

IPA REVIEW

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Right and Wrong

YOUR editorial 'Is the Alliance Over?' (Vol. 46 No. 2) misunderstood the significance of the New Right's part in the cultural shifts initiated by the New Class (i.e. the recently affluent and/or influential elites of the baby-boomer generation).

Firstly, the political economy of the New Right – or neo-classical liberals – shares the same starting and finishing point as that of a Benthamite progressive liberal like Ian Macphie or Gary Sturges and that of a left-liberal such as Anne Summers or Lindsay Tanner – namely that the individual ought to be free from all restraints. The New Right helped to create a glut of speculative capitalism and credit-hungry consumerism in Australia with deregulation of the financial sector. Sections of the corporate elite were glorified examples of freedom from responsibility and shame. By the end of the 1980s, all corporations seemed to have been tarred with the same brush in the public's mind.

Not everyone in the New Right or big business encouraged such reckless behaviour or policies. For example, John Stone and Nobby Clark did not. However, the overall effect has meant public, corporate and household debt, and a cargo cult based on freedom from all restraints except those dictated by supply and demand.

Secondly, the Menzies era is admired by Old Right conservatives not primarily because public expenditure was kept at around 20 per cent of the economy, but because it instilled virtues such as love of country and heritage, thrift, security, commonality, service and duty. The individual as a responsible, honest, courageous, sincere agent in a community of industry and reflection was the ideal of Menzies' *The Forgotten People*.

Public expenditure grew in Australia because of the unwillingness and failure of the Right (both in the Liberal and Labor Parties) to fight against welfare schemes that have been inducing poverty among the very people these schemes set out to help, including Aborigines, women, the homeless, youth, and ethnic minorities. The New

and Old Right have a common interest in pursuing corrective policies in these areas and not just restricting themselves to economics. That is why the Alliance must continue.

Neo-classical liberals quite correctly desire the reduction of government intrusiveness. Nevertheless, that "the Plan to end the Plan" may in fact be contributing to poverty, resentment and cultural relativism is the point of departure between the Australian liberal and the conservative. The political economy of atomistic individualism is fatally undermining the basic institutions that curb the more sinister elements of human nature and promote the more noble in a public culture. This may not be the intended effect of the New Right: it would be surprising if the New Right welcomed a climate and a culture hostile towards private property, initiative and responsibility.

*Brendan T. Darcy,
Birregurra, Vic.*

Protecting Employment

UNEMPLOYMENT is the greatest social evil of our age, but John Stone's solutions (Vol. 46 No. 2) were too narrowly focused.

Regarding wages, the truth is that Australia cannot compete with countries like China where convicts are 'employed' to work for 60 cents per hour. Australians enjoy a much higher standard of living than most of their northern Asian neighbours, hence the requirement of a reasonable wage to fund that lifestyle. Australia, with its small population, does not have the economies of scale to match the large-population-based economies of Asia.

Is Mr Stone serious about reducing wages by 30 per cent? I'll believe it when he publicly announces, as an example to the rest of us, that he will forgo a 30 per cent slice of his income. After you, Mr Stone.

If wages are reduced by 30 per cent, this will force virtually every married woman into the work-force to supplement her family's budget. Therefore, it is doubtful whether reducing wages by such a high margin would reduce

unemployment figures, in fact, it could well increase them – for the above reason.

The negative social impact of reducing wages would, in the case of single-income families, plunge them into poverty. In the case of two-income families, it would result in widespread social dislocation. Stand-in care-givers could be found but there is no real substitute for parental care and discipline.

There are two other crucial areas Mr Stone did not touch on in his article. Firstly, since tariffs have been slashed – starting from the Whitlam era – over 200,000 jobs have disappeared. Australia has lost 50 per cent of its manufacturing capacity since 1973. If further severe reductions in tariffs take place, another 100,000 jobs could be at risk. Therefore, tariffs should be increased, just as Mr Menzies did back in the 1950s to protect Australian industries and jobs.

Secondly, Mr Stone has not mentioned the effects of equal opportunity/affirmative action on unemployment trends. Research conducted in the US (and no doubt this is true for Australia as well) has found that as more and more women join the work-force, unemployment also rises. Since the late 1970s, when equal opportunity was first introduced in Australia, around one million jobs that would have traditionally gone to men, mostly male breadwinners, have gone to women who now are taking 66 per cent of all new jobs created.

