one of the world's problems is over-population and in this quest makes some astonishing points. On page 40 we find that the Chinese Government through "a phalanx of female members of the party...keep detailed records of every woman's menstrual cycle, checking to make sure of regularity." The Chinese must have a bureaucracy even more overwhelming than we thought!

The essay has many woolly contentions. "People," we hear, "can be assets. They not only consume, they produce — food, capital, even resources." Some do produce food, but food is not the problem; there is an over-supply of food in the world, a fact borne home very strongly on wheat farmers. The statement that people produce resources is
The last IPA Review (Vol. 45 No. 4) contained an article ('Business Must Defend Itself') which claimed that the Australian Owned Companies Association is anti-business. No foundation for this claim exists.

The Association makes no apology for its policy of favouring Australian business. There are three principal reasons for the policy:

- Australia’s desperate plight in finding ways to reduce its foreign debt;
- Australia’s pitifully high level of unemployment; and
- Australia’s spiralling slide in those living standards which can be paid for without recourse to borrowings.

No part of the policy is based on anti-business views, xenophobia, or inherent conservatism.

The simple fact is that there is only one way which will have any serious impact on the trio of rising foreign debt and unemployment, and declining living standards. This way is generating internal prosperity. Generating prosperity by our own efforts has nothing to do with isolationism or anti-foreign attitudes.

Successfully establishing and running a business requires tremendous drive, skill and tenacity. Governments have for too long overlooked this fact. Never having run a business themselves, they frequently ignore the difficulties involved. Complex laws and lazy or jealous administrators stifle profitable activity. They create a vicious circle of more administrators and more laws from which increased prosperity never results.

We need to ask the proponents of population growth where they want the additional million (or 10 million or 100 million) people to live. Not in my city, thanks. Not cluttering up the beaches where I go for holidays. We need to ask if they want more vehicles on the highways or, failing that, more highways. Do they want Sydney to be the size of Calcutta?

H.C. Griffin, Sherwood, Qld.

In Defence of Australian Business

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Only the encouragement of Australian business in all its forms, great or small, combined with frugality in public administrative costs, will allow Australians to break the current crisis on terms not dictated by others.

Australia will never become prosperous by more and more Australians becoming employees of foreign companies. The Association does not claim that all foreign ownership is bad, or that all business should be Australian-owned. What is sought is a realistic appraisal of all foreign investment in terms of the foreigner establishing that it is in the long-term interests of the Australian people. If this is established the Association favours that foreign ownership.

For too long we have welcomed all foreign ownership as necessarily good. Some even take a foreign acquisition as a compliment to our skills, and — dazzled by the flattery — surrender what has taken years, even generations, to build. For too long our policies have penalized Australian business and discriminated in favour of foreign competitors.

Australia has businessmen the equal of anywhere in the world. These people are not just the well-known few, but thousands of successful Australian businessmen at all levels in our society. Today, Australia is paying the price for denigrating, or at the very least ignoring, those businessmen who really produce things, whether goods or services. No one is wishing to raise every businessman to an exalted status, for all business must serve the community and operate profitably for the community benefit. Nor should anyone ignore the Australian employees, without whom there can be no successful business. But Australian business must be encouraged and allowed to prosper.

The Arnotts Sell-Off

The Association's policy resulted in our opposition to the sell-off of Arnotts to Campbell's Soups. This sell-off is a tragedy which commentators in five years will find almost impossible to understand. Australian policies ineluctably produced the sell-off.

Arnotts is a fine Australian business, financially strong with wide consumer support. On any measure it is successful. Many of the problems Arnotts faced in Australia are the same as those faced by other Australian businesses:

- Profits from Australian businesses which operate within Australia are subject to a maximum tax rate of about 48 per cent.
- Australia has income tax, land tax, capital gains tax, payroll tax, sales tax, stamp duty, superannuation tax, financial institutions duty, fringe benefits tax, royalty tax, trading levies, superannuation levies, etc., etc., etc.
- The cost of paying tax and complying with the tax laws has become horrendous.
- Tax audit, with tax penalties, can now bankrupt any business.
- Corporation laws, environment laws, product liability laws and laws of every other nature have made it increasingly difficult for any business to survive.

Many of the above are absent from the homes of foreign competitors and, in addition, many of those foreign places either subsidize financially or heavily support their local businesses.

It is as if Australia were only allowed five players to compete in a test match against a West Indies team of 11 players. Australia may win, but very, very occasionally.

Arnotts is financially sound with a dominant share of the biscuit market. No employee is at risk of losing his job from financial cutbacks. It was only two years ago that our trade practices law was applied to prohibit Arnotts in its attempt to take over an American competitor, Nabisco. But no attempt was
made to apply the same law against Campbell's Soups, an American multinational. With the discrimination against Australian business in foreign countries, why must Australia continue to discriminate against Australian business in Australia?

The Government approved the sell-off to Campbell's on the sole basis that Arnotts had failed to duplicate in Asia the great success it had achieved in Australia. What a feeble argument! In some way it was supposed to be in the best interests of the Australian people to have one of our successful businesses taken over by foreigners, on the grounds that the business might be successful in Asia. This ignored the questions of:

- how long Arnotts would, as part of the Campbell Soup empire, favour using Australian employees, or Australian wheat, sugar and other primary products;
- Australian policies, including our tax system, making it difficult for Arnotts to be a success overseas;
- why Campbell's Soups, if it was so clever, could not succeed in Asia without Arnotts; or
- the possibility that Campbell's Soups would take over Arnotts and then have all Asian activities carried out in future by a non-Australian company within the Campbell's Soup empire.

There were no long-term advantages in the sell-off, only long-term disadvantages.

The Association's policy to favour Australian business is based on these practical reasons. We support foreign ownership of Australian business only when it is in the best long-term interests of the Australian people, not otherwise.

Robin Speed, 
Vice President
Australian Owned 
Companies Association

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We Need an Inspiring National Day

Australia Day 1993 has come and gone. Anzac Day 1993 will soon come and go. Many Australians of all ages and backgrounds are looking for hope and vision.

Australia Day, for all the genuine efforts of those involved, really doesn't strike a chord. I believe that I am as patriotic as most, but to me it is difficult to get beyond the fact that the 26th January does little more than signal the end of the holiday season.

After all, it is not clear these days what we are celebrating. A landing at Sydney Cove with virtually all present sent against their will — convicts on the one hand, those to look after them on the other — is not the sort of event to inspire a national day, particularly as some Australians object to, or are scared to acknowledge, the first day of European settlement.

There may have been periods when we as a nation knew where we were going. For instance, when migration from Europe was in full swing in the 1950s and 1960s we could say to migrants “Come to Australia, the best country in the world.” We could say it and believe it; indeed, many migrants found it to be so. We knew where we were going.

However, when it came to Australia Day 1993 we didn't seem to be too sure about our celebration or our direction.

If a national day is to mean anything for the future, it needs to have a foundation in some ‘heroic’ event or events; something to inspire the spirit! Australia Day has not been able to do it.

I do not wish to scrap Australia Day, but I wish to find a real national day.

Now let us think of Anzac Day. But how long will it last when the servicemen are gone? And this is not far away. I have no doubt that Anzac Day will become just another holiday unless it is adopted as our national day.

Anzac Day has all the ingredients necessary for a real national day. Let me enunciate some:

- A day of remembrance for Australia's war dead — all young and all in conflicts. Gallipoli is only the starting point.
- A day of remembrance for all who have died for what they believed to be a cause greater than themselves. This brings in people from many lands who have come to Australia to make it their home.
- A day which can therefore give a common purpose to anyone who was born here, lives here and wants Australia to be their country.
- After all, it is the day (apart from Christmas Day and Easter, perhaps) on which more Australians know what they are celebrating than any other day.

If anyone doubts that, take a look after Anzac Day, at the war memorials in towns and villages — large or small all over Australia — and observe the flowers placed on them, officially or unofficially.

Many nations have national days and often there is a ‘heroic concept’ at the base. Take the Fourth of July for America or Bastille Day for France.

From my experience as a participant in Anzac Day commemorations in different locations, I know that young Australians are more interested than ever in participating in such occasions.

What an opportunity! For remembrance and celebration; for vision and developing a sense of common purpose for us all; for going forward with hope and resolution. Otherwise?

The Hon Vernon Wilcox CBE QC
Restoring the Family’s Status

The 19th century French social analyst, Frédéric Le Play, wrote: “Tell me what kind of family you have and I’ll tell you what kind of society you have.” Family experiences are fundamental in shaping our character, our basic values, our attitude to authority, our sense of identity. More Australians nominate their membership of a family as very important in defining who they are than nominate their nationality, occupation, gender, race, religion or social class. The family mediates between self and society: it civilizes children; at the same time it provides a haven to which adults can retreat from the impersonal public world. Le Play believed that the family was the basic unit of society. If it is weak, society will be unstable.

Society has a stake in encouraging strong families. Two articles in this IPA Review (Zinsmeister and Tapper) examine the consequences of family breakdown. The effects of family instability reverberate throughout society: the task of education is made more difficult; crime and delinquency increase; the welfare bill goes up. David Popenoe, an American student of the Swedish welfare state, underlines the point in his book, Disturbing the Nest: Family Change and Decline in Modern Societies (Aldine de Gruyter):

“...it must be realized that every modern society, no matter how centralized, affluent, and welfare oriented, very much depends on familism in the sense of people voluntarily providing services for others that otherwise would have to be provided by the government. It is fortunate for the economy of any nation, for example, that most parents are willing to provide services at no cost for their children and for each other; there is simply no way that such costs could be borne by the taxpayers. From this perspective, families represent a huge body of people willing to work for humanitarian and socially necessary goals with virtually no material rewards.”

Although most people continue to value stable family life, even if they do not themselves achieve it, the traditional nuclear family has had a bad press from some quarters. It is seen as interfering with the self-fulfilment of its members, particularly women. Radical feminists portray the family as a locus of gender inequality and exploitation. They see it as harbouring, even fostering, male violence. Extraordinary figures are bandied about regarding the levels of domestic violence and incest. (A pamphlet issued by the Office for the Status of Women claims that one in three wives is the victim of domestic violence.) Government advertising campaigns have been run to ‘educate’ the public about the problem of male violence (as if lack of education were the cause of the problem). Programs, such as Protective Behaviours, have been introduced into some schools to alert children to the dangers of predatory fathers and uncles. This, as critics have pointed out, risks undermining the trust that is essential to the functioning of normal families.

The family has also been devalued in welfare circles. As John McDougall and Neville Grieve wrote in an IPA Review last year (Vol. 45 No. 2): “Too often success in children’s welfare has been measured by the number of children removed from their families and kept in residential care. The more children a welfare agency has in such care, the more government funding it attracts.” Fortunately, new programs, such as that run by McDougall and Grieve in Ballarat, are aimed at repairing dysfunctional families, rather than dismantling them. Some families, of course, are beyond repair and to return at-risk children to them would be irresponsible. But welfare policy should be biased in favour of strengthening families, if only because the family has proved to be a more efficient welfare institution than its alternatives. The first question that those manning youth refuges ought to ask the young people who turn up on their doorsteps is not “What are your accommodation needs?” or “Do you know your rights?”, but “Where are your parents?”

Children’s Interests Overlooked

Despite the burgeoning rhetoric of children’s rights, the drift in family policy in recent decades has not always been in the best interests of children. More often, it has been concerned to advance the self-fulfilment of adults. The liberalizing of the divorce laws which occurred in Australia in the mid-1970s — although not without some merit — was aimed at making life better for adults rather than for children. Projecting from current trends we can expect that about one in five children in Australia will experience the divorce of their parents by age 18. While it is certainly unpleasant for children to live in a household where marital relations are poor, most children, if given a choice, would prefer their parents to remain together. (The flaws in the Family Law Act 1975 are discussed by Barry Maley in his new book Marriage, Divorce and Family Justice, Centre for
Concern for personal autonomy at the partial expense of children’s interests is also evident in the sizeable growth in the care of infants by agencies outside the family. Currently there are approximately 200,000 child-care places around Australia, and demand exceeds supply. The growth of the child-care industry has been propelled by substantial government assistance and an increase in the work-force participation rate of married women with children under school age (32 per cent increase between 1980 and 1989). Many of these working mothers would prefer to take care of their young children full-time, but cannot afford to do so. Easing the tax burden on families, as Lyle Dunne proposes in this IPA Review, would help them.

But economic pressure is not the only cause of the increase in the work-force participation of mothers with young children. There is a feeling among many (educated) women that child-rearing does not provide sufficient psychological and social rewards. Connected to this is the decline in the status of the mothering role, which itself has a variety of causes: it is unpaid and so, wrongly, is judged to have no economic value; it belongs to the private domain in which status is ascribed rather than to the public world where status is achieved (generally we admire achieved status more than ascribed status); in spite of demanding considerable judgment and skills it requires no formal credentials; it has been devalued by radical feminists.

Political and Media Support

Government involvement in child-care has won wide support from political parties and media commentators. ‘Keating Scores Well with Women Over Child-Care,’ ran The Age headline following the Prime Minister’s election promise of 100,000 new child-care places and a rebate on fees (on top of current subsidies); ‘Parents Win Help,’ said The Herald-Sun; ‘Child-Care Proposals Welcomed,’ said the Australian Financial Review. The Australian, in an editorial, had reservations about the fact that the rebate would not be means-tested. Michelle Grattan of The Age disagreed: child-care is not middle-class welfare; “it is about reform of the labour market.” The Financial Review agreed with Grattan, believing that child-care expenses should be treated like any other business expense. Eva Cox of the Women’s Electoral Lobby and Merle Mitchell of the Australian Council of Social Service greeted Mr Keating’s proposals with enthusiasm. So did Democrat leader Senator Coulter. Senator Alston, the Coalition Spokesman on child-care criticized the package, but gave an assurance that “The Coalition is firmly committed to a fair and affordable child-care policy.” And indeed soon after, the Coalition matched Labor’s promise of extra child-care places and promised a means-tested rebate on child-care fees.

What was missing from all this was any consideration of the effects of institutional child-care on very young children. Because the experiment with mass child-care is in its early stages, the existing evidence about its effects is inconclusive. But, although contrary claims are made, there is some evidence that prolonged day-care for infants may be harmful. In an article in the Spring 1988 Policy Review, published by the US Heritage Foundation, Karl Zinsmeister summarized some of the existing research. It suggests that infants placed in prolonged day-care tend to develop weak and insecure bonds with their parents, bonds that are crucial to intellectual and emotional development. Research also suggests that infants subject to prolonged day-care are more at risk for later problems of aggressive, unco-operative behaviour, less tolerance of frustration and a pattern of social withdrawal. There would seem to be a prima facie case that, where a choice is feasible, care by a parent whose attachment to an infant is based on love is preferable to care by a stranger, whose attention is divided among many infants. This holds true regardless of the formal credentials possessed by the child-care worker. Nor does so-called ‘quality time’ spent by parents with their children fill the gap, any more than a diet of fast food is adequate.

Until the question of the effects of institutional child-care is resolved, it is imprudent for the State to promote it with public funding, particularly when doing so involves penalizing single-income families with full-time mothers. Besides, given the large budget deficit, the Government should be looking for ways to reduce spending, not expand it.

From the Cradle to the Grave

There is one other related concern. For more than a century the family has been shedding functions which it once performed — production, education, care for the elderly. Much of this is understandable: the family is ill-suited to large-scale production; and it lacks the specialist skills to provide medical care and, in most cases, formal education. At the same time, the family has specialized in two crucial functions which no other institution, least of all the state, is equipped to perform as well. These functions are: psychological anchorage (a place of security and intimacy) for adults and the recreation and rearing of children. The transfer of child-rearing to state-regulated and state-funded institutions represents a disturbing expansion of government control and a loss of family authority over a critical phase of children’s development.

There may be a legitimate economic argument for subsidized child-care in that its provision allows skilled women to re-enter the workforce soon after the birth of a child. But we need to weigh these benefits against the enormous unpaid services performed by mothers in the home, against the potentially detrimental effects of institutional care on children and against the erosion of our liberty entailed by the growth of the cradle-to-grave Nanny State. Child-rearing can yield long-term social benefits or, if it is done badly, long-term problems. As a society we cannot afford to underrate its importance or compromise its quality.

Ken Baker
The Pollsters, the Pundits and the Politics of Fear

DEREK PARKER

The 1993 election campaign will go down in our history as a turning point. If the opinion polls are to be believed, it is when fear became more important than hope and misrepresentation became more important than reality.

The structure of the campaign is well-known: the Coalition started with a fair lead which gradually withered. On election day, the two-party preferred vote was 51.7 per cent for the ALP and 48.3 per cent for the Coalition; the primary vote was 45.5 per cent for the ALP and 44.1 per cent for the Coalition.

The best of the polls published immediately before the election, in terms of vote-share predictions, was the Saulwick Poll of The Age and The Sydney Morning Herald. It predicted a 51:49 per cent two-party split in favour of the ALP, with 46 per cent for the ALP and 44 per cent for the Coalition in primary votes.

The Australian’s Newspoll, taken on the Wednesday and Thursday nights before the election, gave the Coalition 45.5 per cent in primary support, and the ALP 42.5; or 50.5 per cent for the Coalition after preferences. The outcome was described as a “cliffhanger” with a narrow Coalition win.

The Morgan telephone poll published in Time on the Tuesday before the election gave the Coalition 50.5 per cent to 49.5 per cent after preferences. Oddly, Morgan forecast a primary vote of 44.5 per cent for the ALP and 45.0 for the Coalition. To arrive at the two-party figure, the Coalition would have had to receive more than half the minor party preferences — an unlikely outcome.

Morgan also conducted a telephone poll on the Wednesday and Thursday before the election with the results being released on the evening of the election day. This forecast a two-party split of 49.5:50.5 per cent in favour of the Coalition, with primary figures being 42.5 per cent for the ALP and 46.0 per cent for the Coalition.

The AGB:McNair poll published in The Bulletin put the Coalition in front with 50.5 per cent of the two-party vote and five points in front of the ALP with 48 per cent of the primary vote. AGB:McNair also conducted a poll on Wednesday and Thursday, and predicted 49.5 per cent for the ALP after preferences, and in primary votes 48 per cent for the Coalition to the ALP’s 43 per cent.

On these numbers, all of the AGB:McNair and Morgan polls, both those done the previous weekend and those done during the week, were simply wrong. They predicted the wrong winner and reversed the balance of the figures. Likewise, the Newspoll failed to predict which party would lead in the two-party vote and primary vote.

Only the Saulwick poll forecast that the ALP would lead in the primary and two-party vote, and even then it appears that it underestimated the ALP vote. But strangely, the media did not say that the ALP was likely to win. One may well ask “Why not?” A two-point lead after preferences points to a secure win. With a 51:49 per cent split on a perfectly uniform swing, the ALP would have held eight seats more than the Coalition. Yet Michelle Grattan, chief political correspondent of The Age, concluded that the poll’s figures were “too fine a margin for prediction.”

The fundamental reality of the 1993 election was that the result was not, after all, close: the ALP’s majority is quite clear. Neither did the result have the ambiguity of the 1990 outcome, where the Coalition won more votes both in two-party and primary terms yet failed to win a majority of seats. The government’s parliamentary position is approximately where one would expect it to be from the split of the vote.

But, with the exception of Derek Parker is author of The Courtesans: the Press Gallery in the Hawke Era. He has worked on the conservative side of politics.
psephologist Malcolm Mackerras, who predicted a good win for the ALP, all of the journalists and non-partisan pundits who took a public position picked the Coalition as the likely winner. A late surge for the ALP in a number of marginal seats, identified fairly successfully by a Quadrant poll published in the Herald-Sun the day before the election, likewise failed to make an impression on the opinion-makers.

My fear is this: that in 1996, the platform of each side will be no more than a brochure, with plenty of glossy pictures and no ideas.

In the wider community, there also seems to have been a belief that the Coalition would win, if the 7:2 odds for a Coalition win given by the Northern Territory bookmakers (who can legally accept bets on election outcomes) is a guide.

The Politics of Fear

How could so many be so wrong? The key reason is an underestimation of the potency of the politics of fear.

The 1993 campaign was really two campaigns: the first fortnight and the final three weeks. In the first two weeks, the ALP made a series of announcements about its policies and future direction. Its support failed to recover. In the second stage of the campaign the ALP effectively stopped saying what it would do if returned — with a few exceptions such as a promise to give $600 million to South Australia — and focused entirely on attack, especially on the GST. Of course, much of what the Government and the Prime Minister said about the GST — that it would simply lead to a 15 per cent increase in the cost of everything, that it would increase business costs, and that it was responsible for Canada's recession and the resignation of Canadian Prime Minister Brian Mulroney — was entirely spurious. Such statements may even have been laughable had they not been repeated with such vigour, venom and regularity that they became more important than the facts.

After the ALP began to employ purely 'negative' tactics, its poll standing began to rise. In the final 10 days of the campaign, when the attacks became even more frenetic, the polls improved even further, such that even a disastrous unemployment figure released on the Thursday before the election made no difference. The polls taken on Wednesday and Thursday night showed the ALP's trend position continuing to improve as if the data had not happened.

The Public Changes its Mind

A crucial point about the public's acceptance of the ALP's claims about the Coalition's GST is that it was a significant reversal of opinion. The strong lead in the polls enjoyed by the Coalition through most of 1992 indicates that a good part of the public then accepted its proposals. An exhaustive analysis of the polls by academic Murray Goot (published in Australian Quarterly in Winter 1992) showed that, by and large, the public was willing to accept the trade-offs of the GST package.

Why did the public change its mind, ceasing to accept short-term dislocation in return for structural improvement and focusing solely on the pain of the GST without attention to the compensating mechanisms? Because of the intensity of the government's attack — an explicit attempt to engender fears by whatever possible means.

It is likely that some of the people who voted against the Coalition did not wish to reveal to pollsters that they intended to vote solely from fear. Hence, the intent of the electorate was not clear to the pollsters — although it should be said that relatively small shifts in the sample could make a difference, which is why the Saulwick and Quadrant polls turned out to be reasonably correct. With the electorate in a dissembling mood, it would have been quite possible for all, none, or any of the polls to be correct.

Ultimately, the ALP tactics were successful. This is the bedrock truth: attack politics works, and the more aggressive the better. It matters little whether what is said is true or not. Both the Coalition's and ALP's experience (in the first part of the campaign) showed that no support is won with policies for change — although, if the South Australian outcome of the election is a guide, straightforward bribes may be of some value.

The politics of ideas has been tried and rejected. My fear is this: that in 1996, the platform of each side will be no more than a brochure, with plenty of glossy pictures and no ideas. Neither will the parties venture solutions which might involve pain for any part of the electorate, whatever the long-term gains might be. The experience of 1993, and the evidence of the polls, shows that the Australian electorate, when choosing between a slightly painful truth and an easy lie, will choose the latter.

**Why Johnny Can't Read**

A recent Parliamentary Report states that up to 25 per cent of children leave primary school unable to read.

Extensive empirical research by two Australians, Byron Harrison and Jean Zollner, has identified a principal cause of this failure. In the last two years Harrison and Zollner have successfully assessed and helped hundreds of poor readers whose problems schools were unable to solve. They explain their research findings in the Autumn Education Monitor.

To subscribe to Education Monitor send a cheque for $20 (for three issues) made payable to Institute of Public Affairs, Ground Floor, 128-136 Jolimont Road, Jolimont, Vic, 3002; or phone (03) 654 7499.
Structural Change is Still on the Agenda

The interpretation of election results is a tricky thing. It is all too easy to fall into the trap of concluding that it was this or that particular issue that was conclusive. People are also prone to focus on the issue which reinforces their prejudices.

This said, there can scarcely be any significant doubt that it was the Coalition's decision to propose a 15 per cent Goods and Services Tax (GST) which cost them the 1993 election. After 10 years in office with one million unemployed and a net foreign debt of $168 billion, Labor would have lost by the proverbial country mile if the GST had not been on the Coalition's agenda. It is, perhaps, surprising that the Coalition did not recognize at the outset that it would have been a first for an Opposition anywhere to have been elected after proposing a new tax.

Thus my comments in IPA Review (Vol. 45 No. 1), following the launch of Fightback! in November 1991, have been proved correct:

"Given that the GST and associated tax and compensation measures will likely produce only marginal economic benefits overall, my concern has always been that, once this became apparent, the task of having the community accept a GST that would be opposed at the political level would divert a Coalition Government's attention away from implementing more important economic reforms. I have also been concerned that the introduction of a new tax with a very broad base, and one that is in a sense disguised in prices, would provide a powerful weapon in the hands of politicians, thereby making it more difficult to reduce the size of government, which has been — and remains — a key objective of the IPA."

As things turned out, once challenged by Labor to demonstrate the benefits of the GST, the Coalition was diverted from selling its other policies and floundered even though it received strong support on the GST from sections of business. The line taken by the debate has essentially been about the pace and extent of change.

"The Coalition proposal to use the proceeds of the GST to cut $20 billion in "taxes on business" would produce considerable benefits, was seriously flawed. It failed to give sufficient recognition to the fact that it is business that would have paid the GST in the first instance, just as it is business that pays in the first instance the three taxes that were scheduled for abolition (wholesale sales tax, payroll tax and petroleum products excise). Nor did it recognize that, in the end, it is the individual who pays all taxes. This simple fact may have been a crucial element in the swing (about 1.5 per cent) to Labor in the 1993 election.

Economic Rationalism Not Rejected

The foregoing interpretation of the 1993 election result will doubtless be challenged by those who, following Mr Keating's misrepresentation of Dr Hewson as a Thatcherite ideologue, are seeking to present it as a defeat for economic rationalism and 'free market' policies. However, if we accept that it was the Coalition's GST proposal that allowed Labor to win (as I believe we must), the electorate cannot be said to have rejected further structural reform of the economy. Moreover, suggestions that the Fightback! proposals failed because they contained no "social vision" overlook that they were explicitly directed at increasing self-reliance and overcoming social problems such as those caused by unemployment.

Those who have sought to portray the debate about change as being between literal laissez-fairists and their opponents have always been guilty of gross misrepresentation, or a failure to understand the issues, or both. The debate has essentially been about the pace and extent of change. Labor has argued that the recession required a slowing in the pace of reform and,
because of its close links with the unions, it has found it difficult to break down the privileged position of unions in industrial relations and associated arrangements. But Mr Keating has consistently argued that it is Labor that ‘dragged’ Australia out of isolation into the global economy. While there was a good deal of rhetoric in this claim (in practice, structural reform under Labor was slow, piecemeal and continually held up by union resistance), there can be no doubt that under Mr Keating (particularly when he was Treasurer) Labor did adopt policies that increased the exposure of both business and unions to competitive forces.

There is nothing in Labor’s policies to suggest that a Keating Government will now back away from, let alone reverse, further moves in that direction. As Mr Keating said in an article published in *The Australian* on the eve of the 13 March election:

“There is no question about change. I have no doubt Australians are tired of it, but equally I have no doubt they accept the need for it.”

**The Challenge Ahead**

What, then, should we expect the new Government to do? The challenge comes on two main fronts.

First, having spent most of his time since becoming Prime Minister in political diversions, or in attacking Dr Hewson, and having now been elected in his own right, we could reasonably expect Mr Keating to get back to the main game. His Government needs to tackle structural reform on a broad front so as to lift national productivity; and it needs to proceed on the basis that structural reform is part of the solution to the unemployment problem rather than part of the problem itself. A recent report to the Business Council of Australia showed that average productivity levels in Australia’s leading companies are 25-50 per cent below world-best practice and that since 1988 there has been no closing of this ‘productivity gap’. It concluded that, notwithstanding moves in the right direction, the present industrial relations system does not allow business to make the changes needed to catch up. This inevitably holds back investment and employment.

The question is whether Mr Keating can make a fresh start on structural reform by putting more distance between Labor and the unions and other special interest groups that have held up reform in a whole range of areas. In industrial relations, for example, there is a clear need to eliminate the privileged position of unions in the bargaining process and to move to a more deregulated system where there is a minimum of legislated conditions that have to be observed and a minimum of outside interference.

Equally, in areas such as privatization, shipping and waterfront arrangements, as well as on environmental policy, there is scope for the Keating Government to really establish its credentials as a reformist government by taking the obvious next steps in the reform process. There is, for example, a clear case for selling off all the remaining government holdings in the Commonwealth Bank. Such a move would be consistent with Mr Keating’s statement in the aforementioned article that

“There is no question that governments are inappropriate managers of some businesses, and we have all recognized there is an important need to take government out of publicly owned enterprises — where appropriate — to introduce private sector disciplines and efficiencies.”

The second main challenge to the Keating Government will be to deal with the saving problem so that the growth rate can be increased without again running into external account problems. At least in the next few years, the two most feasible ways of increasing national saving are through increasing company profits and by moving progressively to a budget surplus.

With inflation now down in the zero to two per cent per annum range, there is a great opportunity to encourage private sector saving by locking in the rate. The Government could steal the Opposition’s clothes and request the Reserve Bank to operate monetary policy with that aim (excluding the effects of exogenous shocks such as a major OPEC-induced oil price rise).

**Balance the Budget**

As to the Budget, the new Government needs an early Economic Statement which sets out measures to achieve a progressive reduction in the deficit, with the aim of balancing the Budget by 1995-96 without counting the proceeds of asset sales. This would almost certainly require postponing the remainder of the infrastructure program, a sizable chunk of the proposed personal income tax cuts, and other spending cuts. Such an early Budget should also set the scene for a June meeting with State Premiers to put Commonwealth-State relations on a more stable and co-operative basis by ensuring that, in contrast with recent years, the Commonwealth cuts back its own outlays by more than its assistance to the States.

Given that Mr Keating did not have a ‘plan’ involving major legislative changes, and given anyhow that Labor effectively has a majority in the Senate, it should experience much less difficulty than a Coalition in making major changes in its tax and spending promises.

Even so, the new Government would need to set out a convincing case for progressively reducing the budget deficit, much as President Clinton has done in the United States. Such a case would emphasize the vital contribution of deficit reduction program to reducing Australia’s foreign debt problem and our high real interest rates. It would also emphasize, as the OECD did in December, that “it is difficult to see how business and consumer confidence can be restored unless the authorities deal effectively with unsound public sector financial positions.” A budgetary program that sets out convincing to achieve a surplus in 1995-96 would send a very significant message, viz, that a private sector expansion would not have to be cut off in mid-stream as has so often happened in the past.
Buy Direct and Save
(but beware the rusty nails)

BOB DAY

TRYING to cut out the middleman is a concept that is understood by all. Slogans like “Buy direct and bank the difference”, referring to buying direct from the manufacturer, are commonplace. But the idea of cutting out the middleman — whilst attractive to the buyer and the seller — is, of course, not always welcomed by whoever plays the role of the middleman. Examples of disgruntled middlemen trying to maintain their often lucrative vital link in the chain abound. However, one example in particular stands out.

There was a program on TV recently (60 Minutes, I think) about the life and times of Jesus Christ. The program was investigating why Jesus caused such a fracas and why, ultimately, the Chief Priests and Pharisees had him put to death. The TV interviewer asked someone on location in Jerusalem, where the camera crew was filming, why Jesus had caused such a hullabaloo. “That’s easy,” said the interviewee, “he cut out the middleman.”

You see, until that time the Chief Priests and Pharisees claimed exclusive access to God. If anyone had sinned and wanted forgiveness, then he had to go to the priest who would then intercede on his behalf. (“What’s changed?” you might ask.) Along came this New Right heretic who said that all this wasn’t necessary; that people could speak directly to God and ask His forgiveness and give Him praise and worship on a sort of “one on one” basis.

No need to go through anybody. “You’re all priests,” he said, “go direct and bank the difference.”

Well, you can just imagine how these career-minded Chief Priests and Pharisees took all this. Not very well, I can tell you! The prestige, the privilege, the power, the perks and of course the pay were suddenly threatened by this heretic. Crucify Him! Crucify Him!

The Trade Union as Middleman

Now I’m not suggesting for a moment that Jeff Kennett is a modern-day Jesus Christ — heaven forbid — but I’m sure if crucifixion was still in vogue, John Halfpenny and his union mates would be getting out the rustiest nails they could find.

The concept of the middleman in industrial relations goes back a long way. Industrial relations has actually become an industry in itself with trade unions, industrial tribunals, commissions and so on, all making quite a tidy living from this very lucrative business.

Now, you don’t take away all those privileges and all that power easily — especially when it has built up over many years into a giant bureaucracy. The former recipients can kick up quite a fuss. They may even call a strike! Not they themselves on strike, of course — that would only highlight how much they weren’t needed — but the people they are supposedly representing out on strike. It makes for a nice decoy.

No matter what the industry, the days of the middleman are all but over. Middlemen have caused their own downfall. Workers know they can get a better deal by talking directly to their employers. They also know that unions don’t always act in the best interests of their members.

As far as industrial relations goes, in the days ahead it will be a case of “Hire direct and bank the difference.”

Bob Day is Managing Director of the Homestead Property Group, a South Australian building company.
Cumulative number of international treaties signed by Australia:

- by 1921: 198
- by 1935: 308
- by 1955: 879
- by 1970: 1268
- by 1989: 2018
- by 1991: 2116

Department of Foreign Affairs, Australian Treaty List.

Proportion of employees in unionized workplaces (in 1991) who were covered by a closed shop arrangement: 57 per cent.


Membership of the Victorian State Public Services Federation in 1991: 30,000. Membership in February 1993 (following the abolition of automatic deductions of union dues): approx. 17,000.

The Age, 16 February 1993.

Percentage of Australian journalists who classify themselves as left-wing: 38.8.
As right-wing: 16.0.

Percentage who believe that the ABC provides the best TV news service: 54.

Professor John Henningham (survey of 1,068 randomly selected journalists), Time Australia, 11 January 1993 and Sydney Morning Herald, 29 January 1993.

Cost of environmental regulations to the United States in 1991: $115 billion.


Average health expenditure per Australian (in 1988-89):

- $1,750
- $138
- cost of environmental regulations
- By Federal and State general tax revenue
- $4,068
- By individuals: $544

Total newspaper circulation in Japan: 72.5 million, with 124 titles. Total circulation in USA: 61.7 million, with 1,585 titles.


Combined federal grants (in 1990-91) to the H.V. Evatt Foundation, the Lionel Murphy Foundation and the Left Book Club Co-Operative Ltd: $355,000.

Tim Fischer, MP.
Payment for damages by the Australian Consolidated Press to Andrew Ettinghausen for the publication (without his permission) of a photo of him naked: $350,000 (subject to appeal).

Maximum payment in NSW for personal injuries incurred by victims of rape: $20,000.


Percentage of Australians who believe that our reserves of coal will run out within 50 years: 38. Actual coal reserves in Australia: 51 billion tonnes. Number of years these reserves will last at current production levels: 300.

NSW Coal Association survey.


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Percentage of population born overseas by State:

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Multicultural Australia, ABS, Cat. No. 2505.0.

Price an illegally-exported glossy black cockatoo can fetch overseas: $50,000.


Pages of legislation passed by Federal Parliament.


Keating's Toughest Test

Federal-state relations is set to be the new Keating Government's toughest and most important test.

Contrary to Mr Keating's claim, his new Government faces an urgent need to extend and accelerate the pace of economic reform. The urgency of his task has been masked to some extent by the recession and has been downplayed by Mr Keating and his colleagues during the election, but it will again become painfully apparent as the recession recedes. It is also clear that the reform process has either stalled or is faltering in most areas. A renewed impetus and revitalized leadership is required and it is up to Mr Keating to provide it.

The task ahead will be difficult. The easy and dramatic reforms — such as floating the dollar and deregulating the banking system — have already been done, and only hard decisions remain. These decisions will be even more difficult for Mr Keating because he has spent most of the last year trying to convince the electorate that they were either not necessary, completed or in hand.

Another potential obstacle to reform is that the Commonwealth must obtain the support of the States and Territories. The States and Territories are involved to some degree in most of the areas in need of further reform, including electricity, rail, ports, education, health, industrial relations, and government spending and taxation.

The States are a force that must be dealt with as they have the ability to retard or block Commonwealth initiatives; they also have the potential to accomplish tasks which the Commonwealth cannot do effectively itself.

Mr Keating will find it difficult to achieve the co-operation of the States, even if he so desires. He has a long record as an ardent centralist and, for that reason, is not trusted by most State leaders, even those of the Labor Party. To add to this, it is likely that by the end of 1993 five of the six State Governments will be in the Coalition's hands. Given the electoral failure of the Federal Coalition, the State Coalition Governments may be under pressure to step into the breach and 'take on' the Commonwealth Labor Government.

Co-operation Needed

It is quite clear what Mr Keating should do: he should suppress his centralist ideology, forget the past and enter into a co-operative arrangement with the States. In other words, he should steal the policies on federal-state relations of his predecessor, Mr Hawke, and of the Coalition. The arrangements established under Mr Hawke's New Federalism provide a good foundation.

The States are likely to welcome such a turnaround by Mr Keating. Of all the States, only Queensland is in a satisfactory fiscal position. Victoria, South Australia and Tasmania have deep-seated fiscal problems; they are therefore in a weak bargaining position. Furthermore, they will realize from the experience of the 1980s that, if faced with a Commonwealth Government bent on domination, the States cannot win. The States also know that the quality of government — at all levels — will suffer if co-operation is lacking.

Ironically, another factor in Mr Keating's favour is that most of the State governments, particularly the Coalition-led governments, are reformist and have policies which are more receptive to the Commonwealth agenda than were the policies of previous State Governments. For example, aside from industrial relations, Mr Keating's Government probably has more in common with the Kennett Government in Victoria than it did with the Kirner Government.

Mr Keating must realize that a restrictive and paternalistic approach by the Commonwealth towards the States is counterproductive in that it:

- allows the States to avoid responsibility for decisions by blaming the Commonwealth;
- reduces the incentive and ability of the States to adjust services to the particular needs of their citizens;
- diminishes the ability and incentive for the States to plan for the future; and
- leads to swollen, unproductive bureaucracies at both levels of government.

Dr Mike Nahan is Director of the IPA States' Policy Unit, based in Perth.
The New Federalism

Like Mr Keating, Mr Hawke entered government as a centralist, but later modified his views. Indeed, Mr Hawke's New Federalism was arguably the most successful initiative of the last Hawke Government. Mr Hawke achieved the support and co-operation of all State leaders and their bureaucrats. The New Federalism process achieved a large number of reforms including:

- the adoption of national accounting standards by all Governments;
- an agreement by all Governments for greater disclosure of financial information;
- the development and publication of performance indicators of government business enterprises; and
- a reduction in barriers to interstate trade via the adoption of a common labelling code, national government procurement policies, and the replacement of state corporate regulatory agencies with the Australian Securities Commission.

The New Federalism process also spawned reforms to most of the key government business enterprises, including rail, electricity, ports, and roads. It set the framework for reform in vocational education and training, education, and the provision of infrastructure, and led to the establishment of the Council of Australian Government as a permanent body to improve the ongoing consultation between the heads of governments. Indeed, many of the reforms for which Mr Keating is now claiming credit flowed from Mr Hawke's leadership in pursuing a process of co-operative reform with the States.

The key to the success of the New Federalism initiative was an agreement by the Commonwealth to examine several long-standing concerns of the States. Specifically, Mr Hawke agreed to address, through Special Premiers' Conferences, the imbalance in revenue-raising powers between the Commonwealth and the States, the extent of tied grants in the overall Commonwealth funding arrangements with the States and the basis — known as fiscal equalization — by which general purpose grants are allocated amongst the States.

The New Federalism did initially make progress on the main issues of concern to the States. The Special Premiers' Conferences (the first was in 1990) agreed to a substantial reduction of tied grants as a proportion of total Commonwealth grants. Progress was also made in examining tax-sharing, with a working party of State and Commonwealth officials established to examine the efficiency of the present allocation of taxation powers and to consider options for reform. The report of the working party, which was released in October 1991, concluded that providing the States with access to a larger tax base would improve the accountability of the various levels of government. Studies into the propriateness of fiscal equalization were also begun, but on this issue the States themselves are divided.

The centralists in Canberra never approved of Mr Hawke's New Federalism. They opposed the review of tax-sharing and of the extent of tied grants. When their greatest fears looked close to becoming a reality, they, led by the then-backbencher Mr Keating, revolted and stopped Mr Hawke from agreeing to the States' tax-sharing proposal.

After his ascendency to the Lodge, Mr Keating returned the Commonwealth to centralism. Tax-sharing was taken firmly off the agenda. The agreements made to reduce the extent of tied grants in general and in designated areas were not met. Furthermore, the Keating Government made a number of policy decisions which will further undermine the powers of the States. These include the introduction of legislation to override the States' power over industrial relations, and the establishment of a Commonwealth Department of Regional Development.

Although the Commonwealth's backsliding on the issue of tied grants and tax-sharing severely damaged the New Federalist process and, more importantly, slowed down the process of reform, it did not kill the process altogether. The institutional structure remains more or less in tact and the States, unlike the Commonwealth, did not reneg on any of the reforms agreed to prior to the Commonwealth reversal of policy. The problem is that a vast amount of work remains to be done, opportunities have been squandered and the distrust between the levels of government has deepened.

Had it won government, the Federal Coalition would have revived Mr Hawke's New Federalism. Fightback! recognized the need to obtain the co-operation of the States on a vast array of policy issues. The Coalition promised, among other things, to reduce tied grants as a proportion of total grants and to give the States a fixed share of income tax. It also planned to increase the importance and work load of the Special Premiers' Conference to deal with a wide range of policy issues of common concern, including privatization, industrial relations and fiscal policy.

One Nation, Not One Government

To seek a reconciliation with the States Mr Keating must first begin to meet his predecessor's commitment to reduce the extent of tied grants. This should be accompanied by discussions with the States on providing them with a more stable funding arrangement. It is unlikely that the Keating Government could politically agree to the States regaining control over a portion of the income tax base, although in my view that is what it should do. As a compromise solution, it should follow the Coalition's lead and give the States a fixed share of income tax receipts.

Mr Keating should also drop his plans to override the States on industrial relations and to establish a Department of Regional Development. In exchange, he should persuade the States to pick up the pace of reform in the ports, rail and electricity industries, to contract out government services, and to vacate functions for which they are ill-suited, such as TAFE, employment policy and trade. Mr Keating should also convene a Special Premiers' Conference to eliminate barriers to privatization.

Mr Keating should honour his campaign pledge to seek to develop, in a co-operative manner, one nation, not one government.
Suicidal in the AIDS Era

Those who defend homosexuals' 'right' to become servicemen seem to inhabit a 1960s time-warp where any 'sexual preference' is considered as benign as any other. The era of AIDS and the length of time that AIDS takes to be diagnosed make this relativist attitude not merely silly but suicidal. War is a hellish enough business in itself, without adding the new horror of having to treat severely injured servicemen with AIDS-contaminated blood supplies. Such a situation would necessitate armed forces simultaneously fighting on two fronts instead of one: against death by enemy weapons and against death by 'friendly' blood-transfusion.

Need to Maintain Standards

Those who use the armed forces' current shortages of manpower as an excuse to admit homosexuals are revealing their own ignorance. There are many vocations where
areas, Alabama whites would still be ordering 'niggers' to stay at the back of the bus.

**International Law Considerations** Forbidding homosexuals to join the armed forces violates international law, including the International Labor Organization's Convention III which prohibits discrimination in employment.

**Shortages in Armed Forces** To recruit people for the armed forces is difficult enough in any case, without raising extra barriers to admission — and exacerbating present personnel shortages — by banning potential recruits with a particular sexual preference.

**Heterosexuals Can Harass Too** The complaint that homosexual recruits will be constantly pesterling fellow servicemen whom they find attractive is, at best, a case of the pot calling the kettle black. After all, a great many heterosexual soldiers practise sexual harassment.

**Duties of Service** It seems pointless and socially divisive to ask that able-bodied men shall risk their lives defending their nation, and at the same time to exclude all homosexuals from this duty. This policy confers on homosexuals qua homosexuals an unjustified privilege. A better approach would be to debar from the services only those homosexuals who would be medically or psychologically unfit anyhow, and to keep out on purely medical grounds all AIDS-infected men (whether homosexual or heterosexual). Already blood tests are mandatory for all servicemen going into combat.

**Homosexuals in Military History** Had homosexuals in the past been automatically debarred from serving in the armed forces, Alexander the Great, Frederick the Great, Lord Kitchener and Lord Baden-Powell would never have been able to follow military careers. Even in America during World War II, authorities often turned a blind eye to homosexuals who had been conscripted.

**Total War's Needs** In virtually all societies a certain percentage of the population is homosexual. Thus, in any 'total war' (such as so many modern conflicts have been), the armed forces will end up employing some homosexuals, however reluctantly. After all, one can prove by tests that someone is diabetic, haemophiliac or tubercular; one cannot prove by tests that someone is homosexual.

**Foreign Examples Disingenuous** Concluding that other countries' situations are somehow relevant to our own society is disingenuous. In most of Europe, for instance, homosexuals tend to be discreet and reluctant to draw attention to themselves. But in Australia and the USA, homosexuals constitute an organized, aggressive, extremely strong political lobby forever prating about 'gay rights'. What chance is there that such a lobby's members will carry out (or even refrain from violating) superiors' instructions? Even in Europe, homosexual servicemen's comparatively good conduct during peacetime is no guarantee that such servicemen would be equally scrupulous in a shooting war.

**Homosexuals' Choice** It is mischievously dishonest for homosexuals to claim entitlement to armed forces membership by equating themselves with persecuted races. A black is black by birth; a Chinese person is Chinese by birth. Homosexuals, by contrast, are resented (where they are resented at all) not because of the way they are born, but because of the way they repeatedly and publicly behave. As for the attempts to invoke Alexander, Frederick, Kitchener and Baden-Powell (all four men's homosexual status is pure conjecture, by the way), these just exemplify the horrid 'outing' technique of our own time, made all the worse in this case because the particular individuals cited are no longer alive to answer back.

**Loyalty Undermined** For any armed force to function, it must work as a team. It depends on its members' loyalty 100 per cent: not 70 per cent, not 99 per cent, but 100 per cent. Members need to subordinate much of their individual identity—in clothes, in temperament, in behaviour—to the group identity. Hence the existence of uniforms, of initiation ceremonies, of elaborate drills; hence the special shame that is attached to desertion. Sexual relationships within a force automatically undermine that force's effectiveness, particularly when they embody the idea (widespread among homosexuals) that personal gratification is worth pursuing at any cost, even at the risk of treason or AIDS.

**Further Reading**

A Year to Forget?

1993 is the United Nations' International Year of the World's Indigenous People. Australia has played a prominent role in helping to develop a special Declaration of Rights. But the contradictions at the heart of this Declaration and the great damage it could do to Australia's interests seem not to have been considered.

RON BRUNTON

Perhaps the best way of approaching the Year of the World's Indigenous People is to see it as an expiation for last year's Columbus Quincentenary. In fact, the people and organizations responsible for the designation had originally proposed that 1992 should be the year, but wiser heads within the United Nations probably realized that this would have been a bit too pointed.

One of the promised highlights of the International Year will be the finalizing of the Draft Declaration on the Rights of Indigenous Peoples by the United Nations Working Group on Indigenous Populations. It will then be submitted to the UN General Assembly for proclamation. As might be expected, Australia is proudly playing a major role in this process, even though the Declaration may well have serious consequences for our sovereignty and future well-being. And, as also might be expected, the Declaration is mendacious and self-contradictory. Although it is possible that the final draft will modify the worst features of the currently circulating version, to date the tendency seems to have been in the opposite direction, with succeeding versions making increasing demands.

Cultural Relativism

There are a number of objectionable features of the Draft Declaration. The Preamble asserts the relativist doctrine that ideas of "cultural superiority are scientifically false, legally invalid, morally condemnable and socially unjust." This is despite the fact that the very existence of the Declaration, the Working Group, and the United Nations itself, ultimately depend on the widespread acceptance of notions about tolerance and human rights which are the outcome of a particular cultural tradition, that of the West.

More justifiably, the Declaration also denounces ideas of racial and ethnic superiority in the same terms. But such ideas are an integral part of many cultural traditions, and thus supposedly beyond condemnation.

The Declaration talks about the need to maintain "universally recognized human rights and fundamental freedoms" while simultaneously asserting indigenous people's prerogative to revive and maintain customs and institutions which in many instances may contravene these rights and freedoms. It states, quite properly, that indigenous peoples have the right to "participate on an equal footing with all the other citizens and without adverse discrimination in the political, economic, social and cultural life of the State." Yet it also effectively demands the right to exclude anyone from indigenous institutions and territories.

But the real prizes in the Declaration relate to self-determination and compensation. The indigenous movement has been trying to align itself with the post-war movement for independence from colonial rule. It wants indigenous people to come under the terms of declarations such as Article 1 of the International Covenant on Civil and Political Rights: "All peoples have the right of self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development."

The one international covenant to date that specifically deals with indigenous people, the ILO Indigenous and Tribal Peoples Convention, 1989, makes no mention of self-determination, and is therefore disparaged by activist groups such as the National Aboriginal and Islander Legal Services Secretariat. Such groups must feel very content with the current version of the Draft Declaration, which deals with self-determination in Article 1. The self-determination it seeks is not the anodyne form that Ministers of Aboriginal

Dr Ron Brunton heads the Environmental Policy Unit of the IPA, based in Melbourne.
Affairs and their Shadows assure us has nothing to do with a separate Aboriginal state or other forms of sovereignty. Rather, it is the right of indigenous people to "freely determine their political status and institutions."

If taken literally and acted upon, the demands for compensation would totally transform Australia and many other countries, geographically, politically, economically and socially.

Such calls depend on a notion that those with lengthy ancestry in a land, deserve favoured treatment over those whose ancestors came later...When it is manifested in countries like Germany, or France, or England, this idea is called racism, and is rightly condemned.

Paragraph 17 states that "indigenous peoples have the right to the restitution or, where this is not possible, to just and fair compensation for lands and territories which have been confiscated, occupied, used or damaged without their free and informed consent. Unless otherwise freely agreed upon by the peoples concerned, compensation shall preferably take the forms of lands and territories of quality and legal status at least equal to those which were lost."

Who are 'indigenous people'?

Demands such as these raise, in a most acute form, the question of just what is meant by the phrase 'indigenous people'. The brochure published by the UN Department of Public Information for the International Year states that they are the "descendants of the original inhabitants of many lands," and estimates that there are around 300 million such people. But this innocuous-sounding definition is very deceptive. What the UN and the indigenous peoples movement actually mean by the term, and the type of people to whom it is applied, are rather different from what common sense interpretation and factual accuracy would require.