Modern education enforces the view that women have as much right to work as men. If the expectation is that every adult person in Australia should regard a career in the paid work-force as normative, then our economy would have to expand at a constant rate of over five per cent to accommodate all school-leavers and gradually reduce unemployment. This is a big task.

Present government policies discriminate heavily against mothers. Treasurer Dawkins' recent announcement in the Budget to raise the retiring age of women to 65 will further exacerbate unemployment. Jobs will now not become available to others when women retire at 60, but will be held over for up to five years.

The number of jobs held over could be quite substantial. Around 140,000 people retire from the work-force each year. Women hold around 30 per cent of all full-time jobs. This could mean that 46,666 jobs each year are denied young school-leavers or other people. Over five years, this represents a 'loss' of 233,330 jobs.

If a more traditional role for women were encouraged and mothers were paid a decent child endowment subsidy as they are in France, then this would encourage mothers to look after their own children at home, thus helping free up the labour market and allow young school-leavers a chance to build a career and a future for themselves.

A. Barron,
Barwon region Co-ordinator
Endeavour Forum
Grovedale, Vic.

Editor's Note: John Stone did not himself argue that a 30 per cent cut in unit labour costs would be needed to achieve full employment in Australia, but merely referred, for the purposes of his argument, to "one estimate [to that effect] which has recently been given some currency..." Such a cut, he said, could be achieved in two ways: by cuts in hourly pay rates, or by increasing output at the same pay rates. He stated a strong preference for the latter.

Anglophobia

ACCORDING to an *Australian Financial Review* article of 31 August, in the context of calculating votes for and against a republic, the Electoral Commission estimates that one million British immigrants with the right to vote have elected not to take out Australian citizenship. But who can blame them?

Those who choose to make Australia home have been systematically denigrated by an Anglophobic Prime Minister. A deliberate wedge is being placed between the British and other migrants.

The British World War II record of leadership, tenacity, suffering and immeasurable individual and national loss is denied. Even on the 50th anniversary of 3 September 1939, let alone annually, Great Britain rates no mention. This despite being the only nation, with its empire, to stand up to Hitler in the beginning and still be in there fighting at the end. America wasn't. But what are our children being taught?

Britain is castigated for not aiding Australia after Pearl Harbor. With backs to the wall on several fronts, she did spare some squadrons for Darwin

(two were RAF). And she grievously lost Royal Navy capital ships in the Pacific. Her troops suffered bestial Japanese treatment.

Only Britain cops the flak. Who asks, for instance, whether Ireland (apart from very brave individual Irishmen) downed the Nazis or came to Australia's aid?

St Patrick's Day rates an annual fest throughout the media and elsewhere; St George's Day is a non-event. This despite the million non-naturalized Britons resident in Australia, the thousands who are naturalized and the millions of Australian-born of British descent.

Just recently, the surviving World War I diggers have been honoured, as they deserve to be — although some might suspect exploitation — for their truly magnificent stands on the Western Front, following Gallipoli. But the blood of 750,000 Britons also reddened that earth. Are such allies unworthy of

mention? It seems so.

With these glaring insults, need anyone ponder why so many British residents prefer not to be Australian?

My family chose to be the exception.

Mrs Margaret Carter,
Macedon, Vic.

Gnostic Fantasyland

The panorama of social collapse is held before us every night in the media and I do not presume to know the causes or the remedies. The number of murders/suicides in de facto marriages surely indicate the need for a new word in our vocabulary, *de factocide*.

But it seems to me that a lot of the blame must lie with the Post-Marxist Radicals. The engine behind this new socialism seems to be *Gnosticism*

Public Service Deficit

A recent ABS publication shows why a public service that is "cut to the bone" still costs us so much.

The average all-up cost of a public sector employee in 1991/92, at \$38,144 per annum was 32 per cent more than the average cost of a private sector employee at \$28,949. Both worked 1,484 hours in the year, but the public servant was paid for 107 more hours of leave, and the superannuation costs were \$4,434 per annum compared with \$1,196 per annum in the commercial sector.

So, even putting aside the generous benefits, the pay per hour actually worked was 15 per cent higher.

There are about 1.5 million public employees who cost us \$58 billion p.a. On the basis of "fairness and equality", why not a 15 per cent cut in either pay or benefits? That would still leave them better off by 15 per cent, they'd still have

a job, but cut \$9 billion from our deficit.

In fact, the total of 32 per cent excess payment, compared with average private-sector workers, is just about the same as the annual deficit, at \$14 billion, so at this simple level, our entire national borrowings are to cover public pay and benefits in excess of commercial levels.

I wonder if the Senate would dare to pass a Budget that restored the public sector to the same income and benefits as ordinary taxpayers as a means of squaring the deficit?

Isn't that what Mr Dawkins wants to do?

The ABS publication is *Labour Costs in Australia, 1991/92* (Catalogue No. 6348.0). The annual cost per employee is based on the public service superannuation and compensation data on page 25, and the cost per year on page 12 for public and private.

Per Year 1991/92	Public	Private	Public to Private (%)
EARNINGS	\$31,642	\$25,902	122
Paid for working	\$25,530	\$22,132	115
All Leave	\$4,562	\$2,440	187
Termination & Other	\$1,550	\$1,330	117
Superannuation	\$4,434	\$1,196	371
Payroll Tax	\$1,235	\$1,025	120
Compensation	\$700	\$564	124
Fringe Benefits Tax	\$133	\$262	51
ALL COSTS	\$38,144	\$28,949	132
Oncosts	\$6,502	\$3,047	213
	21%	12%	

David Bishop, East Brighton, Vic.

revisited. One of the main characteristics of Gnosticism is a flight from reality.

Our new socialists have this in abundance. For example:

The Gnostics say: the two sexes are the same.

Reality says: while both sexes should have equal liberty, they are not identical and should not be treated as such.

The Gnostics say: all races are the same.

Reality says: All people should have equal liberty, but every race has its own special qualities and its own (general) lack of others

The Gnostics say: all species have an equal right to live, breed and increase.

The Reality is: species vary in their value and must not be treated equally; e.g. plague mice.

The Gnostics say: all social 'lifestyles' have equal value – homosexuality, one-parent families, drug communes, etc.

The Reality is: that the family must have paramount rights in any society wishing to survive.

The Gnostics say: all people (including the handicapped) have an equal right to all jobs.

The Reality is: it is no use having a stuttering radio announcer.

One could go on and on for pages.

Gnosticism borders on lunacy. At the moment, in Europe, North America and Australasia, it is a very powerful lunacy. Its very absurdity must eventually bring about its collapse – but only, I fear, after much damage to many people.

*Kevin P. McManus
Ashfield, NSW.*

Why Companies Support the IPA

When fund-raising I am sometimes asked why a particular company should support the IPA. The question is fair — indeed, when soliciting funds, all questions are fair.

The Institute's publications provide a company's management with information and arguments that are valuable in the highly-politicized world in which it must operate; but IPA's publications can be purchased for much less than I usually ask for. Corporate subscribers, of whom there are many, must give their support because they expect money invested in the IPA to give leverage to ideas which they believe are important.

The resources that the IPA and its allies command are tiny when compared with the resources of those who demand more government expenditure and more regulation.

The IPA believes, and business people must agree, that Australia and the business community benefit from public policy debate that:

- reflects values such as personal responsibility, and a proper regard for the well-being of future Australians;
- upholds free enterprise and an open market economy;
- defends tried and tested institutions such as the family and parliament;
- encourages Australians to face up to economic and strategic realities; and
- encourages quality in education, health-care and other public services.

The evidence that the IPA is effective can be only circumstantial, but it is, nevertheless, quite strong. Most obviously, policies we have developed and popularized have subsequently been taken up by one or both of the major political parties. I am careful not to imply, however, that all of our campaigns have had the hoped-for success, or that we usually stand alone.

I insist, however, that the IPA is professional. This is usually accepted. Business people are accustomed to employing professionals and they expect the IPA to have developed professionalism in public advocacy. The benefit in public debate of being an independent voice hardly needs stating, but I state it, nonetheless.

With these advantages, money-raising would be easier than it is but for one fact. It is what economists refer to as the free-rider problem. Unlike lobbyists or consultants, the IPA, a public interest advocate, offers very little of exclusive benefit to any one company. Therefore, particular organizations can, without much loss to themselves, leave the support of ideas to others.

The IPA's most important appeal is to respect for the general interest, in other words, to patriotism. It is that appeal, and probably a desire not to ride for free, which has best served the Institute of Public Affairs and its causes for 50 years.