To the UN and its acolytes, 'indigenous people' refers to the people who were present in some part of a country, or a larger geographic region to which the country belongs, at the time of European discovery, conquest or colonization. In the words of Asbjorn Eide, who became the first chairman-rapporteur of the UN Working Group on Indigenous Populations when it was established in 1982:

"Among those which are generally recognized as being indigenous populations, are the American Indians, the Inuits (Eskimo), the Aboriginals in Australia, and the Maoris in New Zealand. All of these were there before European settlers arrived...It is of much greater difficulty to determine whether there are indigenous populations in Asia and Africa today, and what specific populations are to be included in this category."

There is a further requirement for admission into the ranks of 'indigenous people'. The people should see themselves as distinct and somehow oppressed. As Mr Eide has stated, they "must also be submerged in a political system where the control of the state is in the hands of other, dominant ethnic groups." Given the importance of European actions as a reference point in determining indigenous status, this additional requirement should come as no surprise. After all, in terms of current 'world opinion', Europeans and oppression are almost synonymous.

The outcome of this nimble definitional work should clarify the political concerns that are really at issue here. 'Indigenous people' excludes Europeans, including some whose status as the descendants of the first settlers of their lands is completely unequivocal, such as the people of Iceland or the Azores. And a great many people who are almost certainly not the descendants of the original inhabitants of their territory or region are welcomed as 'indigenous people'.

There are other absurdities. As the New Zealand political theorist Richard Mulgan has pointed out in a lucid discussion of issues raised by demands for indigenous rights, a people's status as indigenous can change quite rapidly under the current dispensation. He asks us to consider the position of so-called indigenous Fijians. Before the 1987 military coups, they had to share power with the majority Fiji-Indians
and could therefore be regarded as indigenous. But by seizing power, largely in the name of indigenous rights, they could no longer claim to be non-dominant, and thus lost their indigenous status.  

Furthermore, most of the peoples who receive the UN's imprimatur can only be seen as indigenous in terms of a Western-based categorization of themselves and their lands, and sometimes not even then. Given what we know about cultural continuity, population movements and warfare amongst tribal peoples, it is usually quite fanciful to think that the links a group may assert with specific territory are remotely as ancient as is often claimed, and that dispossession was not a frequent occurrence long before the age of European expansion. We may now think of the pre-colonial dispossessors and the pre-colonial dispossessed as being somehow the same people, as Amerindians or Aborigines, and the territories seized as part of the same country, as Canada, or USA, or Australia. But at the time these acts of dispossession occurred, the people involved usually would have regarded their lands and each other as utterly foreign.

The major difference between European acts of dispossession and those of many other peoples is that our acts can come back to haunt us, because we have written records whose existence is almost completely independent of contemporary imperatives. Peoples who lack such records have far less trouble in creating and sustaining 'memories' of the past which justify current claims and aspirations.

Of course, from the perspective of those who promote the cause of 'indigenous people', such considerations are of little relevance. The term is a new locution for those who used to be called 'primitive' peoples or societies. Certainly, there were serious problems with the earlier usage, with its false implications of individual inferiority and linear evolutionary development. It is understandable that the people to whom the term was applied were offended by it and sought to change it.

But if 'primitive' is a loaded word, helping to channel thinking and action in ways that have many damaging consequences, so too is 'indigenous', particularly when it is tied to calls for special rights. Such calls ultimately depend on, and further help legitimize, a notion that original inhabitants, or those with lengthy ancestry in a land, deserve favoured treatment over those whose ancestors came later. As Mulgan notes, this unfortunate idea has a wide appeal to people in many different cultures.  

But the Draft Declaration may actually contain a way out. One of the many rights it demands for indigenous people is the right of 'self-identification'. Perhaps we can all be allowed to define ourselves as 'indigenous'. Such a redefinition would do no more violence to language and common sense than the present state of affairs. Then world bodies could set aside their push for retribalization and return to their proper concern with universal human rights.

4. Ibid.
5. 'Should indigenous peoples have special rights?', *Orbis*, Summer 1989, p. 380.
6. Ibid.
The Consequences of the Mabo Case

Not only are the narrowly legal implications of the recent High Court decision alarming, but so too are the wider economic and social implications.

COLIN HOWARD

The 1992 High Court decision in Mabo vs Queensland, as opposed to the 1988 decision of the same name that preceded it and was part of the same course of litigation, was a singular case of publicity double-take. Immediately after the decision was handed down on 3 June 1992, there was a flurry of claims that a new day had dawned for Australian Aborigines. The media reacted by treating all this as a one-day wonder and moved on to other things with their usual breathless haste.

About six weeks later signs began to appear that the media were having second thoughts, that a consciousness was spreading that perhaps they had missed something. Perhaps they had accepted too readily soothing, politically-motivated, observations that Mabo was very limited in its scope and would mean nothing to the vast majority of Australians. It was soon obvious that they were right.

Awareness of the potentially monumental significance of the case then spread rapidly and became the subject of discussion throughout the country. The ultimate accolade of public importance was conferred in October last when the Prime Minister, no less, set up a high-powered committee under his own chairmanship to look into the implications and invite submissions from interested parties, particularly Aboriginal interests and the pastoral and mining industries.

The time it took for Mabo to impinge on the general public consciousness was probably occasioned by the technical legal setting. Let me say in one sentence what Mabo decided and then move to its wider background. The case decided that native title to land is recognized by the Australian common law. The significance of that is that until Mabo the law was firmly settled in the opposite sense.

The law as it previously stood was based on a line of English decisions brought about by the need for legal principles to govern what system of law applied to the increasingly diverse territories annexed by England, and later the United Kingdom, during the 400 years of vast maritime expansion that took place from the 16th to the 19th century. One of those principles, that Mabo has suddenly made famous, was the doctrine of terra nullius. It was, of course, not confined to Australia.

Arrival of English Law

According to terra nullius, when Australia was first annexed and then occupied by the British, the colonizers brought English law with them because there was no known previously established system of law in the land, which, in any event, appeared to be substantially unpopulated. At the time these were reasonable conclusions. They were not arrived at arbitrarily but in accordance with settled 18th-century law and practice. Indeed, it would have been impracticable to take any other course.

In its application to this country the doctrine of terra nullius has been much misunderstood, even derided, because we now know that at the time of European occupation of Australia, an indigenous Aboriginal population had been in possession of the entire country since time immemorial and had its own laws and customs. That circumstance, however, is not a sound basis for criticism of the doctrine because it is irrelevant.

Terra nullius is a statement not of fact but of law. What it said was that in default of any known or comprehensible substitute, English law became Australian law. It followed...
necessarily that Aboriginal laws and customs were no part of the law of the new colony or, as it became, colonies. This did not mean that native laws and customs could not be given the force of law by Act of Parliament (whether imperial, colonial, state or federal), depending on the stage of development of Australian parliamentary institutions. It did mean that except by legislative action, Aboriginal law was not Australian law.

An inevitable consequence was that the Australian land law developed from its English common law origins as modified by innovation, court cases and legislation. It paralleled the rapid spread of European, primarily British, occupation and conquest. In retrospect the picture is in many ways a harsh one, but conquest usually is.

So also is the creation of an entirely new nation, and country, from unpromising origins in a highly adverse environment. The result after two centuries is the presence of a mostly white, or at least non-Aboriginal, indigenous population which, as throughout history, has supplanted its predecessors, notwithstanding that the latter still survive as tiny and often fringe communities.

**Land Rights' Pseudo-History**

One of the most remarkable features of the land rights movement, going back well before *Mabo*, is that although it is utterly unhistorical in character, it has successfully presented itself in historical colours. Hence the myth flourishes that it is only Aborigines who are rightfully entitled to be here and fatuous slogans like “paying the rent” appear. It is as if people of Celtic descent were to lay hereditary claim to Western Europe. Migratory conquest has been a recurrent fact of history which has only recently attracted moral criticism from anyone but the losers.

It is against that background that I advance the view that *Mabo* similarly lacks a sense of history, a shortcoming all the more remarkable in one of the most senior courts of common law in the world. The philosophy of the common law is above all evolutionary in character, not revolutionary. *Mabo* is above all revolutionary in character, not evolutionary.

It has abruptly altered the law of title to land, a fundamental of any settled legal system. The Australian legal system in the common law sense has long since become the natural inheritance of the entire population, including the Aboriginal population. The majority in *Mabo* (only Dawson J dissented) avowedly made this change in order to acknowledge and help remedy what they saw as a great historical wrong.

In my view they did not achieve anything of the kind. For one thing the task they set themselves was impossible. The only certainty about the conquest of Australia is that it happened. Everyone associated with it has long since died. Nothing will ever right the wrongs done, unless one happens to believe in inherited guilt, which I do not attribute to the High Court. Moreover, on the point of acknowledgment, it was simply not their job.

Maintenance of the rule of law and protection of the people against arbitrary oppression are part of the judicial power, something that we have inherited, to our great good fortune, with the common law. Rewriting the law in the exclusive interest of a tiny segment of the population, and citing long past historical events as a justification, is, with respect, not part of the judicial power in a parliamentary democracy and should not become so.

The truth of the matter, as it seems to me, is that - behind the references to history, *terra nullius* and so on - what the Court was really, if inadvertently, involving itself in was a present-day social problem. Many Australians have an uneasy conscience about the way that Aboriginals are treated at the present day, never mind 100 years ago. That does not necessarily mean that they support land rights.

Even less is it likely to mean that they want the judiciary to step in with sweeping changes to the law based on a particular view of the relation between the past and the present. Such reservations are soundly based. As Dawson J firmly pointed out, the question before the Court was for Parliament and Parliament alone. Another way of putting it might be to say that it is not for the High Court to get Parliament off the hook. To attempt to do so weakens both institutions.

Let me return now to the time lag between announcement of the decision and the rise of public discussion. Although very little was reported, in fact a lot was going on. Legal advisers to governments and pastoral and mining interests were swiftly asked to tell their various employers or clients what *Mabo* meant. Well ahead of the general public, these three groups at once knew trouble when they saw it.

Naturally enough, the pastoral and mining companies, who are a very important component indeed of the economy of this country, wanted to know what the impact of *Mabo* on their multifarious forms of land title might be. Governments, knowing the sensitivity of Aboriginal and land rights issues, were probably interested more than anything else in assessing whether they could get away with doing nothing at all. Be that as it may, the news for all of them was not good.

A further group that went into instant top gear comprised those Aboriginal interests who want to go to court with land claims as quickly as possible. One has to remember also that land title as envisaged in *Mabo* almost certainly includes sea title (off-shore submerged lands) as well. The eagerness of some Aboriginal interests to follow up *Mabo* as quickly as possible is probably going to deny the other groups, and also their own dissenters, much time to draw breath.

**Mabo’s Vagueness**

The reasons why the news for the non-Aboriginal interest groups was not good are briefly the following. On many essential points *Mabo* is vague. The judgments say that native title can be displaced, and has been displaced around the country, in various ways, but there is a distinct lack of precision about these dicta. As a result, many pastoral and mining titles, particularly in Western Australia, where the problem is at its most acute, are in doubt.

Further, it is in the nature of the change made by *Mabo* that the initiative, as far as the law is concerned, is in the hands of those who wish to assert native title. The interests most likely to be adversely affected by such a claim have to wait and...
see: a situation that can cause highly damaging commercial uncertainty and economic loss. Whether this sitting-duck factor can be ameliorated by some form of action for a declaration is by no means clear.

On top of this, action will not necessarily be brought against the interests, or all of the interests, likely to be affected by a particular claim. If the only defendants are the Commonwealth or a State, the case will be argued between those parties on the basis of their own concerns. These are not the same as the concerns of the commercial interests, who may not have their arguments put at all, at least not unless they apply successfully to be added as defendants.

Next, there are several indications in Mabo that it may not turn out in practice to be anywhere near as difficult to prove native title as has been supposed in some quarters. Lastly — and of particular interest to governments — is the fact that, however great the political will, the whole problem cannot be legislated away.

A State Act to abolish or limit native title would encounter the Racial Discrimination Act 1975 of the Commonwealth and probably be invalidated by it. As for the Commonwealth, one can hardly see any government altering that Act in a manner adverse to Aborigines. As to other measures, much doubt surrounds the extent of the legislative power of the Commonwealth to do anything even if it wanted to.

The Aboriginal interest groups face two main problems: money and unity. Money is a problem because they will have to be publicly-funded and the costs will run into many millions of dollars. The community and political acceptability of this cannot be taken for granted, especially in a time of depression and high unemployment.

Unity is a problem because the Aboriginal pressure groups, including their non-Aboriginal legal advisers, are far from agreed among themselves on how to proceed. They also have anxieties about the disappearance of evidence with the dying-off of elders, who know the old customs but are unwilling to entrust their knowledge to younger successors for the latter to make use of in ways that they themselves oppose.

Staggering Future Consequences

All in all, it is reasonable to regard Mabo as having ushered in a collection of serious problems which have not been thought through and which rest on an insecure foundation. If claims that it encourages are successfully pursued on any scale, the economic and financial consequences will be staggering. The other side of the coin is that it has given rise to unrealistic expectations on the part of the very people the High Court thought it was helping. Indeed, the damage may be worse than that. When the implications sink in they may provoke a severe white backlash.

Potential claimants are not thinking merely in terms of being able to roam their traditional lands as they wish. They are thinking in terms of royalties from both on-shore and off-shore mineral deposits and rents from pastoral lands. For the vast bulk of today's population, numbering somewhere between 98.5 and 99.5 per cent, such royalties are a straight
The Art of Welfare  The Dutch Government's scheme of subsidizing living Dutch artists by acquiring their works has been discontinued. The scheme commenced in the 1950s. By the 1980s the State was buying around 20,000 works a year. At least that quantity again was purchased by municipal governments. Artists were also reimbursed for the costs of their materials. "One result," comments the American cultural journal New Criterion, "was to turn the country into a paradise for artistic mediocrity. Another was to create a storage problem on a gigantic scale." The Ministry of Culture in The Hague now faces the daunting task of dispersing its enormous stock. Most of the works cannot even be given away: the public simply doesn't want them. Moreover, the artists, suddenly alive to the dynamics of the market, are complaining that their own sales are suffering because the State is handing out free works.

Little discernment was exercised in the original purchase of the works. Heleen Buiks, the official in charge of dispersing the immense collection, admits that the mass purchase was approached as a welfare measure and that "the people who did the buying included welfare officials." The Ministry denies that it has any plans to burn "piles of unwanted art."

Freedom of Speechless  What could a blank centrespread in the radical Australian journal Social Alternatives mean? A shortage of copy? A mental block on the editor's part? Or (a more insidious possibility) censorship? No, on the contrary, a note informs the reader that the two centre pages have been left blank "as symbolic dedication to the freedom of the media."

The idea comes from Johann Galtung, "former Olof Palme Peace Professor", who contributes to this issue of Social Alternatives. Galtung believes that in the reporting of the 1991 Gulf War, the media should have "run some empty spaces" or "some moments of silence" dedicated to the freedom of the media. One of Galtung's many complaints about the reporting of the Gulf War is that the media ignored the views of the many people "perhaps even most" who opposed the war (i.e. Galtung and his friends).

Galtung's own representation of the US military effort is not exactly temperate or fair: "...the [US] pilots launched their laser-guided phallos-shaped 'smart' bombs searching for a hole in the dark, the real clinch being when two bombs could enter the same hole, spreading their deadly seeds. Gang-rape in other words." Galtung's writing would benefit from the inclusion of a few more empty spaces.

Who's Next?  The banning in February of the revisionist historian David Irving from the shores of Australia was based on a rule refusing entry to anyone who, "because of past activities, reputation, known record, or the cause he represents and propagates, would give rise to controversy and division in the Australian community and whose activities are likely to be sensitive within a multicultural society." It is doubtful whether Irving's visit would have given rise to as much controversy and division as the banning of Irving's visit. The ban has certainly offended supporters of free speech, most of whom would not have a bar of Irving's more contentious theories of history. But if fear of controversy is allowed to override freedom of speech, who next might be denied a platform in Australia? Emeritus Professor Jack Gregory posed this awkward question (in a letter to The Age): "Now that Salman Rushdie is venturing out into the world again and giving the occasional lecture, would Mr Hand be prepared to ban him from entering Australia, should he express an interest in doing so, and should some pressure group, different from that active in the Irving case, argue that any lectures by him could provoke community disturbances?"

Lawyers Always Win  According to The Washington Post, Bill Clinton's Cabinet, which "includes four women, four African Americans, and two Hispanics," is "the most diverse Cabinet in US history". The New Republic disagrees: "Clinton has chosen one of the least diverse Cabinets in memory: of its 18 members, 13 are lawyers, and those include all four top economic officials. In other words, Clinton (a lawyer himself, married to a lawyer) is drawing help overwhelmingly from the narrow caste of lawyers-lobbyists who are becoming an American ruling class, and who believe for the most part that the answer to every problem is another law or another lawsuit. By contrast, Ronald Reagan's Cabinet contained a few actual businessmen — who in real life vastly outnumber lawyers. We're all for diversity," says The New Republic, "we only wish Clinton's notion of it went a little deeper."

Crass Classics  "Warner Classics Australia is excited about the release of Sensual Classics, a collection of music that will do for everyone what Ravel's Bolero did for Dudley Moore and Bo Derek in the movie 10. Classical music has always had the reputation of being stuffy and boring and usually listened to only by balding old men in rocking chairs, but move over grandpa — Sensual Classics is going to change all that!" What turned-on classical-music loving dude could resist that opening to a media release? And it gets even better: "An extensive research program went into the development of Sensual Classics and this was highlighted at a recent Warner Classics press conference held in the honeymoon suite of the Las Vegas Hilton Hotel. 'We don't see Sensual Classics as a great scientific discovery,' said Dr Victor L. Rampant, chief engineer of the Warner Classics research department, 'but we do know we have changed the face of..."
classical music forever. The 16 classical tunes selected for Sensual Classics are designed to arouse the passions, rekindle loveless marriages and bring lovers together everywhere.' Dr Rampant also stated that Warner Classics executives were a little scared about what they may have started but went on to remind the conference delegates (especially those sitting on the rotating bed) that safe sex was of the utmost concern to all at Warner Classics. The CD is for real and so, apparently, is Dr Rampant.

Political Science In a recent issue of the US journal Gender and Society, Francesca M. Concian asks: "Should feminist social scientists use a distinctive methodology? Are feminist goals consistent with traditional positivist methods?" These questions, she writes in the essay, "everywhere.' Dr Rampant also stated that Warner Classics executives were a little scared about what they may have started but went on to remind the conference delegates (especially those sitting on the rotating bed) that safe sex was of the utmost concern to all at Warner Classics. The CD is for real and so, apparently, is Dr Rampant.

issues being debated in academic feminist journals? Heather Findlay in Feminist Studies identifies one: "From the pages of lesbian porn magazines to the meetings of the Modern Language Association, a highly organized discourse has developed around a rather unlikely object: the dildo. No other sex toy has generated the quantity or quality of discussion among mostly urban, middle-class, white lesbians than the dildo." A recent special issue of the American feminist journal Hypatia identifies another: "Should Lesbian and women's events have policies banning sadomasochists or sadomasochistic acts? This question is being heatedly debated in the Lesbian community."

In the same issue of Hypatia, Jacquelyn A. Zita explores one of the more challenging (yet, oddly, unexamined) issues of our time: "Male Lesbians and the Postmodernist Body." (How many readers can honestly say that they have thought long and hard about this conundrum?) Zita was alerted to it by a male undergraduate student whose inner voice cried out from the pages of an essay: "I'm a lesbian trapped inside a man's body." Zita argues that the 'male lesbian' is an oxymoron only to those who have yet to come to terms with the nature of postmodernism, where up is down, boundaries dissolve and every combination is possible. "The theoretical assumptions of postmodernism seem to make possible the transmutation of male to female as a matter of shifting contextual locations that 'reinvent' the body."

What would Dame Edna Everage say about that?

Green Indians Introduced by ABC TV's religious program Compass simply as 'university lecturer, psychologist and Indian medicine man', Chief Two Feathers, as he calls himself, is a glib American here to give Australians a taste of tribal wisdom. His philosophy is animistic: the rock, the tree, the deer are all inhabited by spirits, and if only we pale-faces could relate to this, we wouldn't be so intent on committing eco-cide. His message, the program claimed, is the same "for kindergarten children as it is for university students". Among the former was one young sceptic who, shown a section of hide from a deer, asked the Chief "Did you kill it?" "No," replied the medicine man, taken aback, "it died of old age." But you could tell that the youngster wouldn't believe that traditional American Indians only used bows and arrows for archery tournaments.

Transmutations Apart from the gender bias of the scientific method, what are some of the other pressing
Excellence, Not Competence
Why Competency-Based Training is Inappropriate for Higher Education

DAVID PENINGTON

The competency-based education and training (CBET) movement has gathered remarkable momentum in the past three years. This is because it is supported by each constituent of the corporate state which governs Australia. Universities are caught in a 'pincer movement': on one side are industry and government, both fundamentally concerned with the nation’s economic malaise; on the other are the unions. Government is seeking an answer to economic problems in the context of the rhetoric of the ‘clever country’; industry is keen to apportion some of the blame for poor performance on a lack of appropriate skills in the workforce, but wants training (such as industry usually carries out in Germany or Japan) to be funded here by the public purse.

Concern about Falling Standards

Concern about standards in Australia's education and training systems is entirely legitimate. The best international comparisons of educational achievement involving Australia date from the second study of science achievement in 1983-84.
by the International Association for the Evaluation of Educational Achievement. At the 14-year-old level, Australia ranked 12th out of 24 school systems. Above us were Japan (2nd), the Netherlands (3rd), Canada (4th), Korea (5th), Sweden (6th) and Italy (9th). England was 17th and the United States was 20th. Germany was not included in the study. At the upper secondary level (final year of school prior to university), Australia fared poorly compared to Singapore, Hong Kong, England, Japan and even Ghana!

Narrow Approach to Education

Many industrialists view CBET as a means of setting and improving standards. It is in this context that the work of the Finn and Mayer Committees1 should be viewed. The eminent Australians chairing these Committees undoubtedly meant well, but they have allowed their purpose to be engulfed by the agenda of the corporate state. Their reports embody a desire for a more instrumentalist or utilitarian approach to education, and argue that this will best serve the needs of employers in the modern industrial state.

Commonwealth Government educational policy in recent years has similarly emphasized economic priorities. The Dawkins 'reforms' of higher education were founded on this narrowly utilitarian view. L.R. Maglen described the message of the Green Paper thus:

"the higher education system as presently constituted is failing to produce the number and type of graduates...industry needs to be able to compete successfully in the international economy...and the changing patterns of world trade."

The Green Paper stressed the importance of "national priorities" and "national planning". "National priorities" were in reality the priorities of Dawkins and the Department of Employment, Education and Training (DEET). Priority in enrolments was to be given to the imagined future needs of the economy, but in reality, pressures for 'equity' between institutions led to course-duplication. This diffused the resources needed to support research and highly specialized teaching.

The union movement views education as an essential device for implementing industrial and social objectives, one which must therefore be captured. As Professor Judith Sloan remarked recently, the Carmichael Report3 is an industrial agenda which extends beyond entry-level training; it is a blueprint for all education and training arrangements, encompassing universities as well as industry. The Carmichael Report has its origins in Australia Reconstructed (1987), the review by the ACTU of labour market practices in western European countries and, particularly, Sweden.

Laurie Carmichael — a leading figure in the CBET movement through his work as Chair of the Employment and Skills Formation Council of NBEET on levels 1-6 of the Australian Standards Framework — might well view CBET as a means of implementing much wider social goals. We should recall that Laurie Carmichael is a former National President of the Communist Party of Australia. He is inevitably familiar with the writings of a leading Marxist intellectual and founder of the Italian Communist Party, Antonio Gramsci.

Gramsci believed that the path to the socialist state lay in the Marxist intellectual elite gaining control of educational and other social structures for the benefit of the workers, who would then participate in those structures. The modern equivalent of the 'workers' council' is the tripartite body, in which a third of the members are nominees of governments, a third nominees of the union movement, and the remainder from employer bodies. Tripartite structures are the ingredients of the recipe for control of competency-based training and education. The cake is the control of employment structures and certification of skills — hence union membership and remuneration — and of quality of performance in the workplace.

Criticisms of Higher Education

A recent survey of the views of business leaders commissioned by the Business/Higher Education Round Table elicited criticisms of graduates which need to be taken seriously:

- poor oral and written communication skills;
- poor ability to relate to others, especially those from a different background or working in a different area;
- a lack of empathy and understanding for other employees, especially those employed at the trades level;
- a lack of training in logic; and
- a lack of ability to manage others working in the same organization.

Poor communication skills and an inability to think logically are of serious concern. They reveal problems in primary and secondary levels, as well as in higher education. The teaching of English expression in schools leaves much to be desired. One solution, advocated by Britain's Minister for Education, is for universities to set their own entrance exams and admit only those who have a sufficiently developed capacity for argument and expression. If rigorous tests were to be set, access to higher education would be very much more restricted! In Victoria, when many expressed grave doubts as to the validity of assessment in the new Victorian Certificate of Education (VCE), there were expressions of outrage from both John Dawkins and a State Labor Minister that my university might contemplate introducing its own test.

How, then, are universities to deal with undergraduates who have not been taught to express themselves clearly, orally or in writing, and who have no training in logic? The beginning
of an answer lies both in pedagogy and in the forms and criteria of assessment. A great strength of most humanities departments is the requirement for students to write formal essays and also to present class papers orally.

There is great scope for joint group discussion in almost every discipline, and also potential for involvement by senior students in group discussions with juniors. Quite minor financial incentives may have a powerful effect, and the level of discussion and debate is often welcomed by senior students.

Many graduates in science, engineering or commerce faculties have poorly developed communication skills, because they only ever have to use symbols or technical jargon in a formal examination. Criteria for assessment, even in humanities departments, may also need revision. I suspect there is frequently a tendency to overlook poor expression and to judge an essay or oral presentation purely on the quality of the ideas and discussion, without any commitment to correct and accurate use of language.

Poor interpersonal skills pose an even more difficult problem. Universities are institutions in which individualism — even eccentricity — flourishes. Nevertheless, graduates lacking empathy and unable to relate to people from diverse backgrounds indicate that universities are failing in their commitment to develop intellectual virtues. Deteriorating student/staff ratios make detecting and solving these problems more difficult.

Criticism by both university and business leaders of poor personal and business ethics is most worrying. I fear there might be howls of protest from certain parts of my own university at any suggestion of a compulsory course in ethics for undergraduates. This reflects the relativism which has run riot in the humanities, relativism which is ultimately nihilistic and destructive of society. I believe we need to reassert a belief in the importance of seeking truth, and in the importance of moral values such as honesty and respect for the dignity of the human person.

Business frequently bemoans the fact that graduates need time to adjust to employment in a corporation. Universities, particularly the humanities and social sciences, are notoriously bastions of the left; and some problems of ‘attitude’ are inevitable in transition to the workplace. It would, however, be quite improper for a university to attempt to suppress criticism of the commercial world, just as we must not allow the ‘political correctness’ movement to curtail freedom of expression in our own environment.

It is unrealistic for industry to expect graduates commencing employment to possess such attributes as a positive attitude towards, and understanding of, business and management. During a recent visit to Japan, I heard the view that Japanese business and industry do not want universities to ‘train’ their future employees. That was their own job, as employers. What they want is well-educated young graduates with broad preparation for life in a constantly changing world.

Issues of Quality and Measurement

One of the greatest difficulties faced by universities in responding to the CBET movement is the impenetrable language and obscure phrases in which participants speak to one another. Although not concerned with eugenics, CBET is a brave new world inhabited by long and obscure acronyms. The participants in this strange discourse establish for themselves a new career niche with the potential to wield considerable power and influence. A new unproductive industry is still evolving under the guidance of DEET, developing competency-based standards and striving for related methods of assessment.

There are several cogent reasons why competency-based education is inappropriate for universities.

One of the greatest difficulties faced by universities in responding to the CBET movement is the impenetrable language and obscure phrases in which participants speak to one another. Although not concerned with eugenics, CBET is a brave new world inhabited by long and obscure acronyms. The participants in this strange discourse establish for themselves a new career niche with the potential to wield considerable power and influence. A new unproductive industry is still evolving under the guidance of DEET, developing competency-based standards and striving for related methods of assessment.

There are several cogent reasons why competency-based education is inappropriate for universities.

In the first place, CBET will not improve quality. Rather, as pointed out by Professor Peter Karmel in his recent Menzies Oration, standardization of outcomes decreases the quality of services. Professor Roy Lourens has argued cogently that the requisite level of standardization will inevitably create a bureaucratic sameness, and little room for the diversity of offerings so necessary if we are to serve students of varied capacities and ultimate career destinations.

Quality in higher education is unquestionably of great importance but it will not be achieved by spelling out behavioural standards. The best methods for achieving quality
are similar to those of the Total Quality Management approach used in industry. Goals must be set appropriate for the institution and for its students; the object must not be meeting minimum standards, but rather striving for the highest possible level of achievement. Higher education is about excellence, not about competence. These are fundamental issues. Peter Baldwin recognized this by accepting the recommendations of the Higher Education Council to appoint a committee to assess the effectiveness of quality assurance mechanisms in institutions.

Secondly, competency-based assessment is concerned primarily with skills rather than with knowledge or attitudes. The emphasis is always on what is demonstrable. This makes for a behaviourist approach, despite the often convoluted assurances which we hear to the contrary.

NOOSR (the National Office for Overseas Skills Recognition, charged with developing competency-based standards for the professions) — though recognizing that measurement of precisely defined competencies cannot exhaust "the myriad of personal characteristics underlying all facets of a profession" — has expressed, in its publications, an unmistakably behaviourist concept of competence:

"Professions should consider important attributes, but ways should be found to express their contribution to competent performance in the workplace in a way which will lead to an observable manifestation in actual professional work, which can be assessed validly."

(What has happened in practice is that the behaviourist approach has collapsed under its own weight in both documentation and assessment. It is said that the development of competency standards for teachers in the US resulted in the description of some two thousand individual competencies, each of which was to be assessed!)

By emphasizing generic skills in graduates, competency-based education inexorably leads to a downgrading of the importance of knowledge. It is quite absurd to postulate that the broad terrain of intellectual virtues can be measured through specified situations of behaviour. John Dewey, one of this century's outstanding educational philosophers, argued strongly in *Democracy and Education: An Introduction to the Philosophy of Education* (1916, p. 12), that "education is...a fostering, a nurturing, a cultivating process." I endorse Professor Karmel's proposition: "the process of university education is itself a purpose of universities: the process is an outcome."

Thirdly, competency-based education entrenches the *status quo*, whereas higher education is vitally concerned with the future. Universities at the highest level are about education provided in the context of research, so that by learning how to ask probing questions, students are prepared for new ways to tackle problems. Experience from competency-based approaches to education overseas suggests strongly that such approaches tend to freeze knowledge at one point of time. Professor Brian Wilson, Vice-Chancellor of the University of Queensland, has rightly said that we cannot afford to leave our highest level of competency defined by yesterday's people. In the next century it is the uniquely human abilities fostered in universities — creativity and originality in particular — which will be needed.

Fourthly, the extent to which anyone can measure the generic attributes of graduates remains unclear. How, for instance, can conceptual skills, critical and lateral thinking, imagination, enquiry and leadership be measured? It is absurd to imagine that the distinguishing features of a brilliantly inventive research scientist, poet or artist in terms of educational outcomes can be observed predictably in a measurable fashion.

In any case, the utility of measuring such so-called generic attributes is doubtful. One glance at the complexity of the scheme proposed by the Mayer Committee will, in itself, raise this question. Furthermore, the generic construct poses serious problems for precise assessment of competence because it relies on inference. If performance in a particular range of situations is taken as evidence of a general underlying ability, a number of generalizations are involved.

These problems can be represented as follows. If S did
well at x, then: S should do well at the next x in a similar range of situations; S will do well at things similar to x; S is good at things belonging to the range x1 to xn; S is good at the class of things to which x belongs; and because S is good at x, S will also be good at y.6

None of these generalizations necessarily follows from the original proposition. Ashworth and Saxton put the point very forcefully:

"...any skill or knowledge is part of a person's 'lived world'; it gains its meaning partly from the context in which it is learned. It is an error to regard the competence as an isolated mental capacity, divorced from the lived environment. The problem of transfer from one context to another is not likely to be solved merely by assessing knowledge and skill in terms of competence."7

What students learn differs according to what conception of the subject-matter they hold. Hence critical thinking or problem-solving in history differs from that in other disciplines or professions. General notions of critical thinking or problem-solving ignore what it means to think critically or solve problems in relation to particular content.8

Fifthly, the competency-based approach, as currently proposed, will severely undermine both institutional and individual academic autonomy. The octopus-like structure of Commonwealth, State and joint Commonwealth-State tripartite bodies is highly centralized and directive. One would have thought we might have learned something from the lessons of Eastern Europe.

Among DEET's priorities is the implementation of uniform credit-transfer arrangements. The idea is that entrance to universities from other tertiary education institutions will be fully regulated according to whatever competencies would-be entrants are certified as possessing. This would, by logical extension, force universities to admit all applicants — including school-leavers — who have specified competencies. Such a situation would deny a university any control over the calibre of the students it accepts and would inevitably lead to profound difficulties for institutions which are dedicated to ensuring that their graduates are world-class.

Conclusion

Even if the competency movement provides tangible benefits to some occupations, it is highly inappropriate for the university system. The agenda are being set by people with little expertise in education. It is important to note that universities have been actively excluded from the key bodies involved in the competency crusade.

Is it too cynical to suppose that supporters of CBET in government, industry and unions did not want academies to point out the very large body of literature on experiments in CBET overseas, a body of literature which has been almost completely overlooked? The critical approach which should distinguish a graduate is anathema to the arms of the corporate state supplying momentum to the CBET crusade.

The notion of competency-based education would have struck John Henry Newman as nonsensical. Proponents of CBET might try to dismiss one of the greatest minds in European history as an irrelevant figure from the 19th century. But I would suggest that this notion would also strike our contemporaries in Japan and Germany — the world's economic superpowers — as ridiculous.

The Japanese believe that the role of universities is to educate students who will be able to adapt to a change. Training is the responsibility of Japanese industry. Germany, which has a much lower proportion of university graduates than Australia, also regards universities as educational institutions which are concerned with Wissenschaft — knowledge or scholarship. Training is jointly the responsibility of German industry and vocational training institutions. Yet in the English-speaking world there is a clearly discernable trend towards regarding higher education in narrowly utilitarian terms. Higher education is the scapegoat for management in industry which has not embraced quality at every level, and has failed to understand the importance of working with employees.

A competency-based approach to higher education is singularly inappropriate. It devalues what is central to a university — knowledge. It cannot account for intangible intellectual goods which are fundamental to a university. Worst of all, from the perspective of Australia's future wealth, it will set our minds in concrete.■

A competency-based approach devalues what is central to a university — knowledge.


Exporting Education
From Aid to Trade to Internationalization?

Australia is jeopardizing the future of one of its most successful export industries by taking a narrow short-term approach to its benefits.

DON SMART AND GRACE ANG

In 1986, the Hawke Labor Government performed a dramatic policy volte-face when it announced a new “full-fee-paying overseas student program.” This signalled a revolutionary shift from Australia’s historical ‘Colombo Plan’ or ‘aid’ approach, towards a ‘trade’ rationale in our overseas student policy. Prompted largely by the growing influence of economic rationalism and by Australia’s serious international trade deficit, the Hawke Cabinet enthusiastically endorsed the “export of education services” after sending an “Australian Government Education trade mission” to South-East Asia in mid-1985 to assess “export potential.”

John Dawkins, then Education Minister, unleashed a deregulated, competitive, market-driven model of full-fee foreign student recruitment on the education sector. The shift from aid to trade rapidly gathered momentum as the tertiary institutions, in particular, severely strapped for federal cash, took up the new entrepreneurial challenge. The full-fee program was to provide one of the few means by which institutions could supplement their limited public funding. The magnitude of the sea-change which has since occurred in the size and character of the program is reflected in a recent paper by Kim Beazley, Education Minister:

“In 1986 there were 20,000 foreign ‘aid’ students subsidized by the Australian Government and only 2,000 full-fee foreign ‘trade’ students who fully paid their own way. Yet, by 1991, there were only 6,000 ‘aid’ students and a burgeoning 48,000 full-fee students.”

Teething Problems

The export of education has indeed been one of the remarkable service-sector export success stories in recent years, adding over $1 billion a year to the Australian economy. However, if the success is to be long-term, an approach broader than the current one must be adopted. The simplistic rationalist notion that international education can be treated as just another export commodity, to be used principally as a means of boosting Australia’s export earnings, has unfortunately damaged Australia’s good reputation overseas. This is particularly the case in the Asia-Pacific region (Australia’s major ‘export market’ for education services) where education is revered. Media reports of Australian institutions treating overseas students as just a ‘money-making racket’ have been commonplace. This widespread perception has been reinforced by the collapse of numerous private colleges, by lack of proper legislative protection for overseas students and by the narrow commercial focus which has characterized much of the full-fee-paying overseas student program in the past six years.

A range of serious bureaucratic and administrative problems have hampered the foreign student program and are briefly described below.

The administration of immigration policy This has been a huge embarrassment: frequent changes have been made to immigration policy and visa processes; there has been poor dissemination of information on the changes to visa rules and procedures to institutions, agents and prospective students; inadequate ‘lead time’ for implementation for some changes, and lack of industry consultation prior to policy changes, have resulted in unnecessary costs to both institutions and students. Not only have institutions frequently found themselves with insufficient time to inform overseas students of such changes, but visa staff in overseas posts are often ill-equipped to interpret and implement the regulations correctly.

China Fiasco While the full-fee-paying overseas student program as a whole has been an ‘export success story’, the resultant relaxation of visa policy for overseas students produced a serious ‘back-door immigration’ problem amongst
primarily mainland Chinese students and unscrupulous private institutions.

The subsequent tightening of Australia’s visa regulations in the late 1980s saw a dramatic reduction in student arrivals from the People’s Republic of China (PRC) — from over 22,000 in 1989-90 to less than 1,200 for the first six months of 1990-91. The Tiananmen Square riots in June 1989 added further problems as more than 10,000 Chinese students in Australia, backed by Bob Hawke, refused to go back to China, fearing that they would be persecuted if they returned. In addition, there were many prospective students still resident in the PRC who had paid fees in advance to private colleges in Australia, and were denied entry by the new visa restrictions. These problems eventually led to the closure of numerous private colleges offering English Language intensive courses to overseas students (ELICOS). As a result of this major embarrassment (including riots at the Australian embassy in Beijing), the Australian Government was forced to pay out some A$62 million — both to reimburse PRC and other students who had paid fees before the tightening of overseas student visas in August 1989; and to support ELICOS colleges in temporary difficulties because of the changes.

The collapses, which resulted in many overseas students losing their fees, received widespread publicity in Asia. This adverse publicity, fuelled by another college collapse (Perth’s Australian Business College) as late as February 1993, has done much long-term damage to Australia’s overseas image as a reliable education provider.

Health Insurance and Medical Testing The introduction of the full-fee-paying overseas student policy also brought about changes in health care arrangements in 1989. In order to obtain a student visa for studying in Australia, students are required to undergo a compulsory health test (including a chest X-ray) and to take up insurance against illness and accident while resident in Australia. Before 1989, overseas students were eligible for insurance cover with Medicare. Full-fee-paying students who obtained their visa after 1 March 1989 have been compelled to maintain insurance cover with Medibank Private. Critics, including the Industry Commission, have argued against the ethics of obliging compulsory health insurance for full-fee-paying students solely through Medibank Private. Students, they have argued, should be able to take out health insurance through other insurers in Australia or in their home countries so long as the cover is adequate and acceptable to the Government. The costs and inconvenience of these requirements have made Australia less competitive as a student destination than the United States or the United Kingdom.

Education as an ‘Export Industry’ The over-emphasis on foreign students as a source of ‘export income’, and the short-sighted nature of Australian advertising and recruitment overseas, has damaged our reputation in the region. It runs strongly counter to the Asian view that education is more than just another ‘commodity’.

However, it seems that there may finally be some light at

the end of the ‘Federal policy tunnel’. Late last year, Kim Beazley acknowledged that we have a problem:

“There has been overseas criticism that Australia’s approach was too narrowly commercial with insufficient recognition of student needs and of the benefits of international education” (p. 5).

The solution, according to Beazley, is:

“...to shift institutions away from narrow economic perspectives and to assist the development of Australia’s international education and training community, it is important to focus on the internationalization of education” (p.5).

Internationalization of Education

In this recent important policy statement, Beazley declared:

“The Government recognizes that international education is an increasingly important part of Australia’s international relations. It uniquely spans the cultural, economic, and interpersonal dimensions of international relations. It assists cultural understanding for all parties involved. It enriches Australia’s education and training systems and the wider Australian society by encouraging a more international outlook” (p. 1).

It is refreshing to find Beazley’s paper giving priority listing to the non-economic benefits of internationalizing our education system, for they have received scant recognition by our governments in the past decade. Other potential benefits which may stem from a properly-handled process of internationalization include:

- the acquisition of best international skills by Australian students;
- the internationalization of Australia’s economy and labour market;
- improvements of Australia’s international competitiveness and enhancement of international trade and investment links;
- enhancement of the quality of Australia’s education system; and
- support for Australia’s international aid program.

If internationalization is the solution, how do we get there?

Educational Quality We must focus on educational values and quality. There is no doubt that this is the single most important preoccupation which Government and institutions must possess if they are to succeed with their internationalization strategy. Undoubtedly, the “key to international education success is a reputation for quality — for high quality degrees
Australian education is generally seen to be of lesser quality. Recent research clearly confirms a widespread view among foreign students that US and UK education is of high quality, while Australian education is generally seen to be of lesser quality.

Unfortunately, Beazley's proposed solutions for enhancing the quality of higher education (Quality and Diversity in the 1990s) were largely unimpressive tokenism. The Commonwealth's creation of a small Committee for the Advancement of University Teaching, and the provision of token sums for 'quality projects' in universities, are largely futile.

Those of us who teach in universities know that one of the most important determinants of quality university teaching is increased staff contact time with students, preferably in small groups. For well over a decade now, however, successive Governments, both Liberal and Labor, have allowed the per capita funding of tertiary students to decline continuously. As a result, student-staff ratios are now worse than in secondary schools and student contact quality and time have been diminishing. Additional resources must be applied to the tertiary classroom if we are to embark on promoting quality education overseas with good faith. Such a step must be viewed as a crucial investment in our long-term future in international education and it is a shame that the Industry Commission shirked this issue in its recent report.

Focusing Australia's Attention on the Asia Pacific

The Labor Government deserves high praise for its widespread initiatives and efforts to focus Australia's attention on its future in the Asia-Pacific region. Its various efforts to promote a deeper understanding and knowledge of the region — through expansion of school and university language and cultural studies and the establishment of specialist research centres — are to be applauded.

Broadening Australia's International Education Activity

This is perhaps the area in which internationalization is proceeding most rapidly and has enormous potential. There is no question that more must be done to reverse the essentially 'one-way flow' of foreign students into Australia. Presently, while there are some 54,000 foreign students in Australia, only 3,000 Australian students are studying overseas. The disadvantages of Australia's isolation must be overcome. If we take the European Community's goal of having a minimum of 30 per cent of European students studying outside their country of origin by the year 2000, we can see that Australia has an enormous challenge ahead.

Presenting and Representing Australia's 'Educational Face' Appropriately and Effectively in Asia

Since the inception of the full-fee program in 1986, Australia's 'image' and 'marketing' of education in Asia has been a disaster area. In 1990, in an endeavour to tackle this problem, the Federal Government established an Australian Education Centre (AEC) network of offices in the capital cities of key Asian source countries. Unfortunately, the Federal Government has obliged the AECs to run largely on a self-funding 'fee-for-service' basis and they have been obliged to focus heavily on student recruitment to survive financially. The centres are run under contract by Australia's International Development Program (IDP) and are intended to be a 'one-stop shop' for student enquiries and recruitment. However, as a recent DEET review of the AECs reveals, they have not been an unqualified success. Indeed, in some respects, according to their major clients, they have been very ineffective and even counter-productive.

In our view (and the DEET review largely confirms this), the problem is Federal penny-pinching and short-sightedness. We believe that the AECs should be Australia's ambassadors for international education. They should be Australia's universal cultural emissaries and official providers of generic information and public relations concerning Australian education. They should be the link in the partnership between Government and the tertiary institutions and private recruiting agents in the region.

However, the AECs cannot at present perform these functions effectively. The Commonwealth policy has forced them to live or die on a 'user-pays' basis (they have become fixated on student recruitment), and has hopelessly compromised as well as distorted their mission. It has placed them in a no-win situation. In their present form, with their confusion of purpose and their desperation for survival dollars, the AECs cannot perform the key strategic functions which Beazley has now defined for them.

The nub of the issue is this. Kim Beazley's proclaimed commitment to a shift from 'trade' to 'internationalization' was an acknowledgment that, to date, Australia has been thinking about short-term rather than long-term investment in international education. The real test of Australia's seriousness about having a long-term commitment to what is now one of Australia's very few billion-dollar-a-year (potentially long-term) 'export industries', is whether it is prepared to heed the message implicit in the DEET Review and properly subsidize the AECs. This would be consistent with the UK's very successful British Council model and no different from the Australian Government's full subsidization of the Australian Tourist Commission. It would pay handsome dividends in the push for genuine internationalization of Australian education, which is as much about long-term cultural and social benefits as it is about economics.

7. Smart, 1992, Ibid.
Traditionally, the task of the university was to bring students into contact with the eternal questions and to develop intellectual discipline. At many universities that mission has now collapsed, and political activism has taken its place. The old injunctions have been replaced by a radically new set of injunctions. The new régime of political correctness is exemplified by the 1993 La Trobe University Alternative Handbook. It may not be typical of university life (not yet, anyway), but it illustrates an unsavoury trend which the university would be better off without.

The official university handbook provides students with factual information regarding course content and assessment. The alternative handbook is produced by students ostensibly to provide them with subjective opinions of courses by those who have already done them. However, a brief glance at the contents page of the Handbook reveals its concerns. They include safe sex, Women's Studies, homophobia, non-sexist language, and sexual harassment. It is, in effect, a guide to politically correct behaviour which doubtless regards the role of the university as being to produce politically correct men and women.

Does the existence of the Handbook really matter? Aren't spoilt adolescents playing out their rebellious fantasies by trying to outrage administrators an inevitable (if tedious) part of university life? The trouble with this view is that the majority of students are not at university to enact their neuroses; they are there to study and to socialize. Yet it is the majority who are asked to put up with and, worse, to pay for the self-indulgence of the infantile few.

The editorial of the Handbook proudly proclaims that it "is yet another example of student-funded initiative, produced for and by students." This statement fails to mention that the funds were obtained from students through the collection of compulsory union fees. How many students would approve of their fees being used to pay for the production of a magazine whose chief concern is to promote causes such as radical feminism and gay rights? The tone of the Handbook is such that anyone who may dare to disagree with its agenda is at best regarded as ignorant and in need of enlightenment, and at worst condemned as homophobic, racist and misogynist.

My initial understanding of the purpose of the Alternative Handbook was that it provided students with other students' opinions of courses offered by the university. However, its real purpose appears to be to subvert our understanding of what is normal and acceptable behaviour.

A Guide to Weird Sex

This is most strikingly evident in its feature article on safe sex. The article devotes four pages to providing, in scrupulous and obscene detail, information regarding how to perform various perverted sexual acts safely. I am extraordinarily reluctant to list them and to do so may appear distasteful. However, without doing so, it is not possible to convey an appreciation of just how appalling the article is. The acts described include:

- anal sex ("If it's fisting in the anus (as with the vagina) make sure your nails are cut short and carefully filed...");
- bondage ("Tie up your partner if it pleases you both.");
- rimming ("arse licking");
- body rubbing ("tribadism (rubbing vulvas together) is safe as long as there are no open sores or infections on any of the participants' genitals");
- piercing ("Many parts of the body are suitable for piercing: nipples, navel, frenulum, foreskin, scrotum...");
- sex toys (rubber, metal, leather...);
- whipping/shaving;
- heat ("Playing games with hot wax on tits, anus, or any other skin makes many women and men horny.")

If the text isn't enough for some, there are photographs as well. We are told: "Our sexual practices are as diverse as our desires — and desire's great if it's fulfilled safely." The message is that all is permitted providing it doesn't result in AIDS.

Vidisha Bagchi is a post-graduate student at La Trobe University.
In fact, the article forms a kind of guide to perverted sex which aims to normalize what is not normal. As there already exists an abundance of both sex manuals and safe-sex literature, I see no justification for the inclusion of material of this nature in what is ostensibly a guide to university.

Ironically, although the title is ‘Safe Sex’, of all the practices which are included, ordinary heterosexual intercourse is not one of them. Clearly the editors are not interested in providing information on safe sex for the majority of the student population. Instead, the Handbook has served as a forum to promote the views of a very well-organized and vocal minority.

The subject of another feature article, ‘Homophobia’, makes this clear. Initially it defines homophobia predominantly in terms of the persecution, such as bashings, suffered by homosexuals. It then reasonably asserts that homosexuals should not have to tolerate such treatment. However, it goes on to contend that students do not have to tolerate “exclusion of lesbian/gay/bisexual perspectives from relevant courses.” Considering that university places are becoming increasingly difficult to obtain, I wonder how many school-leavers struggling for a place realize that once they get there their SRC regards such perspectives as an essential part of their education?

Another ‘feature’ is a self-congratulatory article, celebrating a presumed victory over the group called Students for Christ concerning allegedly homophobic material distributed by the latter. The subject of the offending material is intriguing. It addressed the concerns of sexual immorality and the decline of the monogamous, nuclear family. Any defence of traditional values and morality appears to run the risk of the decline of the monogamous, nuclear family. Any defence of traditional values and morality appears to run the risk of being consigned to the category of ‘homophobic’. In addition, the authors took exception to a debate by the Students for Christ concerning allegedly homophobic material distributed by the latter. The subject of the offending material is intriguing. It addressed the concerns of sexual immorality and the decline of the monogamous, nuclear family. Any defence of traditional values and morality appears to run the risk of being consigned to the category of ‘homophobic’. In addition, the authors took exception to a debate by the Students for Christ on whether or not homosexuals are born that way. Given that such debates have long taken place in the journals of psychology and medicine and continue to do so, why the hysterical response when the Students for Christ wish to take up the issue?