**JOHN HYDE
Executive Director**

The Ambiguities of Progress

THIS ISSUE of *IPA Review* marks 50 years since the foundation of the Institute of Public Affairs. Professor James Walter, in *Intellectual Movements and Australian Society* (Oxford University Press), describes the men who combined to create the IPA as "business progressives." They believed in the importance to the wealth of all Australians of a competitive, strong and civic-minded private sector and of co-operative effort in the workplace. Yet at the time of the IPA's inception, history seemed to be on the side of the opposing view: Chifley's move to nationalize the banks was not far off, socialism was *de rigueur* among the intelligentsia, and the doctrine of class struggle dominated the union movement.

The IPA's early landmark publication *Looking Forward* presented a program of post-war reconstruction which, it said, "should furnish a progressive and steady increase in the standards of living of the entire community." This hope for the future has been largely vindicated. Despite serious economic problems now facing the nation, 50 years of economic growth and relative peace have brought the average Australian of 1993 a much higher standard of living than that enjoyed by his grandparents. Geoffrey Blainey in this issue remarks on a few notable indicators of this. There are many others. Modern transport is more efficient, more comfortable, safer and cheaper than transport 50 years ago. Advancements in medical science and public health have enabled us to combat diseases which for many in earlier generations proved fatal or debilitating. Since 1950, the life expectancy of Australians has increased by almost 10 years. Housework has been made less arduous by labour-saving devices, and

thereby helped liberate women from the home. Satellites enable us to see events overseas virtually as they happen. Computers have given us the capacity to organize and sift enormous amounts of information. These are remarkable advances.

But the progress of Australians since the end of the War is more ambiguous than these changes suggest. Rates of suicide and crime have both increased. So has divorce. Racial and religious bigotries have declined, but so has religious faith, and other intolerances seem to be rising to fill the gap, as Austin Gough argues in this *IPA Review*. Moreover, regarding some things, today's Australians have become too tolerant: their predecessors in the 1950s would not have tolerated 11 per cent unemployment, for example.

More Government, More Education

The welfare net has widened, but whereas social analysts once spoke only of a poverty trap, they now speak of a welfare trap and its crippling effect on the motivation, independence and self-respect of chronic welfare recipients. Red tape and (thanks to environmentalism) green tape constrict private sector productivity, and many of the benefits of the public sector, which has doubled in size in 40 years, seem to have been purchased at too high a cost, both economically and socially.

The retention rate of students to the final year of secondary school has increased seven-fold since 1948, but the quality of education has not kept pace with the quantity. A recent federal parliamentary report estimated that up to 25 per cent of children complete primary school with significant reading

and writing problems. With the great expansion of the universities since the 1960s, the liberal ideal that education should instill not only knowledge but a sense of moral responsibility and civic duty has also taken a battering, most of all from student leaders and their academic supporters who declared war on bourgeois society.

The working week today is shorter than it was 50 years ago; Australians spend more time at leisure; sex roles are more fluid; and social relations and dress codes are more informal. But Australians, for all of that, are not more relaxed. Stress has become a preoccupation of the last decade, and Hugh Mackay, one of our most observant social analysts, in his book *Reinventing Australia* (Angus and Robertson), refers to this period as the Age of Anxiety. Australians feel confused and insecure. They are confronted with changing expectations about their roles in family and workplace; they feel unanchored, adrift in the turbulence of social and economic change, the extent of which, Mackay argues, is unprecedented in Australian history:

"Living through World War II ... was an intensely painful and stressful experience for Australia but it was also a unifying and often inspiring experience. It created a stronger sense of Australian cultural identity, and it bound the community together with a sense of common purpose.

"By contrast, the present era seems fraught with the peculiar stresses created by a confused and diffused sense of identity, the lack of a consistent or coherent sense of purpose, and a growing feeling of isolation and even alienation

among Australians — especially young Australians.

“The common cry now being heard around Australia is, ‘Why does everything have to change so fast?’ The common complaint is that individual Australians feel as if they have lost control of their own lives and their own destinies. Australians are increasingly feeling victimized by the rate and character of the changes which are having such an enormous emotional, cultural and financial impact on their lives.”