Since the Alternative Handbook purports to provide vital information not dealt with in the official handbook, it is astonishing to see what the editors regard as the issues of real importance when dealing with university life. Following the section on sex is ‘Drugs — A User’s Guide’, covering everything from alcohol to heroin. To be fair, the authors also cite examples of the adverse effects that drugs can have on a person’s life. However, the hint of caution is counteracted by statements such as “Drugs are not a cause of unhappiness or discontent by themselves — they are a symptom” and “I found LSD to be enormously enriching...” At the end of the article is information regarding drug rehabilitation centres. The wisdom of the maxim “Prevention is better than cure” seems to have been lost on the authors of this “User’s Guide”.

University students, who typically come from fairly privileged backgrounds and can expect to earn higher-than-average incomes following the completion of their studies, have the cost of their education heavily subsidized by taxpayers. But this, evidently, is not enough. The authors of the Handbook apparently believe that the community should also bear the cost of students’ transport. They offer advice on how to avoid paying on public transport. Suggested means include waving about old tickets and pretending to be too absorbed in a book to notice the conductor. If, despite these measures, you are still caught without a valid ticket, do not fear. Information is provided on how to deal with the “traffic piggies”. The most useful method suggested is to give a false name.

The task of the university should be to teach the law in its fullest sense, meaning the “underlying order of things.” The 1993 Alternative Handbook is a guide to how to break the law.

Bowdlerizing the Language

The Handbook trumpets about the evils of sexist language. It even provides a guide to non-sexist language. Evidently, it is not what one writes which matters but how one writes. If one is unaware of what words have now become politically incorrect, the article helpfully provides a list and some alternatives. For example, instead of man-made, the word synthetic is suggested. Ever heard of a synthetic lake? Also, the word businessman is to be replaced by executive. Does this mean that a small businessman is now to be referred to as a small executive?

Of course, attention has been given to the matter of forms of address. Although ‘Miss’ and ‘Mrs’ are permitted, ‘ladies’ is not. Only ‘women’ is to be used. Do they mean to suggest that feminists are women but not ladies? Furthermore the guide informs me that ‘inappropriate’ references, such as “attractive lady”, are not to be used. The lowest common denominator must rule: if one woman is not attractive, no woman will be described as such. Personally, as a woman and, I hope, a lady, I would be delighted to be described ‘inappropriately’ as ‘attractive’.

The editors of the Handbook appear to believe that a good number of the lecturers are in need of political re-education. In the introduction to the course critiques, which were compiled from surveys distributed to students, they state that only the fear of legal action prevented them from exposing the racist, sexist and homophobic behaviour of lecturers. This has not prevented them from branding the content of some of the courses with these terms.

The courses which were granted the highest approbation were those which were feminist, multicultural and ‘environmentally aware’. A course in Australian literature was criticized for having too much male modernist poetry and insufficient multicultural, feminist and ‘Koori’ content. Two lecturers were praised for having “good gender politics” and fostering “a healthy distrust of the medical profession.”

Women’s Studies was given its own separate section. This was presumably so that it would not be contaminated by association with politically incorrect subjects. Alas, even for a course to be unashamedly feminist is now no longer sufficient. One Women’s Studies course was criticized for being too ‘heterosexist’!

What Price Voltaire?

Offensive as the Alternative Handbook is, does it nevertheless have a “right to exist” on the ground that freedom of

(Continued on page 62)
Hooked on What?
Deakin's Open University Anthropology Course

ROGER SANDALL

"A $50 million educational initiative with a high-tech learning infrastructure" designed to "hook millions of Australians into an electronic learning web" is how it has been described. (The Australian, 19 January 1993.)

Anthropology is only one of a dozen or so Open Learning courses being offered. But before more dollars are spent and more students are hooked, at least a few questions might be asked. For instance, what use will it be? Will it be the kind of anthropology which helps students deal with the world in which they must somehow make a living? Or will it be the kind which merely spreads confusion, adding to the large number of resentful unemployables already walking Australian streets? In the two American film episodes which introduce the series, the following principles are emphatically announced:

"We study anthropology because we want to affirm and celebrate life, and understand it in all its richness, its complexity, its incredible diversity...Each human pattern for survival, each blueprint is in its own terms equally valid, worthwhile, and creative...Anthropology asks that we give up our ethnocentrism, the tendency to judge what others do solely by our own values and standards...If anthropology has one cardinal tenet, it is the equal validity of all cultures; that is, cultural relativism."

Moralistic effusion of this sort is a bit hard to get a grip on. Still, one has to try, and there are advantages in having the dogmas of the Church of Cultural Relativism spelled out so clearly. Diversity is a Good Thing in itself. Ergo, a thousand false beliefs (about witchcraft, for example) are actually better than one true belief about it. All cultural "blueprints for survival" are equally creative and worthwhile. Ergo, comparing and contrasting the "creative and worthwhile" moral premises of Nazi totalitarian culture with English parliamentary culture is not allowed. All cultures are equally 'valid'. Well, if that is true we can all relax, for it obviously follows that western culture is okay too, and we don't have to feel apologetic about Darwin and Einstein or making a trip to the moon.

But, of course, that is not how it works at all. All cultures are equally valid — but some are more valid than others. And as if to demonstrate his own gift for self-contradiction, the narrator has no sooner given his sermon on 'equal validity' than we see a film sequence showing the arrival of the Spanish in Mexico, accompanied by wails of complaint about 'ethnocentrism'. It seems that when Aztecs massacre their neighbours in imperial wars, it is just the spontaneous creativity of a boisterous soldiery validly doing its own thing. But when Spaniards massacre Aztecs, it is an awful sin.

Is this helpful? What is the practical consequence of this naïve translation of the all-forgiving religious notion of equality before God into the moral language of anthropological relativism? Its most likely result is to paralyze thought, to neutralize moral judgment and to maximize intellectual confusion.

Good Sense Mixed with Nonsense

Nevertheless, a fair appraisal of the US television component is more complicated than it might seem. The dogmatic editorializing of the two opening episodes is dreadful, yet a number of the individual films which come later are fine. Readers of IPA Review who are familiar with the noxious rubbish frequently served up in Australian social science departments under the rubric of 'the family', and who are not put off by the obligatory birth scene at the start, might be pleasantly surprised by the good sense of the episodes in which

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marriage and the family are presented. (When a child is born “it will be dependent and needing to be cared for for many years.” If it is to grow up healthy “it will need the guidance and care of its family”, etc.)

As for that important test — how is modern society portrayed? Sensibly? Or with Millennium’s mixture of unhinged romanticism and self-loathing? — several of the American television episodes pass with credit. In one of them a Maya family in Yucatan is studied, and although the film-maker’s sentimental bias toward ‘warm and supportive’

There are advantages in having the dogmas of the Church of Cultural Relativism spelled out so clearly.

extended families is clear, the drawback of over-dependency is frankly faced, and the plain fact that traditional people themselves choose to move to cities and adopt new ways of life is dealt with honestly.

Would that as much could be said for the two volumes of readings, plus comments by Deakin staff, which is the main Australian component. Again, though, one has to discriminate. It would be carping to find fault with Graham Fordham’s discussion of peasants. Anyone who studies the nine readings in this section can expect to be well-informed. Much the same might be said of Malcolm Crick’s section on witchcraft and sorcery.

Where Witchcraft Flourishes

Surprising as it may seem, even anthropologists do not usually blame flat tyres on sorcery. But lots of people around the world still do, and most of the readings for this section are a good introduction to this curious feature of human psychology. Witchcraft flourishes wherever there are stresses and strains, and life doesn’t measure up to expectations. Neglected wives frequently hurl accusations of witchcraft at favoured wives in polygamous households. The poor may accuse the rich. Among the Bakweri of West Cameroon, economic success itself was attributed to the activities of witches, and in 1953 the display of wealth so clearly indicated witchery that no-one dared to build a modern home.

Crick draws a modern parallel, relating the conspicuous consumption his discussion takes a turn for the worse. Wishing to appear up-to-date, he is at pains to distance himself from ‘Western’ discriminations between two kinds of facts (the dubious reality of witches and the undoubted reality of witchcraft beliefs); and all too soon we are heading for Castaneda Country and what might be called the Anthropology of Experience. The language gets increasingly fuzzy as he respectfully describes a field-worker being “initiated by a series of teachers into the world of occult forces” (the nature and operation of which are never defined), and we are told that our anthropologist-initiate was “actualizing, not intellectualizing the witchcraft beliefs” — whatever that may mean. At its close his discussion collapses into terminal triviality with a reference to a “satanic centre” in Geelong.

At one point we are asked to see the role of the witch in traditional societies “as a scapegoat for difficulties which people cannot resolve in any other way” (my emphasis). Well, maybe they can’t in that culture, though even this is arguable. But, of course, it is nonsense if one takes an historical view. People can indeed resolve difficulties without scapegoats, and the interesting question is this: What is it that led some people to find witchcraft an unsatisfactory ‘explanation’ for misfortune? What was the nature of that moral and intellectual evolution which led to witchcraft being spontaneously removed from the statute-books in the West? A narrowly ‘cultural’ perspective which disdains wider civilizational processes has no answer to any of this, and doesn’t even trouble to ask. The result? Confusion again.

Cohesion Good, Industry Bad

One is surprised in Bill Geddes’ section on the environment and the economy by his opening claim that “industrialized people are often almost obsessed by the health and vigour of their economies.” Since industrial economies are the only ones likely to feed anthropologists (certainly they are the only ones which ever have fed anthropologists) one hopes to find a more sympathetic concern with the well-being of such economies as one goes along. But that hope is quickly dashed. By line 13 we are being told that “industrialized societies have gone down a blind alley and in the process have successfully fouled their own, and other people’s, nests.” He then admonishes his readers: “But the conclusions you reach will have to be your own. All that I will do in this section of the unit is present the various approaches that human beings have developed in using their environments to supply their needs and wants.”

Really? Then shouldn’t we find among these “various approaches” an account of the benefits as well as the costs of industrialization? Doesn’t modern democracy offer at least some advantages in comparison with, say, hereditary chieftainship in the Pacific? Wasn’t that what the Fijian ruckus was largely about?

Perhaps the most remarkable aspect of Geddes’ discussion is his sympathy for established rank and status. We are told that respect for status is essential for the ‘cohesion’ of communities, and he presents the maintaining of that status as natural and right. Private property is, of course, a bad thing, and privately-owned land even worse: but the despotic powers of chiefly landlords over serfs — fairly common historically — don’t rate a mention. In a revealing passage he writes: “In general, the more hierarchically structured the community, the more centralized is the control of property and the fewer are the controllers.” [Control by only a few controllers being a Good Thing.] “The less hierarchically structured, the more
Disgenuous Distortion

Any anthropology student will benefit from several of Geddes' readings, and some of them are classics. Yet cheek by jowl with these we find the treatment of modern market economics handed over to those well-known anthropologists C.B. Macpherson, Harry Braverman and Donald Horne. At the outset Geddes declines to 'spell out' his 'theoretical perspective', suggesting that his 'biases' will be revealed at a later stage. As indeed they are, in the form of a blatant double standard. The treatment of pre-industrial cultures is relatively detached and objective; but as soon as a treatment of Western culture comes along, what we get is an anti-capitalist rave. This is what that disingenuous disclaimer - "All I will do...is present the various [cultural] approaches..." - comes down to in the end.

As you might expect, the word 'democracy' is nowhere to be found in this world where Strong Controllers keep a firm hold on property. But perhaps economics is the wrong place to look. Let's try politics.

Turning to page 253 of volume one we see a photograph of a line of South African police beating down with clubs on a seated crowd of blacks. This is not encouraging. Under the rubric of politics, first-year anthropology courses usually have something to say about power, status and the role of individual talent and assertiveness in the 'Big Man' cultures of Papua New Guinea; about the processes of alliance and division among the Nuer of the Sudan; about the aristocratic arrangements of the Hawaiians or the egalitarianism of hunters and gatherers. This comparative material is a normal part of any introduction to 'politics' in anthropology. All of it is missing from the Deakin package. In its place students get 100 pages about South Africa. All too clearly this narrow topic has been chosen not for its intrinsic merits, but because the 'expert' was available, and because the subject of South Africa (a not uninteresting one in the right place) appeals to a well-known ideological constituency in academic circles.

Who is Meant to Benefit?

So what is the justification for this course? Who is supposed to benefit? Jenny Hughes suggests that it will help our relations with Asia. A "greater awareness" of Asian cultures is needed, she says, especially "a sympathetic understanding which is more than skin deep." These sentiments are no doubt sincere, but they also express the naivety and parochialism of a discipline which has lost touch with the real world. In 1993 Asia does not consist of vulnerable, hypersensitive 'cultures' earnestly soliciting our awareness and tender concern. Instead, it is the home of half a dozen vigorously modernizing nations whose citizens are likely to regard the assumptions of dispersed the control over property and the greater the numbers of controllers in relation to users." [Dispersed control by individual owners being a Bad Thing.] Talking of "blueprints for society", what blueprint do you see here? Does it seem familiar?

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Employees are Allies in the Battle Against Loss

RAY BROWN

According to one estimate, Australian businesses lose in the order of $2.5 billion a year through security problems. Most are activities which people would not classify as serious crime: pilfering, kickbacks, vandalism, information leaks, product and equipment theft, falsification of time sheets, alcohol abuse. Most businesses accept this form of loss as inevitable; others are ignorant of its extent. What is certain is that if an employer accepts the inevitability of loss as a cost of running the business, whatever the budgeted expectation, this loss will be achieved.

It may not be possible ever to plug fully the leakage, but it is possible to reduce it significantly. There are basically two approaches. A proprietor may choose to install one or more of the many available security systems: closed-circuit television, electronic article surveillance, colouring systems, chains, locks, bolts and so on. These devices may fulfil particular needs, but in the long run, for internal security purposes, they tend to be inefficient: none will work without effective supervision.

The alternative approach is for employers to rely more on the moral sense, observational powers and peer influence of their employees. Most employees will want to co-operate in the battle against loss. About three per cent of employees will break the rules regardless of what an employer does, 50 per cent will never do the wrong thing, the other 47 per cent will behave according to their environment. It is this last group which needs management support.

My experience suggests that those firms which suffer most from security and related problems are those in which management is poor, lines of communication between different levels are confused, standards and boundaries of behaviour are ill-defined. As a result, morale within the organization is low and employees are dissatisfied. The most effective security system is established when this question of organizational morale is addressed successfully: when procedures and expectations are clear, when lines of communication both upwards and downwards are open, when employees feel part of the organization and that their conduct matters.

With encouragement, the vast majority of employees, at all levels, will be interested in the organization for which they work; they will want to feel involved. Most people want to contribute and they like to be told when they have done something well. Far too often these simple human needs are forgotten in the running of a business.

Employees may argue that security problems for which they are not directly culpable are none of their business. But if productivity is impaired, and profits are down as a result of such problems, then it is the business of all employees: it is they who ultimately bear the costs — in higher prices, fewer opportunities for advancement in their jobs, and even the loss of their jobs as a consequence of business failure. Employers should explain this to employees, who will then be more likely to discourage potential wrongdoers. Peer group disapproval is a very effective deterrent against breaking the rules.

There are other housekeeping methods which an employer concerned about loss should institute. They include regular stocktakes; effective controls of invoices, claims and refunds; and the use of checklists. These methods will help identify leakage and send a signal to potential culprits that illicit activity will not go unrecorded.

But above all, the basic philosophy in minimizing loss should be employee involvement and awareness: most employees are allies, not adversaries.

Ray Brown is Managing Director of Business Abuse Prevention System Pty Ltd and has a background in the retail industry.
The Nation-State vs the Global Society

Reports of the nation-state's death are premature and ill-advised, however modish globalist rhetoric might now be.

NEIL McINNES

Since 1989 the world has acquired a dozen new nations and, depending on what happens to the old Yugoslavia, it might acquire a few more. The clamour for national status has spread to such unlikely postulants as the Hawaiians and Torres Strait Islanders. If the fragmentation of Canada seems arrested for the moment, so is the progress of unification in Europe.

We are living through what Alain Minc has called, in the title of his book, La Vengeance des Nations, the revenge of oppressed nationalities after 50 years of internationalism (communist, Islamic and Atlanticist). Some of them were not actually oppressed so much as peev’d that their parochialism was out of fashion in an age that took pride in its international outlook. As for revenge, it is clear by now that in some cases (such as the division of Czechoslovakia) it is rather self-inflicted injury.

Yet the globalists are not losing heart; they are convinced that this revival of divisive nationalism cannot long prevail over the globalizing, transnational forces that are pulling humanity together. To be sure, it is conceivable that the two apparently contradictory processes could go on at once: more and smaller groups aspiring to a national status that was being voided of content by ineluctable supranational obligations.

That two-way process is suggested by the very name of a collection of specialist studies just produced by members of the Open University, called Global Politics: Globalization and the Nation-State. For the title contradicts the subtitle. Global politics refers to the system or society of sovereign states that jealously guard their autonomy while seeking better rules to govern their inevitable conflicts. Globalization, on the contrary, is a transnational force that bursts the seams of the nation-state because the nation is increasingly helpless before problems that can only be handled by the world acting as one.

Neil McInnes was formerly Deputy Secretary of the Department of Prime Minister and Cabinet.
IBM Mentioned, But Not the Mafia

The Open University pundits come down on the side of globalization, a process they see at work in the world economy, in environmental protection, in technology, in military strategy, and in a general interdependence. The ministries and chanceries, then, wilt before IBM and Greenpeace. Globalists always choose nice clean examples like IBM and Greenpeace, never the Mafia and the Medellin drug cartel. Yet do not these latter scorn national laws and frontiers as heartily, do they not promote the global market as earnestly? The point is worth making that not all the transnational enemies of the state are progressive, and in so far as they are nefarious the nation-state is still our best defence against them. Environmentalists, to take an example, often fall into the belief that one proves one's superiority by being a scoff-law and going on about the Big Picture.

To be sure, there is a Big Picture, and it is increasingly an ugly one. Blaise Pascal looked at the night sky and was frightened by the lesson of the stellar silence: the utter insignificance of mankind. We look at the night sky when smog and city lights permit and reflect that, far from being insignificant, we have fouled up one planet and are studying how to get to others. The scale has changed. Our numbers, the intensity of economic activity, our technologies and our dumb restlessness are posing problems no state can handle alone.

There is nothing in that, however, to show that the nation-state has become an obstacle or an irrelevance, nor that there are available other, better transnational remedies. Indeed, many of the developments adduced as evidence of globalization are the work of the nation-states, acting in concert, i.e. normal global politics. Take the so-called world economy. It is not the inevitable product of extra-national forces, say, multinational corporations. It is, as far as and where it exists, the laborious handiwork of a society of nations under the leadership of a pre-eminent power.

The 'Interdependence' Cant

There was, for the first time, something like a world economy in the 19th century because Britain provided the capital, the central markets and clearing houses, and the maritime security to support it. There was no world economy between the wars because the USA shirked those responsibilities and adopted ruinous monetary and trading policies. A new world economy was built after the war under the auspices of governmental, international institutions firmly led by the USA.

It was because of this absolute necessity for a hegemon that Hedley Bull used to reject the economists' pet word, 'interdependence', to describe the so-called world economy. He called it cant, because he knew how much dependence and domination it covered. True, other nations must show a certain complaisance, even submissiveness, to the hegemon; but their co-operation is needed too, and they gain by giving it. We are still at the level of the unequal nation-states, which can surrender some autonomy and never lose their sovereignty. There is no magical globalizing process at work behind their backs.

The same applies to the supposed globalization of military strategy. "The world has become a unified strategic arena," says the editor of the Open University collection. If so, that is because the superpowers willed it and then developed the technology to operate it. And even now the one superpower left cannot operate it without the alliance of other states, which it must persuade and lead, in the classic manner of global, intergovernmental politics.

Generalizing from Global Commons

The globalists' strongest case, from which they generalize incautiously, concerns the joint administration of the global commons: the oceans, the atmosphere, frequency spectrums, and space. In these matters, problems arise that can only be handled on a one-world basis and by unanimous agreement; the hegemon cannot impose a régime, only block one — as can almost everybody else. Yet only some régimes have been successfully put in place, those founded on inescapable technical necessity; other attempts at régimes are, to date, inconclusive; and others have failed utterly. Under these various outcomes one finds the still vigorous nation-state, blissfully unaware that all the progressive people say it is an impotent anachronism.

There are strong régimes like those worked out by the International Telecommunications Union to govern use of the
radio frequency spectrum and the placing of satellites in geo-stationary orbit. Globalists like to see such arrangements as the sacrifice of a parcel of sovereignty by helpless national governments, and hence as harbingers of supranationalism. But the point is that governments never give up a power until they are sure it is worthless. A nation could today put up a satellite in geo-stationary orbit closer to an existing satellite than the convention allows; there is no power on earth (or in space) to prevent it. But, as well as interfering with the communications of other nations, it would get poor service for itself. Thus by abstaining it is surrendering a power that is worth little or nothing to it.

Sometimes, admittedly, nations are slow to face that reality. I remember a primary school lesson in geography that was interrupted by the headmaster, who told us that the meridian zero ran through Greenwich only for members of the British Empire; for the French it ran through Paris, and so on.

**Every proposed instance of the advance of globalist ideas turns out on examination to be the persistence of national interests...**

Later, an embarrassed teacher told us the Head was getting on in years and had not caught up with international agreement to accept Greenwich. The point is that the old man was right; for years the French and other continentals had refused to give up their national zero meridian, until the confusion caused in international navigation led them to surrender a privilege that was worthless.

Several generations later, the oceans were declared “the common heritage of mankind” and the ancient rights and customs of navigation were codified in the Law of the Sea Convention — but only at the cost of a greedy, nationalist grab for the high seas by way of extension of territorial waters to 12 miles and creation of vast (and largely unenforceable) Exclusive Economic Zones. A simultaneous attempt to make the seabed a common heritage of mankind entrusted to an International Seabed Authority failed, because the maritime powers saw they were being asked to give away something real: the right to mine the ocean floor.

**Globalist Failures**

At the end of the war, the international financial institutions were accepted by (Western) governments because they held promise of combating beggar-my-neighbour devaluations and mutually damaging exchange controls. But the International Trade Organization was torpedoed because its ability to reduce tariffs would have transferred real, effective power out of state hands.

Similarly today, there is increasing agreement on international measures to protect the ozone layer because more and more governments are convinced that the ‘power’ to spray chlorofluorocarbons (CFCs) is not worth having, and, in fact, some national regimes are stricter than the proposed international one. In contrast, the attempt at global agreement on carbon dioxide emissions and global warming has miscarried because governments saw that they were being offered globalist ideology instead of proven fact.

In sum, every proposed instance of the advance of globalist ideas turns out on examination to be the persistence of national interests, tempered only by occasional cessions of autonomy to a hegemon. Fervent apostles of European unity talk as though the real transfers of power that are taking place, or proposed, from national capitals to Brussels are examples of globalist thinking. But from outside the European Community it is easier to see that regional supranationalism is very far from one-world thinking. Rather, it is a sign (and the responses it produces in North America and East Asia are also signs) of the danger inherent in the break-up of an incipient world economy built on other foundations.

There is one case of apparent surrender of national sovereignty that is frequently cited in Australia: the invocation of an international treaty to prevent the building of a dam or mining of a region. Surely, it is said, real power has been transferred in such cases from Australia to whomever it is that monitors the global regime. That is not the way national governments see it — otherwise they would never sign or enforce such treaties. In reality, these treaties put enormous additional power into the hands of national governments, to intervene in areas where previously they were powerless.

A decade ago we had a Federal minister so drunk with the extra power he saw flowing from an international treaty that he sent RAFF jet fighters to spy on a State Government authority’s observance of it. He later admitted he had gone too far, but not in the wrong direction: he might well celebrate a substantial extension of his powers, obtained under cover of a humble, self-denying internationalism.

**Nation-States Need Preservation**

To say that globalization is an ideology is not to dismiss it as irrelevant. Such ideas make their way, and this one might occasionally help a government accept the reality that our new situation on this planet has made some powers so nugatory that they might as well be given up in an international arrangement. But when that happens it will be the action of a sovereign power, not the progress of global forces.

Passionate globalists have not carried the question far beyond where Hedley Bull left it: purposes like justice, human rights and environmental protection may well require action beyond the states system, but that does not mean against it. The nation-states might not be enough but that does not make them obstacles. They are the best order we have and they are the foundation of anything better. Only the preservation and development of the states system can lead to a more cohesive world society.

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Twenty years ago one in 10 Australian families with dependent children was a one-parent family. Since then the proportion has increased to around one in six families. In most cases it is the father who, by misfortune or by choice, is absent. What are the effects of this trend towards fatherless families? The evidence from America, which Karl Zinsmeister presents below, indicates that the social and economic costs are high.

The Australian evidence is equally as disturbing. Following Zinsmeister, Alan Tapper argues that a strong link exists between rising rates of family breakdown and an increasing incidence of juvenile crime. And Lyle Dunne looks at the way in which the Australian tax system, by ignoring the family responsibilities of income-earners, is placing an unjustly heavy financial burden on intact families.

The Need for Fathers

KARL ZINSMEISTER

What matters for social success today is less whether your father was rich or poor than whether you knew your father at all. That is the crucial verdict of recent research on childhood, as summarized by Professor Lawrence Mead. Fatherless households, which are America’s fastest growing family type at present, are risky places for children to grow up in. Claims that dads are dispensable, and that single-mother families are adequate substitutes for the two-parent family, are directly contradicted by mounds of current evidence.

Are Fathers Different from Mothers?

In considering the importance of fathers, we first need to address the question of whether fathers do anything for children that is distinct from what mothers do. As it happens, we can deal with that issue quickly — because the debate over whether there are intrinsic differences in the way men and women ‘parent’ is now closed.

Over the last decade or so, psychologists, sociobiologists, and neuroscientists have produced some powerful new evidence on sex differentiation. What we have learned, basically, is that while mothers and fathers are both well-equipped to foster children, their inclinations and methods of operating, their natural skills, and even their ways of perceiving tend to be quite different.

We know, for instance, that infancy is a special time for mothers. They have hormonal tools and distinct physiological advantages which allow them to more easily ‘read’ and satisfy a newborn baby, and investigators find that in a wide array of cultural settings and family types, mothers nearly always take charge during the initial 12 to 18 months of a baby’s life. The critical period for the father generally begins when the child starts to interact with the impersonal world.

There is a large measure of complementarity in male and female parenting. And the demands on fathers and mothers shift back and forth as a child passes through different developmental stages. There is no question, though, that men and women tend to provide children with different things, in different ways. There is not even a hint in the scientific literature that family role androgyny is ever likely to occur among humans. Instead, there appear to be strong physiological and biochemical barriers against it.

When Fathers are Present

What are some of the useful things that a father can provide to his children when he is present in the home? The social scientist Bronislaw Malinowski argued that the main thing a father does is to place his children in the broader social context, to help them understand the requirements for living in the world outside the family. We know, as a clinical finding, that exclusive rearing by women restricts a child’s environmental exploration and delays development of some kinds of external competence.

Psychologists and paediatricians have shown that as early as their third week of life, children experience and react to their father differently from their mother. Even the child’s

Karl Zinsmeister, an adjunct scholar at the American Enterprise Institute, is completing a book on the family for Harper Collins. These remarks were originally presented as testimony before the National Commission on America’s urban Families.
physical postures adjust according to which parent is nearby. This is a reflection of the fact that mothers and fathers generally approach their offspring with different intentions in mind — with fathers coming to play and stimulate, while mothers tend to soothe and caretake. (These findings, incidentally, are not limited to one culture — they turn up in a number of quite different countries.)

Studies show that fathers also have a special role to play in building a child's self-respect. They are important too, in ways we don't really understand, in developing internal limits and control in children.

Fathers tend to be far more effective at discipline. In both intact and divorced families, for instance, children are more likely to obey fathers than mothers. Researchers have found that while "mothers are more active than fathers in helping youngsters with personal problems...with regard to youthful drug use, fathers involvement is more important." Fathers play critical roles for their children as teachers. Clinical work shows that fathers are more likely than mothers to encourage children to explore the outer levels of their competence and withstand frustration. They do more direct training and cognitive stimulation, their play has a coaching emphasis, and they tend toward puzzles, word games and 'learning' toys. As children get older, fathers frequently concentrate on helping their offspring navigate through specific life crises, for instance those surrounding puberty.

Research also shows that fathers are critical in the establishment of sexual identity in children. Interestingly, fatherly involvement produces stronger sexual identity and character in both boys and girls. It is well established that the masculinity of sons and the femininity of daughters are each greatest when fathers are active in family life.

It would be idiotic to suggest that among the different traits and capacities that fathers and mothers bring to the family any one set of qualities is superior to another. The point is, these varied skills and outlooks combine in lovely ways to give children everything that they need.

**When Fathers are Absent**

Fatherless families and the children living in them tend to have a lot of problems. One reason for this is simply that the solo-mother family is short-handed. One brain, one mouth, one pair of hands and eyes can't do as much parenting and providing as two could.

But there are also problems associated specifically with the lack of masculine presence. These disadvantages occur differently according to the reason for the father's absence: a father's withdrawal usually produces more damaging effects on children than his death. The problems also impinge differentially upon boys and girls.

In boys and girls both, fatherlessness produces an exaggerated peer-orientation, tendencies toward juvenile delinquency, and a lack of social control. Among girls, the effects of father absence are often delayed and only burst forth, in a kind of 'sleeper effect', at puberty. They are often acted out at that time in exaggeratedly flirtatious and promiscuous sexual behaviour. Difficulties in forming comfortable and durable relationships with men are very common among women who grow up without a consistent fatherly presence.

Boys are generally hit harder. They tend to have trouble concentrating in school, to do poorly on intelligence tests, and to have difficulty with Mathematics. Father absence has been shown to be associated with learning disabilities, and some psychiatrists believe it is behind many of the cases of hyperactivity and attention-deficit disorder that particularly afflict young boys. Fatherlessness significantly increases the likelihood of a boy becoming violent, and it is very common for mothers — not to mention teachers, counsellors, and others — to have difficulty handling fatherless teenage boys in particular.

Boys lacking a father at home are often confused about their male identity. Studies show that, compared to counterparts from intact families, they engage in more activities traditionally considered feminine and play more like girls. This tendency toward sex-role perplexity can develop in unpredictable ways as the youngster ages, with many fatherless boys later veering toward a defensive machismo. This may partly explain why boys in female-headed families often develop a coercive relationship with their mother, as research demonstrates.

I think it is important to recognize that the bulk of our problem with domestic and street violence today grows out of having too little masculine authority at the base of society, not too much. Keep in mind that the most fiercely misogynistic males in America today are those raised in the inner-city matriarchies. All those rap anthems about raping and torturing women come out of a world devoid of male presence.

**The Importance of Having Two Parents**

What all this argues for is the importance to children of having two resident parents. It is often claimed today that the two-parent partnership is a kind of historical freak — an arbitrary invention of neurotic Victorians. This is historical nonsense. In truth, the mother-father-child household is humankind's universal child-rearing institution. As you read through the historical and anthropological literatures on this question, what really stands out is how little the two-parent norm has varied across enormous stretches of time, place and cultural fashion. Indeed, we have fossil findings suggesting that the nuclear family dates right back to the beginnings of human existence. Very likely the cultural processes which got human males involved in the rearing of offspring were central to the successful emergence of Homo Sapiens in the first place.

And there are lots of indications that fathers are at least as important to successful family life today as they ever were in the past. Even if one ignores the research I have summarized on fathers' special roles, there is plenty of reason for pause just in the findings on child outcomes in single-parent families.

In nine cases out of 10 today, when we are referring to a single-parent family we are referring to a father-absent family. And in areas ranging from physical health to income to behaviour disorders to educational attainment, children living in such households fare, on average, rather badly.

From the literature on non-intact families, let me briefly...
state some findings:

- Young people from single-parent families or step-families are two to three times more likely to have emotional or behavioural problems. They end up in psychotherapy more than three times as often as counterparts who have both parents present, according to the National Survey of Children in the United States.

- A study which tracked every child born on the Hawaiian island of Kauai in 1955 for the first 30 years of its life found that five out of six delinquents with an adult criminal record came from families where a parent — almost always the father — was absent.

- US Bureau of Justice Statistics figures show that 70 per cent of the juveniles now in State reform institutions grew up in single-parent or no-parent homes. The correlation between fatherlessness and street gang membership is very close. Gangs exist for two basic purposes: to fill an authority vacuum, and to satisfy an aching to belong — both functions that are closely related to the lack of fatherly presence.

- The rate of drug abuse is several times higher among adolescents living apart from their fathers than it is among adolescents who live with their fathers.

- Youngsters from decayed families score somewhat lower on intelligence tests, even after adjusting for socio-economic variables; and have much poorer records on measures of attendance, co-operation, and effort at school. Father-absent children require more discipline, have considerably higher suspension rates, have lower grade point averages, and repeat grades more often than do children whose fathers are present.

- Even after differences in economic and demographic background have been taken into account, students from fatherless families have lower college expectations, complete fewer years of schooling, and are far more likely to drop out of school altogether.

- Living in a mother-only family decreases a child's chances of completing high school by over 40 per cent for whites, and by 70 per cent for blacks.

- The poverty rate in single-mother families, after all government transfers, is 31 per cent, while the comparable figure for married mother-father families is five per cent. Demographic adjustments show that a very significant portion of the rise in child poverty over the last two decades is attributable simply and directly to growing fatherlessness. The poverty of children in female-headed households is also much deeper and more persistent.

- Welfare dependency is very high among fatherless children. Overall, about half of all female-headed families will receive some public aid in any given year. Even after adjustments for socio-economic factors are made, living in a mother-only family as a child — whether you are white or black — triples your probability of becoming a welfare recipient later in life.

- Economic differences between family types translate into very real lifestyle gaps for children. For instance, 73 per cent of children living with both father and mother reside in a home the family owns, while two-thirds of single-parent children live in rented accommodation. A child's chances of residing in a public housing project are 10 times higher when only his mother is present. His odds of living in a suburb are far lower.

- Children growing up in single-parent homes tend to be sexually precocious. Boys and girls both are much more likely to be having intercourse in their early teens.

- Fatherlessness tends to replicate itself. White girls, for instance, who grow up in single-parent families are almost twice as likely to divorce, and more than two-and-a-half times as likely to give birth out of wedlock, compared to counterparts who grow up with father and mother present.

Incidentally, one of the striking research findings of the last few years is that children in step-families and other recombined households suffer from many of the same problems that plague single-parent children. In fact, they even experience extra problems. Despite rosy promises at the beginning of the family liberation boom, none of the substitutes for biological families has turned out to have reliably good results for children.

Family Structure and Individual Well-Being

It is clear that the absence of natural fathers from family life is no good for children. And then there are all the ways that the phenomenon hurts adults. As terms like "the feminization of poverty" imply, single-parent families have turned out to be pretty lousy places for mothers to prosper in. Equally striking, and less often appreciated, is the fact that flight from fatherhood has damaged the well-being of men, too. Men unconnected to children and wives have enormously higher rates of violence, accidents, and criminality than fathers and husbands do. They have higher rates of chronic disease, are committed for psychiatric treatment far more often, and have much less success in the labor force.

The point I am leading to can be illustrated with a story I heard recently: it seems two men were driving down a highway in a large truck when they came to a bridge underpass with a big, stern sign in front of it reading, "Absolutely no vehicles over 11'3" allowed." They pulled over to the shoulder, and got out their measuring tape, and it turned out their truck was 12'4" tall.

At this point, the second man looked to the driver and asked "So whadya think we should do?"

The driver glanced both ways, then answered: "Not a cop in sight — let's chance it."

There are some rules, obviously, that it is futile to flout. All we do in ignoring them is endanger ourselves and those travelling with us. This is especially true when it is cultural, as opposed to legal, rules that we are breaking. Most often, those guidelines are there for our own good.

The informal laws that traditionally governed family life are an excellent example of this. The big yellow "Not Allowed" signs that existed in this area were there not to punish or
harass, but to try to save as many people as possible from finding out what can happen when you drive unprepared into the steel girders of reality.

In this sense, the 'biases' (if you will) in favour of stable marriage, of two-parent child-rearing, of fathers meeting their family obligations by being present in the home, are profoundly humane, people-serving precepts. They became enshrined in daily life simply because, over time, they produced the happiest results for the largest number of people. They are a collective preference evolved from centuries of hard experience and time-testing.

On Taking Fatherlessness Seriously

Let me close by pointing out that the surge of fatherlessness and family decay that began about 25 years ago correlates closely to the surges in crime, drug use, child poverty and education droop that currently bedevil American society. One of the theses of the book I am working on is that the connection between our family collapse and these social breakdowns is no coincidence. If we are going to solve the problems that plague us most acutely today, I believe we are going to have to encourage movement back toward what could be referred to as the 'natural family', made up of father, mother and child.

Toward this end, we need to experiment with measures that reinvigorate marriage and actively discourage illegitimacy, divorce and family abandonment. While creation of a solo-mother family is the leading route into household poverty and childhood pathology today, the leading routes out continue to be marriage- and commitment-related: simply avoiding single parenthood and finishing high school, for instance, gives people a 90 per cent chance of avoiding poverty. Likewise, mothers who have been abandoned but then remarry see their family income nearly double. This, in other words, is not just some symbolic issue. Marriage and family solidarity work, and practical policy ought to acknowledge that.

In places where the paternal collapse is worst, I believe we are going to have to try to reintroduce male family virtues in more artificial ways as well. In certain of our inner cities we should be setting up some residential schools for boys and girls, plus some all-male public academies — perhaps staffed by decommissioned military officers, who know something about building discipline, self-respect and collective morale.

Of course, every effort along these lines in the recent past has quickly been squashed by the left-liberal establishment. A few months ago I interviewed the principals of two of the special schools that the Detroit and Milwaukee public education systems tried to set up in 1991 specifically for black males; they were absolutely livid that lawsuits from the National Organization for Women and the American Civil Liberties Union had blocked both projects.

One final suggestion: in families that are currently intact, we need to help link fathers more closely to their children. There is an emotional as well as a physical aspect to father presence, and an interested and involved dad will always beat a lump at the end of the couch.

But none of this is going to happen until influential sectors of society stop treating fathers as a kind of optional equipment. So long as we continue to rationalize father absence and excuse father flight, I am afraid we are going to keep our police officers, social workers and hospitals very busy.

Juvenile Crime and Family Decline

Dr Alan Tapper, who teaches philosophy at the University of Western Australia, is the author of The Family in the Welfare State (AIPP/Allen & Unwin, 1990).

Research from America and elsewhere can help to alert us to changes and processes which may be operating in our own society, but it is no substitute for studies of our own society. Unfortunately, we have very little Australian research on families, delinquency and crime to call upon. Some recent evidence from Western Australia seems important and worrying.

In the past decade WA has experienced rapid rises in its crime rate, if the figures on reported crime are any guide. Since the early 1980s reports of serious assault, of motor vehicle theft and of breaking and entering have tripled; reported sexual assault has increased eight-fold. (In the same period WA's population has increased only 25 per cent.) Much of this crime upsurge is juvenile crime.

By far the most striking change in Australian family life in recent times is the rise in the divorce rate. Before 1971 the
The divorce rate hovered around four divorces per year per 1,000 married persons; after 1976 it levelled off at around 12. Twelve per thousand may not sound much, but it amounts to a divorce rate for newly-formed marriages of one in three, as against one in nine for marriages in the previous generation. Clearly this is a massive change, in its own way quite as striking as the rises in nine for marriages in the previous generation. Clearly this rate for newly-formed marriages of one in three, as against one per thousand may not sound much, but it amounts to a divorce rate for married persons; after 1976 it levelled off at around 12. Twelve per cent. One is to argue that no other changes occurred in the tendencies, also collected data on family background. The study of 409 young people in WA's Longmore Remand and Detention Centre by psychologist Phil Watts, which was focussed mainly on drug-taking behaviour and on suicidal tendencies, also collected data on family background. The study population was highly representative of young serious offenders: median age 15-16; 90 per cent male; 50 per cent Aboriginal; 72 per cent unemployed. Although they were a young group, 34 per cent had been away from school for at least two years.

When asked for their current address on admission, the results were as follows:

| Living with friends | 13.9% |
| Living alone | 2.6 |
| Both parents | 19.6 |
| Mother only | 29.8 |
| Father only | 6.3 |
| Relative | 21.2 |
| Hostel | 2.6 |
| No fixed address | 3.9 |

Only 20 per cent of these young people were living with both their parents; only 56 per cent were living with any of their parents. Three-quarters were not living with their father; half were not living with their mother. Twenty per cent were living in a two-parent family; presumably even less than 20 per cent were living with both their biological parents. In answer to the question “Are your parents still together?” 68 per cent answered “No”, 32 per cent answered “Yes”. This implies that of the 44 per cent living with neither parent, only 12 per cent had a two-parent family to which they might return.

These remarkable facts about family structure are not exactly matched by the youths' perceptions of family relationships. Asked whether their parents had a good relationship, half said “No”, half said “Yes”, which does not fit well with the fact that 68 per cent of parents were not living together. However, that question had a high level of invalid answers (78, or 20 per cent), possibly because the question made little sense to those whose parents had little or no relationship.

The question “How well do you get on with your mother?” resulted in 64 per cent answering “good”, 22 per cent saying “OK”, 10 per cent “bad” and five per cent “no relationship”. For fathers, the response was worse: 46 per cent “good”, 28 per cent “OK”, 13 per cent “bad” and 13 per cent “no relationship”. These results suggest more positive contact between the youths and their parents than is indicated by the family structure questions. On this point Phil Watts remarks that people generally tend to report themselves as having better family relationships than other measures would indicate to be the case. It would be interesting to compare the responses here with responses from a random sample of the same age group.

At least the family structure figures are unambiguous evidence of very high levels of family breakdown. We know that in the general population of 15-year-olds in WA in 1986 77.3 per cent were living with both natural parents, compared with less than 20 per cent in the Longmore sample. 14.5 per cent in the general population were living with one parent only and 8.3 per cent with one parent and a step-parent. If these census figures are accurate then the number of 15-year-olds living with neither of their parents is statistically insignificant, yet in the Longmore sample it amounts to no less than 44 per cent.

Watts' study of drug-taking among the Longmore youths adds significantly to this picture. Almost one-quarter were rated as clinically depressed; quite a few had suicidal tendencies. Most were found to have high levels of drug abuse: daily cannabis use (25 per cent), weekly binge drinking (28 per cent), daily (10 per cent) or regular (33 per cent) amphetamine use, and regular LSD-type drug use (27 per cent). Nearly half used at least one drug (other than tobacco) daily; two-thirds used one or more drugs at least once a week. Nearly half of the 281 alcohol-users reported usually drinking more than a bottle of spirits or 12 cans of beer in a single session. Behind all this is a strong desire “to escape reality and stress,” as Watts puts it.

It is obvious that this self-destructive behaviour is closely related to family experiences. Watts concludes that “Whilst it is uncertain whether the family situation is causing drug-taking or vice versa, the results are clear — drugs are not a problem isolated from the families of juveniles.” Research into drug addiction seems to show that drug risk is largely predicted by family factors. Equally certainly, juvenile offending is closely related to both drug abuse and family failure. Furthermore, as Watts observes, “The strong association between family dysfunction and drug use...means that family interventions should be an integral part of the [drug abuse] treatment process. Without the family therapy component, treatment is likely to have reduced efficacy.”

Research into the connection between family background and delinquency distinguishes between family structure and family relationships. In principle, the divorce of a couple in conflict may improve family relationships, at least for the children and the custodial parent. One common finding by researchers is that boys are no more likely to commit crimes if they came from broken homes than if they came from intact ones.

The Longmore evidence runs counter to this story. Here,
quality of family relationships may be well below normal, but it is the structural breakdown which is critical and acute. Some of the youths (36 per cent) were in sole-parent families; some (44 per cent) were in 'no-parent' families, though half of these were living with relatives. Three-quarters were from 'father-absent' families.

The most graphic descriptions that we have of teenage delinquency in Australia are those by John Embling, based on his experience with the Families in Distress Foundation in the western Melbourne suburb of Footscray. On father absence Embling says: "I spend most of my life with children, young adults, mothers - but where are the fathers?...I have known only four or five fathers-as-parents, as providers, as role models, over those ten years." Many of the teenagers and children in his area were in trouble with their schools and with the law.

Welfare Dependency

Another possible cause of the crime boom is welfare dependency, which has risen dramatically in the relevant period. We have seen that income poverty is not a cause of crime, but it remains possible that the cause is to be found in 'underclass poverty', poverty which goes with long-term welfare dependency, and which seems to lead to anti-social behavioural problems. There is no doubt that long-term adult welfare dependency rose rapidly in the 1970s and '80s. Both long-term unemployment and long-term sole-parenthood increased vastly in this period.

The underclass hypothesis holds that a life of welfare dependency distorts the social experience and attitudes of those who fall captive to it. Far from welfare support integrating such families into the community, the overall effect is disintegrative, breaking up couples into non-working males and struggling sole mothers, with children who are loosely controlled and poorly socialized. The children of such families tend to feel little sense of obligation to the society which supported them. Rather, they often fail to learn the habits required to become economically productive; they feel acute anger, boredom, envy and exclusion; they can see no future for themselves in mainstream society. Some have no respect for either public or private property.

To protect their fragile egos, these youths unite into militant gangs. Like little children they desperately need the attention of mature adults but they cannot handle one of the basic messages of adult society, which is that they should "get a job" and become self-supporting. Consequently, their attention-seeking becomes a dangerous game in which they set out to break the rules of society (particularly through such activities as high-speed car chases in which the police can be engaged and targeted) while learning to plead innocent and victimized when brought to account for themselves by society's authorities. Their lives become a mixture of depression and false bravado, in which drugs and alcohol mask from them their real predicament while also providing the temporary illusion that they are powerful and important.

The basic problem with these children seems to be that they have never enjoyed the pleasures and the hard lessons of structured family life, a form of life characterized by "a pragmatic blend of love and discipline" (to use John Embling's very apt phrase). Both in their families and in their relations with the wider community they have failed to learn that with rights go responsibilities (also an Embling motto).

This is a familiar and all too plausible story, though we lack some of the direct evidence needed to test fully the hypothesis. In particular we seem to have no direct evidence connecting juvenile crime with welfare dependency. All we can say about this is that family breakdown, which is connected with juvenile crime, itself tends to lead to welfare dependency, through dependency on sole-parent benefits. A study, along the lines of Watts' work, of the welfare involvement of juvenile offenders and their families would go a long way towards settling this issue.

3. Watts, personal communication.
4. Families in Focus in Western Australia, The Office of the Family, Government of Western Australia, ABS Cat. No. 4105.5, Tables 8.d and 8.e, pp. 33-34.

Fatherless Families

"I have seen so many young children who need men in their home lives, men who are capable of psychologically meeting their needs. A community of men alone is ultimately an unhealthy one for children; a community of women alone is similarly restricted...

"Even the strongest, most capable, single parent finds it difficult to give his or her child all that is needed to make a human being. I know divorced couples who have come to an equitable arrangement for the stable, intimate, everyday management and rearing of their children. But what about the single, deserted, penniless mother on the top floor of the Kensington Housing Commission flats? Where does she turn for help, for support? Where do her children look for relationships with father figures?"

"I often look around for the fathers in the lives of 'our' children. I feel a sense of profound loss, of defeat, of inhumanity, as I see men devoid of personal contact with their children. Their loss, the loss of something central to the human process, is also our loss. Something is being crippled, and all the money, technology, bureaucracy, professionalism, ideology in the world won't make it right again."

John Embling
Fragmented Lives
Taxing Families
Welfare or Justice?

LYLE DUNNE

During the recent election campaign, there has been a great deal of discussion of taxation — or at least, of the Coalition's GST. Some critics have objected that the GST fails to take into account 'capacity to pay'. Interestingly, neither side has shown much interest in applying this sort of analysis to the largest component of our taxation system — income tax. Is 'taxable income' a fair indication of a taxpayer's capacity to pay?

Let us first look at the basis on which taxation is collected. Assuming that there are legitimate purposes for spending public money, fairness demands that a person should be taxed in proportion to his capacity to pay. Taxation, however, also has a redistributive function.

My view is that a certain amount of 'redistribution' is acceptable to assist the most disadvantaged section of society, but it should not be used as a punitive measure to bring the rich down to the level of others. One could argue the morality of this at length. Nevertheless the fact remains that taxes based on the 'soak the rich' approach usually end up netting less revenue than alternatives — because the rich employ more creative accountants, move their money or their operations offshore, or simply work less hard.

In practice, a limited form of redistribution ends up being quite compatible with collecting tax revenue on the strict criterion of justice, where everyone is taxed in proportion to his capacity to pay. Those who can pay are taxed, and some of this money is used to help those who cannot.

A taxpayer's 'capacity to pay', however, is determined by more than simply his individual needs. Should we not also take into account his family responsibilities? Various Australian Governments have been prepared to offer assistance to families — but this has usually taken the form of 'welfare'-type payments quite separate from the tax system, or token dependent-child or spouse rebates which happen to be paid through the tax system. Before the election both major Parties announced child-care assistance 'packages' which provide assistance to some families. Unfortunately, they do so in a way that is biased toward the major users of child-care: families where both parents work. This is likely to distort the labour market in ways that may not have been foreseen.

It is increasingly the case that taxation is levied on the assumption that all taxpayers on a given gross (taxable) income are equal. On this model, dependent spouses and children are seen as 'consumer durables': luxuries which taxpayers may choose to spend their money on, but which have no effect on tax liability. If they do receive any assistance, it is on the same basis as activities such as self-education, gold-mining, film-making, racehorse-breeding — which from time to time have been seen as desirable and deserving of encouragement by the government of the day. All have received arbitrary largesse from the taxation system through a variety of special arrangements outside the usual range of legitimate income-related deductions.

Special Consideration for Families?

Is this a fair basis for taxing families? I believe a strong case can be made for special consideration for families for social and even economic reasons: certainly they are more efficient at raising children and caring for older members than other institutions in society. (I am assuming the case for children *per se* as necessary for the continuation of society is self-evident.)

Further, it is undoubtedly true that any taxpayer with a dependent spouse and/or children has less available uncommitted income from which to pay tax than a taxpayer on the same income with no dependants. To tax persons with dependants on the basis that their income is theirs alone, and then have to pay them welfare to support their families, is clearly inefficient as well as being unnecessarily demeaning.

Here, though, I want to argue for a more radical alternative: that families must be taken into account because they own the income.

This will seem a surprising statement to many. It is interesting, though, that our society takes so seriously the claims of family members on family property and income after the breakdown of families. We have recently adopted an enormously costly and intrusive scheme to ensure that breadwinners — typically fathers — pay maintenance; and the principle of spouses claiming their share of 'community property' in divorce settlements is thoroughly entrenched.

If we are to be consistent, shouldn't we admit that members of intact families have a claim on family income? (Or are we to persist with the Victorian notion that breadwinners can bestow 'housekeeping' money on non-working spouses — typically wives — at their absolute discretion?)

Tax-Free Thresholds

There is some evidence of this principle being applied in

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the current system. Why do we have a tax-free threshold? Is it just to avoid the administrative inconvenience and political cost of taxing very low income earners? Or is there a recognition that there is a certain minimum level of income required to provide a reasonable standard of living, which the tax system shouldn’t touch?

I would go so far as to say that, like charity, justice begins at home: that family members have a claim on family income which is prior to that of the wider society. Only when the basic needs of family members are met should the family be asked to pay its share of the costs of running society.

Of course, if tax-free thresholds are intended to provide for basic needs, then it is an absurdity for them to be the same for every taxpayer. Clearly they should take into account the number of dependants. Some may object that the question of

In terms of capacity to pay tax, a family of five depending on a given single income is not the same as a single person on the same income.

‘basic needs’ is undefined. It is true that there can be no absolute definition, since needs vary across societies. However, if we assume welfare payments are intended to provide for people’s basic needs, then the level of basic welfare might be a good starting point.

At present, the tax threshold is about 30 per cent less than the standard single welfare rate (although the picture is complicated by special arrangements applying to remove tax liability for welfare recipients). The major difference, however, is that welfare payments add about 70 per cent for a spouse, and 20-30 per cent per dependent child, whereas the tax system allows only a token rebate for a dependent spouse. Some taxpayers do also receive Family Allowance and Family Allowance Supplement. However, this moves more people into the category of welfare recipients.

Many would doubtless argue that it doesn’t matter whether financial support is provided through welfare payments or tax reduction. I disagree. For a start, ‘churning’ means that the amount available for spending is always less than that collected in tax, since the cost of welfare administration must be paid. But there is a stronger argument. As long as assistance to families is seen as welfare, there will be debate about how much we can afford, and attempts to argue competing claims. If, however, we accept the above ‘ownership’ arguments, then taxation justice for families must be taken into account in the collection process, regardless of what expenditure decisions are taken — and regardless of the family income level. In terms of capacity to pay tax, a family of five depending on a given single income is not the same as a single person on the same income — even if that income is $100,000 per annum. (They are, however, in much the same position as they would be if two of the five members earned $50,000 each, but the present system would treat them much more leniently in this latter case.)

Marginal Rates

The question of marginal rates is a more complex one. Recent bipartisan support for a ‘flattening’ of the tax scales doubtless owes more to the perceived macroeconomic benefits of increasing incentives (and perhaps to considerations of political expediency) than to any notion of justice. I do not intend to canvass the merits of this move beyond observing that, in isolation, it tends to reduce the relative injustice suffered by families with dependants.

However ‘progressive’ — to use a slightly dishonest term — the system is, though, there is still the question of how marginal rates should be applied to families. We may consider a person earning $60,000 to be ‘rich’ and apply the top marginal rate. But is he still rich if he has four dependants? If we think of them as a family with $12,000 each, shouldn’t this be recognized in setting not only the tax-free threshold, but the other brackets?

The arguments about families owning income are couched mainly in terms of tax-free thresholds, but could equally be related to other ‘thresholds’.

‘Income splitting’ is an option which has long been available to business people and other self-employed: spouses and offspring can easily be made shareholders or employees of businesses, and thus gain the benefit of extra tax-free thresholds. It is only PAYE taxpayers, and perhaps scrupulous business people, who lose out. Why should the right to ‘split’ one’s income with dependants be the exclusive preserve of the business sector?

Family Unit Taxation

The system that emerges from the above is one where income tax is levied on the basis of a set of thresholds which increase according to the number of dependants who live off — or as I have argued, own — an income. In practice, this would work best if such income tax were levied on aggregated family income — ‘Family Unit Taxation’. This would also pick up cases of joint or partial dependency. In addition, it would allow in effect an ‘averaging’ of the incomes of couples, on the assumption that they own and enjoy those incomes in common. (Both would have to consent; it should, of course, be open to persons to be taxed as individuals should they prefer.)

Such a scheme would recognize the real claims of families to justice, not charity. It would be vastly simpler, more equitable and more efficient than the present piecemeal approach where families are offered a bewildering and ever-changing array of benefits, most of which are paid for (plus commission) out of their own pockets. It would also avoid the present distortion in favour of multiple-income families — a distortion especially difficult to justify in times of record unemployment. This would also ease the burden on welfare for the aged and disabled, since fewer potential carers would be forced to seek paid employment.

Regrettably, recent moves by the major political parties have been in the opposite direction with both announcing child-care packages likely to increase the participation rate, and hence the unemployment rate, still further.
When Should Governments Regulate Markets?

...Less often than most policy-makers imagine

GEOFF HOGBIN

Although 'microeconomic reform' and 'deregulation' were the economic policy buzzwords of the latter half of the 1980s and early 1990s, the rate of creation of new Commonwealth regulations has increased dramatically over the life of the Hawke and Keating Governments. The number of regulatory instruments examined by the Senate Standing Committee on Regulations and Ordinances (which vets regulatory legislation ostensibly to ensure that it is in the 'public interest') rose from 703 in 1982-83 to 1,645 in 1990-91. And there is no sign of a slow-down: in 1990-91 regulations examined by the Standing Committee increased by 33 per cent over the previous year. Put another way, in 1990-91 the House of Representatives made an average of 24 regulations on each of its 68 sitting days!

Some of the Commonwealth's regulatory activity in recent years has been associated with reform measures, including rationalizing the roles of Commonwealth and State Governments. However, many entirely new regulations were created. Regulatory layering is now common — new regulations are introduced in order to patch up problems created by pre-existing regulations or other government-created distortions in the economy. Despite the rhetoric of microeconomic reform and deregulation, the regulatory web appears to be becoming progressively more constrictive.

Some regulations enacted in recent years may be justified in the sense of improving living standards, but others will become millstones on the economy and remain so for years to come, continually reducing living standards and the welfare of families.

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Why do we tolerate bad regulations which reduce the welfare of families? One reason is that many people are unaware of the costs of bad regulations since such costs are often not readily recognizable. This is largely because of the difficulty of predicting the state of the world in the absence of a given regulation, and therefore the difficulty of knowing how much better off we would be if a bad regulation were abolished. Occasionally, we get glimpses of the costs of regulation — for example, when the price of air travel or of eggs declines following deregulation. A telling manifestation of the cost of regulation is the slow rate of improvement in living standards (relative to other countries) Australia has experienced for most of this century.

A second reason is that market processes are not widely understood. Regulations are more or less detailed commands which alter the outcome of market processes by constraining voluntary exchanges in one way or another. Unless one has a clear understanding of what markets do, the effects of regulations may not even be suspected let alone detected.

Some of the important functions of markets include:

- discovering and transmitting information to producers about the strengths of consumers' preferences for various goods and services in a form which obliges producers to respond appropriately;
- creating incentives for producers to minimize the resources used to produce a given good or service;
- creating incentives for producers to minimize the cost of arranging contracts with suppliers and customers. Minimizing these ‘transaction costs’ is increasingly recognized as an important aspect of maximizing the value derived from resources;
- creating incentives for producers to discover efficient enterprise configurations;
- creating incentives to discover new products and new cost-reducing technologies; and
- eliminating managers and enterprises which fail to produce products with price/quality characteristics that are attractive to sufficient numbers of consumers, or which fail to adopt efficient production techniques.

The problem with regulations is that, unless they are applied in appropriate circumstances (and are correctly designed), they reduce the value that people derive from the resources available within the society. They do this by disrupting market processes — by weakening incentive structures, impeding information flows, interfering with discovery processes, and so on. For example, if the price of eggs is fixed by regulation, consumers are prevented from ‘voting’ with their dollars in favour of those producers able to place eggs on the market at the lowest price. Likewise, they lose their power to force high-cost producers out of the industry. The result is that excessive quantities of resources are used to produce eggs. This lowers living standards by reducing the resources available for producing goods other than eggs.

This article outlines a few, relatively simply guidelines to assist in recognizing the limited range of circumstances in which regulations are likely to make us better off.

Market Failure and Regulatory Failure

Markets are manifestations of voluntary actions of people, notably voluntary exchanges of goods and services for money — exchanges which the parties must expect to be mutually beneficial for otherwise they would not agree to them. There are sound reasons for believing that in almost all circumstances the resultant patterns of production and consumption of goods and services (allocation of resources) will be consistent with maximizing living standards, given the available resources in the economy. In other words, markets tend to allocate resources to their highest valued uses as perceived by people in society.

There are, however, limited sets of circumstances where the market for certain goods can be expected consistently to fail to allocate resources to their highest-valued uses. This is known as market failure. Where there is market failure regulations which constrain the voluntary behaviour of people and the functioning of markets may improve resource use efficiency thereby enhancing living standards.

I emphasize “may” because if there are faults in the design of a regulation, or if the institutional arrangements for implementing and administering a regulation are not efficient, or if implementation costs are high, then the costs of that regulation may outweigh any benefits. In such cases regulation reduces living standards instead of improving them (that is, the effects of ‘regulatory failure’ or ‘government failure’ are worse than the effects of market failure). The conclusion is that, since it is difficult to design and implement regulations perfectly, regulation is justified only where the losses from ‘market failure’ are known to be large.

Further, since ‘market failure’ reduces the wealth of a society, people have incentives to discover ways of correcting the associated losses. Increasingly, economists are recognizing that if these market-based solutions are allowed to emerge, in many cases the need for regulation may be obviated.

Circumstances in which Markets May Fail

There are three well-known circumstances in which markets may fail to allocate resources to their highest valued uses and where government may be able to improve resource allocation by constraining the functioning of markets in some way.

Monopoly

The problem caused by monopolies is that their managers are able to increase profits by restricting production and raising product prices above those levels which efficient levels of consumption and production require. A related problem is that this transfers income and wealth from consumers to producers.
Where one or more goods or services can be produced more cheaply in a single plant than in two or more plants for any plausible level of market demand (i.e. where there are economies of scale and/or scope in producing a good or service), the industry is likely to become a monopoly. This is because it will always be profitable for firms to merge so as to lower unit production costs — to the point where there is a single firm. There are other circumstances conducive to the formation of strong monopolies within freely functioning markets, but they are rare.

Numerous firms have ‘monopoly power’ in the sense that they have discretion in pricing their products (e.g. corner groceries). However, perhaps contrary to popular belief, in the absence of artificial impediments to the free functioning of markets there are probably few monopolies that could or would cause serious, persistent reductions in living standards or persistently largely transfers of income. The main reason for this is that it is difficult to maintain monopolistic profits over time — in the absence of barriers to entry, high profits tend to attract competitors, thereby increasing supply and driving down prices and profits. Some say that the best way of destroying a monopoly is to allow it to make high profits!

Thus, the mere threat of entry to an industry can be an effective measure for controlling a monopoly. Indeed, the managers of a ‘monopoly’ may choose not to exercise market power fully (maximize short-term profits) in order to discourage competitors.

Australia’s traditional way of controlling monopolies has been to nationalize them.

Rate of return regulation, used commonly in the United States to control monopolies, has also proved to be costly because it creates incentives to over-invest — the higher the investment in an enterprise, the larger the dollar ‘profit’ the enterprise is permitted to realize. ‘Price-capping’, a variant of rate of return regulation (which seems likely to be used to control corporatized and privatized monopolies in Australia) also tends to cause over-investment and other forms of ‘cost-padding’.

Many of the costs associated with attempts to control what are perceived as monopolies may be difficult to detect and measure. For example, it would be difficult to measure the effect that the activities of the Prices Surveillance Authority has on willingness to invest in Australia and therefore on the degree of competition in certain markets. Similarly, it is difficult to assess whether the gains from preventing a ‘monopoly’ forming by blocking a merger will exceed gains from increased economies of scale or scope if the merger went ahead.
There are probably few cases where the losses associated with a monopoly created within a system of freely functioning markets would be greater than the losses associated with regulations intended either to improve economic efficiency or to control income transfers, or both. Indeed, now that there are substitutes for the wired telecommunications network, the need for regulation to control monopoly under a system of freely functioning markets may not extend far beyond the distribution of electricity and water. Even the media industry would almost certainly be more competitive if it were fully deregulated.

**Improved safety features tend to encourage more daring behaviour.**

There are, however, substantial losses associated with the durable monopoly power created by government-imposed or government-supported restrictions on entry to industries and occupations such as the taxi industry, production and distribution of certain agricultural products (e.g. eggs and whole milk), some areas of the medical and legal professions, the plumbing trade, and certain components of the construction industry. More regulation is not the best medicine. Rather, the regulations that cause such problems should be removed — the industries should be deregulated. Patents also confer monopoly power but may be justified on the grounds that they stimulate efficiency-enhancing inventions.

There are two conclusions about the need to regulate monopolies:

- governments should attempt to regulate monopolies only if it can be shown that the benefits from the controls can be expected to exceed the costs; and
- regulation is an inappropriate response to monopolies which have emerged because of government-created barriers to entry. A more effective response is to remove the barriers to entry.

**Negative External Effects**

Production or consumption of some goods and services may have harmful effects on people other than the producer or consumer of the product concerned. For example, driving a car in a city imposes pollution costs on others. So does operating a sound-system too loudly. Discharging the waste from a paper production process into a stream has adverse effects on people downstream. Such 'spillover' effects are known as negative externalities.

The problem with negative externalities is that producers and consumers have no incentive to take account of them in their production and consumption decisions. Consequently, the cost of the good to a producer or consumer is below the cost to society as a whole. The result is that in freely functioning markets consumption and production of goods which generate negative externalities tend to be excessive: too many resources are allocated to production.

For completeness I should add that there are goods, such as roads to remote mining sites and commuter rail services which may generate positive externalities. Markets tend not to produce enough of such goods.

Almost all production and consumption activities generate negative externalities directly or indirectly: prior to being eaten, a banana must be transported by a polluting truck to the point of sale; people travel in polluting vehicles to view works of art in an art gallery. Clearly, it is not sensible simply to prohibit activities which generate negative external effects. Instead, the objective of regulation should be to attempt to ensure that the private cost of production and consumption equals the full cost to society. To achieve this, knowledge of the willingness of all parties concerned to pay for reduced levels of the external effect is required. Since this information is hard to obtain it is difficult to set efficient regulations.

Regulations to correct the efficiency losses associated with negative externalities should be introduced only if the benefits can be expected to exceed the costs. In assessing whether this is likely to be so, two factors should be considered:

- If the regulations are faulty, the costs are likely to be high — especially if the regulations take the form of stringent physical standards as opposed to charges per unit of pollutant emitted. Most of us, for example, would be irate if air travel for leisure purposes were banned as a pollution-control measure.
- There is growing recognition of the range and effectiveness of voluntary actions in dealing with negative external effects. This reduces the need for regulation. For example, people who are sensitive to noise from overhead aircraft choose not to reside under a flight path. Similarly, if sufficient people find dining in a smoke-filled restaurant to be offensive then it will be profitable for at least some restaurants to offer a smoke-free service. Unpalatable though it may be to anti-smoking lobbyists, the fact that few restaurants have found it profitable to ban smoking is evidence that the negative external effects of smoking are not strong for most people.

**Public Goods**

There are a very small number of goods, known as public goods, which once made available in society are equally available to all (that is, people cannot be excluded from consuming them). The benefits derived by one person from consuming such goods do not diminish the amounts available to others. Examples include national defence and television signals, although the latter can be converted to private goods by 'scrambling' the signal.

True public goods tend to be under-provided or not provided at all in freely functioning markets because people believe that they will be able to 'free-ride' on other people's purchases of the good concerned. Accordingly, if they are to be provided, then it must be by government.
While there are very few genuine public goods, governments regulate to make many essentially private goods 'public' in the sense of being 'freely available to all' by virtue of public ownership. Such goods include beaches, nature reserves and historic buildings. This procedure creates two kinds of problems. First, such goods tend not to be assigned to their highest valued uses because people are not permitted to gain from discovering more valued ways of using them. Thus although Australia has many thousands of kilometres of coastline, there are relatively few truly beachfront residential properties, hotels or restaurants. This not only reduces the value we derive from such resources, but also non-renewable resources are burned so that people can travel overseas to enjoy exclusive beachfront facilities in Mediterranean countries and tropical resorts.

Second, public ownership attenuates people's incentives to maintain the value of productive assets. Thus nature reserves (e.g. National Parks) often become overrun with exotic species of plants and animals. This not only directly erodes the value of the asset but has negative external effects. For example, exotic noxious plants and animal pests may breed unimpeded in a reserve and spread to adjacent private properties. Many National Trust properties show signs of physical deterioration. By contrast, where old, aesthetically appealing buildings have remained under private ownership people have often shown great imagination in finding more valuable uses for them and have strong incentives to preserve them.

Other Motives for Regulating Markets

The circumstances in which markets systematically fail to allocate resources to their highest valued uses have been outlined above. However, governments commonly attempt to use regulations to deal with three other problematic aspects of markets.

Asymmetric Information

People frequently behave opportunistically, without due regard for the effects on others. Opportunistic behaviour in market transactions tends to have effects that are widely regarded as undesirable. If one party to a market transaction has more information about the item to be exchanged than the other party (that is, the transaction is subject to 'asymmetric information'), then he or she may be in a position to extract unfair advantage from the transaction. For example, the seller of a used car is likely to have better information about its characteristics than the buyer and may be able to sell the car at an excessive price. Similarly, people who repair cars (or other items) may use their superior information and skills to take unprincipled advantage of others. Among other things, the incentive to attempt to sell low-quality goods at high-quality prices may cause degeneration of product quality. For example, there could be a tendency for people not to sell used cars which are sound, because they believe that buyers suspect all used cars to be 'lemons' and therefore tend to undervalue sound cars: bad products might tend to drive good products out of the market.

Moreover, since consumers are aware that they may be 'ripped off' if they make transactions which are subject to asymmetric information, it is possible that transactions which would be mutually beneficial will not in fact take place. If, for example, a lawnmower that could be repaired at low cost was discarded because the owner assumed the repair person would behave opportunistically, this might be regarded as a potential loss of efficiency.

Governments in Australia are increasingly using regulations to solve problems which regulations created in the first place.

Much recent regulatory legislation is aimed at overcoming problems associated with market transactions believed to be characterized by asymmetric information. This includes companies legislation, product liability regulation, occupational health and safety regulation, occupational licensing, health regulations, certification of pharmaceuticals, some aspects of labour market regulation, and so on.

There are a number of reasons for expecting the benefits from such regulation to be low:

- Many of the problems are not amenable to regulatory solutions. For example, licensing of physicians does not ensure that they will behave ethically. Indeed, it is conceivable that licensing worsens their behaviour by reducing competition in provision of medical services.
- Many of the difficulties associated with asymmetric information are solved tolerably well and at relatively low cost by voluntary arrangements, notably contracting arrangements. For example, it is not generally profitable for a service supplier to take advantage of the ignorance of his customers because the subsequent losses from the damage to his reputation are likely to outweigh the opportunistic gains.
- Part of the function of the common law system is to control problems associated with asymmetric information. Only benefits from regulation over and above those that would have prevailed under common law can be considered to be genuine benefits.
- Enacting regulations tends to reduce the incentive for people to exercise due vigilance and prudence in dealing with problems associated with asymmetric information. This reduces the effectiveness of regulation. For example, the licensing of builders may reduce the amount of effort people devote to contracting for home renovations and to monitoring builders, because people who use builders' services may be lulled into believing that a licensed builder will not behave opportunistically. Similarly, improved safety features tend to encourage more daring behaviour.
WHEN SHOULD GOVERNMENTS REGULATE MARKETS?

safer cars may induce more reckless driving, thereby reducing the benefits derived from safety features.

Although difficult to measure, the costs of regulations for controlling problems associated with asymmetric behaviour may be high. In general, they tend to distort resource allocation, either by restricting the supply of particular goods or services (thereby raising their prices) or by forcing people to buy goods 'bundled' with characteristics that are valued at less than cost. For example, the cost of conveying is increased by restricting to lawyers the right to provide such a service. The cost of adding safety features to a product may be high relative to the benefits, especially for careful people.

The incentive for regulators to set excessively high standards tends to increase the cost of regulations for controlling problems associated with asymmetric behaviour. Whereas regulators are unlikely to be penalized for refusing to certify a safe drug, the penalties for mistakenly certifying an unsafe drug are likely to be high. Consequently, many of the costs of regulation take the form of benefits foregone because of excessively stringent regulatory standards. Although people appear to be generally unaware of such costs, attention has recently been focused on them through controversies over the certification of drugs for the treatment of AIDS.

The conclusion is that we should be extremely wary of attempts by governments to control problems associated with asymmetric information by regulation: the costs are very likely to exceed the benefits.

Regulating to change the distribution of income

While there may be wide acceptance of the view that the governments should redistribute income from households with high incomes to those with low incomes, there are strong arguments against the common practice of attempting to use regulations to do this.

First, attempts to use regulatory devices to redistribute income are almost universally unsatisfactory, either because they reduce substantially efficiency in the use of resources (reduce GDP and therefore "the size of the pie" available for redistribution) or because the effects are haphazard or even perverse (in the sense of transferring income from poor to rich). Second, both reasoning and experience strongly suggest that governments should pursue income distributional objectives through the tax-transfer system rather than by regulation. Income transfers can be controlled and targeted more precisely on financially-stressed households. Moreover, the efficiency losses associated with broad-based taxes tend to be less severe than those generated by regulating particular markets in isolation. Accordingly, there is wide agreement amongst economists that the practice of using regulations to achieve income distributional objectives should be abandoned.

Thus regulations which cross-subsidize services to rural and remote areas (e.g. air transport, telecommunications and electricity services) tend to support economically inefficient activities in remote areas (such as grazing and irrigated agriculture). Moreover, the benefits of the subsidies, because they tend to be rapidly capitalized into property values, often go to wealthy absentee property owners rather than lower-income people who actually live in the outback.

Removing regulations created with the objective of changing the distribution of income and wealth is, however, often difficult because it tends to produce once-off capital losses, thereby (understandably) creating strong dissension. The issue of whether it is desirable or feasible to compensate losers from deregulation is rarely faced head-on.

Regulating to Correct Regulatory Failures

Governments in Australia are increasingly using regulations to solve problems which regulations created in the first place. For example, the objective of the training levy appears to be to correct a supposed unwillingness to invest in skills which has almost certainly been created by regulations of one kind or another, including compressed wage differentials and an education sector in which accountability and incentives to perform have been severely attenuated by institutional constraints created or sanctioned by governments. Similarly, compulsory superannuation has been introduced to overcome government-created disincentives to save, such as high marginal tax rates, generous pension benefits and uncertainty about rates of inflation.

Rather than impose further regulations, governments should remove the existing regulations and other artificial constraints that are the proximate causes of the problems.

Conclusion: When is regulation appropriate?

Not so long ago the general view among economists was that an extensive web of regulations was required to correct "market failures'. There is now clearer recognition that:

- the benefits from regulation are uncertain because it is hard to set regulatory instruments in accordance with the requirements for efficient use of resources;
- the costs associated with side-effects of regulation and with mistakes in setting regulatory constraints can be high;
- in many existing ways 'market failures' can be (and are) corrected by voluntary contractual and institutional arrangements; and
- new and less costly ways of correcting market failures through voluntary actions are being discovered continuously.

This leads to the conclusion that the circumstances where regulation can reasonably be expected to improve the efficiency of markets and raise living standards are limited — far more limited than is suggested by the vast and growing array of regulations that have been imposed on markets in most advanced countries.
Economic Imperatives, Political Constraints

DEREK PARKER

Given that microeconomic reform is the term on the lips of every politician, economist and self-appointed media commentator, it is odd that *Microeconomic Reform in Australia* is the first book to provide a thorough and rigorous examination of the area. Its 15 essays cover the gamut from general areas such as tax reform and the labour market through to specific industries such as telecommunications and agriculture.

All of the contributors are senior academics but through careful editing and a comprehensive exchange of papers, the book avoids the ivory-tower trap. It is, in fact, what it sets out to be: authoritative, informative and scrupulously non-partisan.

The contributors are well aware of the realities of the political world. The opening essay, by the editor, details the problems generated by the prospect of change. Australia's political system, he notes, almost seems designed to frustrate a reformist government: a bicameral parliament with the Senate usually controlled by a minor party, a federal system, and an electorate which is highly sensitive (perhaps over-sensitive) to the costs of change.

Yet the economy desperately needs change if Australia is to stay in the race. How can a government reconcile economic imperatives with political constraints? Forsyth points to a number of ways: it can simply buy off the 'losers' (with redundancy payments, for example) or look only at reforms which have little organized opposition (such as rail freight co-ordination). But there are few easy options. It is in the nature of microeconomic reform that the benefits are diffuse while the costs (or imagined costs) are concentrated.

Forsyth suggests that in many cases a two-step process may be the most feasible method: an initial burst of reform to address immediate problems in an organization or sector, with losers being compensated, followed later by structural reforms which are made easier because the process of change is seen to have already begun. He draws on the British experience of privatization: an efficiency drive, followed by deregulation and privatization. He makes clear, however, that once-off changes are not in themselves sufficient: the point of reform is to turn a static situation into a dynamic one, to turn change into a process of adaption and competition.

Reform Should be Ongoing

Rolf Gerritson is less sanguine. He believes that the successes to date arose from extraordinary circumstances, with financial deregulation in particular having widespread support.

Another example, the deregulation of agriculture, was successful precisely for the opposite reason: the Hawke Government concluded that it could not win the farmers' political support under any circumstances, and that therefore it may as well go ahead on 'public interest' grounds.

Gerritson argues that in recent years the deregulatory thrust of the Hawke/Keating Governments has deteriorated from rationalist to incrementalist. A further move towards large-scale government intervention is possible, even probable, because "the Government defines microeconomic reform as a number of specific outcomes instead of a continuous process. Consequently, it focuses on policy agenda management rather than permanent policy processes."

This is a theme which echoes through the book. In his essay on tax reform, Matthew Benge is even more explicit in the view that the Government, while having made progress, has by no measure gone far enough. He cites the introduction of the capital gains tax and full imputation as important steps in removing the distortions of the system, particularly for investment. The key problem now is

Peter Forsyth (ed.), *Microeconomic Reform in Australia* Allen & Unwin

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the ramshackle structure of wholesale taxes, especially the ‘cascade’ effect that it has on business. He cites research showing that about half of the current wholesale sales tax base is made up of taxes on business inputs; the impact on the wider economy is obvious.

He explicitly endorses a New Zealand-style Goods and Services Tax (GST), which would have the major advantage of relieving business inputs from taxation and removing the anomalies of the wholesale tax system (although the essay was written before Dr Hewson announced that food would be exempted from the GST). If a GST allows for a major cut in income tax rates, so much the better.

He accepts that tax reform is a political minefield but concludes that “it seems hard to reach the conclusion that the Government’s reforms have been so successful in rebuilding the income tax base that further reform is unnecessary.”

Clearly, the most successful example of reform has been the deregulation of the financial sector, examined by Robert Ackland and Ian Harper. For the most part, deregulation had the effects predicted by the Campbell Inquiry, although the failure of foreign banks to perform well has been a surprise. But greater efficiency was not really the reason for deregulation, say Ackland and Harper: it was done because the regulatory structure was impeding the conduct of monetary policy. They recognize that there are still problems, with the market dominated by a small number of big players. The answer to such a situation, however, lies in using existing anti-monopoly powers rather than re-regulating.

Jeff Borland, Bruce Chapman and Malcolm Rimmer look closely at the labour market, noting at the outset that it is an area where desirable microeconomic reform can have adverse macroeconomic consequences as — by definition — deregulation means that the Government no longer controls wages. While there is a broad consensus among the players of the need for greater flexibility in the labour market, there is conflict over whether the focus of bargaining should be at the enterprise level or through large employee associations. This is an area where there is no compromise solution and where the ‘losers’ cannot be easily compensated. The authors note that there are more questions than answers in the debate, and the long-run outcome of reform in either direction is unclear.

Opening Up Competition

In a careful analysis of Government Business Enterprises (GBEs), Simon Domberger notes that they account for 10 per cent of the economy’s total wage bill and 19 per cent of its capital stock. Reform, however, has been more of a matter of talk than action, and most GBEs remain insulated from competition. Domberger argues that there is little to gain in transferring a statutory monopoly from the public to the private sector; the key is to corporatize or privatize in such a way that competition is created, such as by breaking up a large enterprise. He believes that Canberra’s enthusiasm for public sector reform has waned in the past few years, mainly because of the danger it might represent to the control of wages under the Accord.

Forysth looks in detail at transport, an area in which reform could bring major advantages. While there has been some progress, such as greater efficiency in the rail system, he argues that “there is no evidence of a comprehensive attack on the deficiencies of the sector ... reforms so far are distinctly ad hoc.” The reform of the waterfront, with the Government offering generous redundancy packages to cut manning levels, has been useful but without the introduction of greater competition the gains might soon evaporate. In most cases of transport reform, says Forsyth, the Government has been a passive player, responding mainly to external pressures (although domestic airline regulation is an important exception).

One of the most interesting essays is Rodney Maddock’s piece on telecommunications, tellingly titled ‘The long march from duopoly to duopoly’. Telecommunications reform has been the slowest process of all, beginning with the Davidson Report commissioned by the Fraser Government. Nine years later, its deregulatory thrust began to be accepted, although political considerations led to a compromise which seemed to combine the worst of all the options. “A regulated duopoly,” states Maddock, “reduces many of the benefits that might flow from competition, while allowing the Government to impose a specific tax (licence fee) on one company in the industry. It is quite inconsistent with what we have been promised by microeconomic reform.” He points out, however, that Telecom’s performance over the past decade has improved, due to the possibility of competition — although this may be an argument for more change rather than less.

Bob Gregory offers a concluding essay in which he returns to a basic question: will the demand for microeconomic reform continue? There are, he says, two scenarios. The first is that the demand for reform will grow as Australian living standards fall: a sort of enforced economic Darwinism. The opposite is equally plausible: if change becomes associated with job losses rather than economic growth (as has apparently happened in New Zealand), then calls for protection and large-scale government intervention may ultimately prevail. The contributors to Microeconomic Reform believe that reform must not only continue but accelerate, although they are realistic enough to know that the course Australia will take is not yet clear.
Garbage In, Garbage Out

There are many ways of obtaining an understanding of people's behaviour. Analyzing rubbish — what it includes and what is done with it — can provide singular insights into a culture; indeed, to a large extent this is the raison d'être of the science of archaeology. The common saying "one man's trash is another man's treasure" is a recognition of the degree to which rubbish is socially defined.

There is a great deal of ignorance and irrationality in current Western attitudes and beliefs about garbage, and this has been dissected in a lively and fascinating book boldly titled Rubbish!, published recently by Harper-Collins. The authors are William Rathje, a distinguished archaeologist who established his reputation with research on ancient Mesoamerican cultures, and Cullen Murphy, the Managing Editor of Atlantic Monthly (and the writer of the comic strip Prince Valiant).

Rathje is also the Director of the University of Arizona's Garbage Project. This Project arose out of courses designed to teach students the principles of archaeological methodology and to sensitize them to the complex and frequently surprising links between cultural assumptions and physical realities. Often a considerable discrepancy exists between what people say they do — or even think they do — and what they actually do. In one Garbage Project study, none of the Hispanic women in the sample admitted to using as much as a single serving of commercially-prepared baby food, clearly reflecting cultural expectations about proper mothering. Yet garbage from the Hispanic households contained just as many baby food containers as garbage from non-Hispanic households with infants.

The Garbage Project began in 1973 with an arrangement whereby the City of Tucson collected for analysis garbage from randomly selected households in designated census collection districts. Over the years the researchers have ranged much further afield, analyzing garbage from a number of other US cities and from Mexico, and refining their techniques and procedures in response to the challenges of validating and understanding the often unexpected results they have obtained. Garbage is sorted according to an extremely detailed schedule, a range of data for each item is recorded on a standardized coding form, and the researchers cross-tabulate their findings with information from census and other social surveys.

Illusions About Landfills

In 1987, the Project expanded its activities to include the excavation of landfills across the United States and Canada. Surprisingly, no-one had ever attempted such excavations before. The Garbage Project researchers wanted to see whether the results would be consistent with the data they were obtaining from their garbage analyses, and to find out what actually happens to rubbish buried in landfills.

They discovered that far from being sites of potent chemical and biological activity, the interiors of waste landfills are rather inert, with the possible exception of those established in swamps. Newspapers buried 20 or more years previously usually remained perfectly legible, and a remarkable amount of food wastes of similar age also remained intact.

While discarded household products such as paints, pesticides, cleaners and cosmetics result in a fair amount of hazardous substances being contained in municipal landfills, toxic leachates pose considerably less danger than people fear, provided that a landfill is properly sited and constructed. Garbage Project researchers have found that the leachates do not migrate far, and tend to get absorbed by the other materials in the immediate surrounds.

The composition of landfills is also strikingly different from what is commonly believed. In a 1990 US survey people were asked whether particular items were a major cause of garbage problems. Disposable nappies were identified as a major cause by 41 per cent of the survey respondents, plastic bottles by 29 per cent, all forms of paper by six per cent, and construction debris by zero per cent. Yet Garbage Project data show that disposable nappies...
make up less than two per cent of the volume of landfills, and plastic bottles less than one per cent. On the other hand, over 40 per cent of the volume of landfills is composed of paper and around 12 per cent is construction debris.

Packaging Paradox

Rathje and Murphy possess a characteristic that is common to all good public policy analysts: a strong sense of irony. One of their more instructive and satisfying examples involves a favourite "bête noire" of environmentalists: product packaging. While conceding that some packaging is excessive, they note that manufacturers have strong economic incentives to be careful in their use of resources, and that all the evidence shows that they respond to these incentives. But they also point out that modern product packaging frequently functions to reduce the overall size of the solid-waste stream. This apparent paradox is illustrated by the results of a comparison of garbage from a large and socially diverse sample of households in Mexico City with a similarly large and diverse sample in three United States cities. Even after correcting for differences in family size, US households generate far less garbage than the Mexican ones. Because they are much more dependent on processed and packaged foods than Mexican households, US households produce much less food debris. (And most of the leaves, husks, etc. that the US processor has removed from the food can be used in the manufacture of other products, rather than entering the waste stream as is the likely fate with fresh produce purchased by households.)

Other evidence also indicates that indictments of American society—and by extension, most other Western societies—for its supposed wastefulness and 'throwaway' mentality are rather wide of the mark. Garbage Project data showed that furniture and consumer appliances were entering the solid waste stream at a rate very much less than would be expected from production and service-life figures. So the researchers set up a study to track the fate of such items and thus gained an insight into the huge informal and commercial trade in used goods that rarely turns up in official calculations and statistics.

Rathje and Murphy are realists with a strong belief that policies should be based on the factual and rigorous assessment of problems rather than baseless fears and symbolic posturing. They see the widespread myths about garbage and overblown claims of a 'garbage crisis' as dangerous, creating pressures for governments to act hastily and unwisely in the hope of being seen to "do something", and thus leading to the introduction of policies that are often damaging and counterproductive. They are critical of attempts to elevate particular approaches to waste management, such as source reduction or recycling, as superior in absolute terms to other approaches, such as incineration or landfilling. Each has its advantages and disadvantages, and what may be appropriate for one locality may not be appropriate for another.

Nevertheless, Rathje and Murphy are clearly sympathetic to the concerns of environmentalists, and believe that there is considerable room for improvement in the way in which industrial societies manage their waste. They also state their desire to see more conservation, reuse and recycling of resources. But they worry about the "almost religious intensity" with which recycling has been advocated in some quarters. They warn that the vagaries of secondary-materials markets make recycling a fragile enterprise—and one which carries its own environmental costs. Government involvement can have a pernicious effect, leading to sudden gluts which threaten the viability of hitherto successful programs and traders, and sending truck-loads of 'recycling material' to landfills for sur-reptitious dumping.

Futility of Coercion

Rathje and Murphy stress the importance of understanding the interconnectedness of things, pointing out that the solid-waste stream is an extraordinarily complex system which is the outcome of the millions of interlocking lives and the billions of everyday activities that make up a modern society. Attempts by governments and environmental activists to bend the system to their will, to coerce people into actions that cause great inconvenience and undermine established and valued patterns of living, are most unlikely to be successful. Consequently, they emphasize the importance of relying on market forces and economic incentives rather than regulation: "Desirable things happen to garbage mainly when someone stands to earn money by making desirable things happen."

Rathje has made a number of trips to Australia, speaking at conferences, talking to government departments and private companies, and getting some media coverage of his research. A few studies of household garbage have been carried out here, although there have been no landfill excavations. "Recycle NSW" plans to release the results of a study of 2,000 households' garbage and recycling containers sometime in April; there have been a couple of studies in Perth, and the Victorian EPA has analyzed household garbage from seven municipalities at selected intervals over a number of years.

But the published results suggest that the Australian research lacks the sophistication, imagination and sheer élan that characterize the Garbage Project's work. And neither they nor Rathje's visits seem to have produced the moderating effects on assumptions about garbage that might steer governments and environmental and community groups into a more sensible and less 'crisis'-driven approach to solid-waste management. Perhaps this is only to be expected, for garbage is a valuable resource for inducing guilt and self-flagellation about the wealth and consumption patterns of our society. As Mr Keating told us all last year at the launch of the Commonwealth EPA's B. Smart campaign, our refuse was "a huge environmental problem", caused by our "ignorance, carelessness and greed."
MARK SCHUBERT

As was the case with The Network, Bob Browning’s Exploiting Health is a record of largely publicly-funded lobbies that pursue minority interests and are allowed to have a disproportionate influence on government policy — in this case health policy. The material is alarming because these interests, being ‘minority’, are often anti-majority; and just as alarming is the news that their public funding has been going on under the noses of taxpayers for years.

Browning identifies five groupings:

- Health Activists
- Political Economists
- Legal Activists
- Feminists
- Environmentalists and Gays.

All these groupings (with the arguable exception of Gays) are overtly anti-biomedical. For them the causes of ill-health are not biological but political, social and economic inequalities. Consequently, for these groupings, problems of ill-health (usually identified as problems of ‘groups’, not ‘individuals’) are solved by removing these inequalities.

The removal process consists of, for example, promoting various forms of income redistribution (e.g. government grants to favoured groups), and identifying supposedly dangerous products as well as exposing (and sometimes destroying) the companies producing them. Such activities show these groupings to be anti-private sector and anti-capitalist.

Rectifying capitalism’s unhealthy inequalities provides (for many of the more prominent members of these groupings) careers reliant on the public sector and a chance to play out their ideological fancies. For legal activists, it creates the opportunity for new markets and sources of income. Browning’s material, for example, on Greenpeace (now with very prominent Australian links) leaves the reader with the impression that it is simply an organization created by people interested in making a good living from members’ subscriptions. Subscribers seem to be recruited and retained through fear created by environmental scare campaigns. In practice, Greenpeace subscribers, as is the case with many such organizations, have little control over the organization at all.

Thanks to these ‘rectifying’ activities, much income and power is redistributed, but not necessarily to the unhealthy ‘victims’. Further, it is possible that, because of the activists’ behaviour, much national wealth is foregone. Browning points out that in the United States 10 per cent of Gross Domestic Product is said to be lost through the intimidating behaviour of legal (‘consumer champion’) activists. For an economist somewhere, calculating an Australian figure would be a worthwhile exercise.

The public faces of these groupings are organizations with names found regularly in newspapers and on television: Consumers Health Forum, Public Health Association, Student Initiatives in Community Health, Australian Community Health Association, Doctors Reform Society, Health Issues Centre, The Australian Institute of Health, Australian Consumers Association, Evatt Foundation, Women’s Electoral Lobby, and the list goes on. Most of these organizations are interconnected; most are subsidized by taxpayers. Browning’s identification of these groups, of their links and of their taxpayer support has been painstaking and should be explored by readers for themselves. He might have considered a diagram of their links and other details as an addendum.

Using Health for Wider Changes

The disapproval that these groupings and organizations display towards capitalism extends, for some, to major social institutions such as the family. Browning, in Chapter Four, shows the extent to which various groups (e.g. the Women’s Electoral Lobby) promote economic and taxation policies that provide disincentives for the family.
and social policies that provide incentives for other types of household organization. This interest in promoting new types of household organization only underlines what must become increasingly obvious to the reader: that Health is being used by these organizations as a means to instituting other wider social, economic and political changes.

From Browning's material it is arguable that the case of Gays differs somewhat from the other groupings. With the emergence of AIDS, Gays have become the 'victims' as well as the 'ideologists'. As victims, there is, consequently, little evidence in Browning's book of their demonstrating an overt anti-biomedical attitude. Rather, their interest has been in the protection of their lifestyle from heterosexual (majority) backlash. Their self-protection methods — as Browning documents — include silencing critics, creating (publicly-funded) publicity campaigns to 'extend' the AIDS threat to the heterosexual community, usurping government funding for AIDS treatment and education, and manipulating language to create a separate gay 'culture'. All with much funding and encouragement from government.

Why would the groupings and organizations discussed by Browning want to arrest or destroy so much of a society's wealth-creating activities, particularly when such activities provide the economic base necessary to tackle public health problems effectively? Drawing on previous literature, Browning identifies a number of psychological and sociological explanations. His, perhaps, minor explanations are the largely psychological phenomena of cultural discontentment and resentment and the sociological phenomena of romanticism and social engineering.

New Class Characteristics

Browning's major explanation (on pages five to eight) is the emergence of a New (middle) Class as an enabling and participating agent. This Class is defined (after sociologist Peter Berger) as mainly government-subsidized, university-educated, service or government sector employed, and knowledge-producing and distributing. It is also ideologically to the left of the Old (middle) Class (and is, perhaps, mainly filled by post-war baby-boomers). The very object of New Class disapproval and hate — the affluence of capitalism — seems to have been the major factor enabling its birth and growth.

By the end of the book it is hard not to concur with Browning's conclusion that Australian democracy is eroding, because of the influence of unelected special interest groups. It is also hard not to conclude that the state — given Browning's documentation of its behaviour — is making itself irrelevant to the interests of the majority. Evidence of this is suggested by Browning's reproduction of relevant parts of a West Australian government pamphlet (1986) for homosexuals, describing the safest approaches to the use of various parts of the male anatomy in sexual activity. These approaches Browning describes as "government-approved". It is very difficult not to stop and chuckle at this description. A second reading, however, reveals Browning's description to be quite unfunny because these 'approaches' are exactly as Browning describes them — "government-approved".

For the taxpayer and voter, Exploiting Health should be fascinating, disturbing, but necessary reading.

Sex, Drugs and Political Correctness — Vidisha Bagchi

(Continued from page 35)

inquiry and expression is a core value of the university? Could one justifiably evoke Voltaire's maxim "I disagree with what you say, but I would defend to death your right to say it"? There seem to me three reasons why this attempt at justification fails. First, the Handbook, which caters to the tastes of only a small minority, is funded by a fee compulsorily collected from all students. If the Handbook had to rely on voluntary support or sales it almost certainly would not exist.

Second, freedom of expression is not an absolute. We are not legally free to defame or to incite violence. Freedom must exist in the context of responsibility and the Handbook is nothing if not irresponsible. Moreover, the freedom which the Handbook proclaims is not extended to those who deviate from the politically correct line.

Third, no one could honestly argue that the Handbook was consistent with the purpose of a university, that it advanced knowledge.

If it were possible merely to dismiss the minority faction behind the Handbook as fanatical but innocuous, then there would be no problem. However, these people exert influence over the SRC and use student funds to finance their activities. This financial and political power then enables them to influence university policy — hence hysterical sexual harassment and anti-discrimination rules. Ideas which take root in universities often spread into the wider culture. Political correctness is now extending beyond the university into sections of the community. It is evident in the recent case of Magistrate Pat O'Shaney's acquittal of the women charged with defacing the Berlei billboard in Sydney. The underlying assumption in her verdict was that the women's behaviour did not constitute an offence because it was, after all, politically correct.

University authorities do not appear to have been greatly perturbed by the Handbook: there has been no official response to its existence from the Vice-Chancellor's office. Unfortunately, the fanatical minority on campus is likely to interpret silence as weakness or acquiescence: an invitation to go even further next time.
After W.A. Inc.

A blueprint for renewal in Western Australia was released in March by the IPA office in Perth. Prepared by Tony Rutherford, Mike Nahan and Alan Tapper, the publication sets out policy changes needed in the areas of debt management, taxation, housing, welfare and crime, local government, industrial relations, education, the processes of government, and health.

Tony Rutherford

In health, the study, called Reform and Recovery: An Agenda for the New Western Australian Government, argues that inefficiencies are inherent in the structure of the current system. They arise almost inevitably from the fact that the purchaser of health services (the Government) and the provider of the services (the hospitals) are insufficiently independent of one another. The health system must be restructured so that provider and purchaser operate at arm's length. It recommends an increase in management autonomy in public hospitals and the immediate introduction of enterprise-based bargaining into public hospitals.

Several of the chapters from Reform and Recovery were released before the WA election. The chapter on parliamentary procedure, by Tony Rutherford, formed the basis of the IPA’s submission to the Royal Commission into WA Inc. The full extent of the report’s influence on the new Government in Western Australia remains to be seen, but it is clear that the need for reform is urgent.

Reform and Recovery is available at $21.50 from the IPA States’ Policy Unit, 2nd Floor, 46 Kings Park Road, West Perth, 6005; or phone (09) 3211420.

Costing Election Promises

IPA staff provided independent comment on the election promises of both major parties in the run-up to the March Federal Election and the February State election in Western Australia.

In Western Australia, Dr Mike Nahan, Director of the States’ Policy Unit, was relied on by the media for his expertise in financial analysis. Neither the Liberal Party nor the Labor Party was spared. As an example, two days before the State election, a lead story in The West Australian began: “Both the Government and Opposition were hammered yesterday for under-stating the cost of their election promises...The Institute of Public Affairs said that Labor’s policies would cost $1.9 billion over four years, 61 per cent more than estimated by the Government. The Coalition’s policies were likely to cost $533 million, 31 per cent above the Opposition’s costing, the Institute said after using the same methodology to cross reference almost 1,000 commitments from both big parties.”

Collectivism a Flaw in Aboriginal Policy, says study

The fact that so little progress has been made over the last two decades in solving the serious problems of Aboriginal disadvantage, indicates that Aboriginal policy needs to be fundamentally rethought, according to a study just released.

The study says that collectivist thinking underpins Aboriginal policy, that this thinking is damaging opportunities for Aboriginals and that it should therefore be abandoned. The study’s author is Dr Ron Brunton, an anthropologist and Director of the IPA Environmental Policy Unit. He argues that “given the diversity of contemporary Aboriginals’ lives and aspirations, the ‘self’ in ‘self-determination’ can only refer to individual selves.”

The study says that governments should dismantle the structures, legislation and programs which distinguish
Aborigines from other Australians. According to Dr Brunton, “Governments should provide any necessary assistance to people not on the basis of an ethnic or racial identity, but on the basis of whether or not they are disadvantaged.”

Dr Brunton challenges key assumptions in the influential National Report of the Royal Commission into Aboriginal Deaths in Custody, such as that Aboriginal disadvantage is caused by ‘institutional racism’ in Australia.

The study, entitled Black Suffering, White Guilt? is available for $15 from the IPA, Ground Floor, 128-136 Jolimont Road, Jolimont, Vic, 3002. Or phone (03) 654 7499.

Submission to Loan Council

In January IPA Senior Fellow Des Moore appeared before the Senate Select Committee on the Functions, Powers and Operations of the Australian Loan Council. He spoke in support of a written submission which he had lodged with the Committee in November. He argued that between 1989-90 and 1991-92, the Victorian Government borrowed nearly $3 billion more than its global limits allowed. The Commonwealth Government, he said, both through the Loan Council and in other ways, should have been far more active far earlier in addressing the Victorian debt situation.

He pointed out that in April 1991 the publication Victoria: An Agenda for Change, jointly authored by the IPA and the Tasman Institute, had drawn attention to Victoria’s growing debt. Even before that, the IPA had issued warnings about Victoria’s debt problem.

Election Issue of Facts

A special election edition of Facts, edited by Des Moore, was published by the IPA at the end of February. The issue described key changes in the economy, health, education, the environment, and immigration over the last decade. It pointed out, for example, that between 1983 and 1992 net foreign debt increased from $23.4 billion (or 13.6 per cent of GDP) to $162.8 billion (or 42 per cent of GDP). Total public sector spending declined between 1983 and 1989 but has since increased to 42 per cent of GDP.

Visit by American Students

IPA staff conducted a morning seminar in January for around 35 visiting students from the United States. The group was accompanied by three American professors. They were visiting Australia as part of a study tour, which included New Zealand as well as Sydney, Melbourne and Canberra. The students were from Franklin Pierce College, New Hampshire; Sweetbriar College, Virginia; and Buena Vista College, Iowa. The study tour was organized by the Council for International Education, based in Salt Lake City.

John Stone spoke to them about the Australian economy; John Hyde described the political system, and Ken Baker identified maincurrents and changes in Australian culture.

Book Award

The book, What Should My Child Read? by Dr Susan Moore, Research Editor of Education Monitor, has been highly commended in the 1992 Christian Book of the Year Awards. The book is a guide for parents and teachers. It surveys nearly 200 current titles for children. Published by Albatross, it is available from most bookshops at the recommended price of $7.95.
RECENT IPA BACKGROUNDERS

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

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

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

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

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

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

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

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

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 Jollmont Road, Jollmont, Vic, 3002.
Or phone (03) 654 7499 to pay by credit card.
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: 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).

*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).

Available from Institute of Public Affairs, Ground Floor, 128-136 Jolimont Road, Jolimont, Vic, 3002. Or phone (03) 654 7499 to pay by credit card.