In his epic (and eccentric) history of the lifecycles of civilizations, *The Decline of the West*, first published in 1918, Oswald Spengler argued that the spirit of the late 20th century would be conducive to great feats of engineering, but not to a flowering of artistic creativity. People would know how to preserve great works of art, but not be able to create them. The criteria of artistic progress are more difficult to identify and more contentious than the criteria of material progress, but perhaps Spengler is right. The compact disc player has enabled high fidelity reproduction of a quality indisputably superior to that available to earlier generations; but what of musical composition? Is rap music progress compared with swing? Is John Cage an improvement on Stravinsky? Are Philip Glass’s operas superior to Verdi’s? The office blocks we build are huge and functional, but their design, with notable exceptions, seems aesthetically impoverished.

Better off, but not better

Progress is thus, to an extent, janus-faced: the material progress of Australians in the last half-century has not been matched by cultural or moral progress. Our lives today are longer and more comfortable, but they are not necessarily happier or more virtuous. Reflecting this, the pure and applied sciences in our universities are strong — as Roger Sandall says in this issue, there rationality, order and discipline still matter; the humanities,

by contrast, seem lost in a sea of relativism and obscurantism, and it is they which are concerned with the values which guide us.

In 1957 in an editorial in *IPA Review* on the launch of Sputnik, C.D. Kemp wrote in praise of the progress of science

“...whatever sinister portents we might attribute to the Soviet satellite, it is impossible to deny that it provides additional evidence of the adventurous and unconquerable spirit of man, another astonishing scientific victory in the long line of victories. We are led to contemplate anew the almost illimitable potential of the human race if only its energies were channelled solely toward constructive purposes.”

He then amplified the doubt hinted at in the “if only”:

“It appears that man’s command over the forces of Nature is far outstripping man’s command over himself ... It begins to dawn on us that progress means nothing apart from progress in man’s nature, in his understanding and compassion and sense of values. We begin to perceive that the only secure foundations of material achievement are the immaterial but rock-like constituents of character — decency and simple goodness, truthfulness and wisdom.”

Because man’s moral development lags behind the advance of his scientific and technological know-how, progress poses dilemmas. Its effects are not always predictable and they may be diverse and contradictory: one man’s progress may be another man’s regress.

Consider one of the most potent and ambiguous symbols of scientific progress this century: the splitting of the atom. Would the world be a better place if the atom had not been split? We would not have to live with the threat of nuclear war, the problem of disposing of nuclear waste, or the tragedy of Chernobyl. On the other hand, those countries which rely on nuclear electricity (17 per cent of the

world’s electricity is now generated by nuclear reactors) would have to look to inefficient alternatives or go without, Japan may not have surrendered so readily in 1945 and the Soviet Union may not have been constrained to the extent that it was without the presence of a nuclear deterrent.

Sometimes governments must make difficult decisions on such matters. Should nuclear reactors be built? Should embryo experimentation be permitted? Such issues must be resolved according to the best advice on what will serve the public interest.

What governments must resist, however, is the temptation — to which so many around the world have succumbed this century — to see themselves as the harbingers of progress or, to use Marx’s phrase, the midwives of history, navigating the nation towards their vision of the future — whether the cradle-to-grave welfare state or the Third Reich. Because governments today have access to a legion of experts, they tend to have an exaggerated conception of their own powers. Governments are not omniscient: they should be modest in appraising their own abilities. They can ameliorate some hardships and social tensions, but they cannot make their citizens happy or good or equal (other than equal before the law). For governments to imply otherwise — and Australian governments have been guilty of this — is to raise citizens’ expectations to an unfulfillable level and thereby engender a vicious circle. Personal needs become rights which it is then the responsibility of government to satisfy. The state thus becomes the source as well as the object of social grievances.

All that governments should try to do is to provide a secure space in which citizens can pursue their happiness and their salvation — their own visions of progress — as they see fit. To try doing much more than this is to risk running the ship of state aground or provoking a mutiny — a fate which, it is worth reiterating, has befallen the world’s most potent myth of progress at the time of the IPA’s foundation: socialism. History is a fickle bride.

Ken Baker

Elections and the National Interest

Can a political party which tells the truth and ignores powerful vested interests still get elected?

TONY RUTHERFORD

IN TIME, the Federal election of 13 March 1993 may give rise to more commentary and analysis than any other since December 1975. The various explanations of victory and defeat are interesting to those within the process, who have to fight another election at some time over the next two or three years. But they are also of interest to those who might want to understand what they mean, in terms of more general implications, for democratic politics.

One current and popular explanation is that elections can – indeed, should – be fought and won on the basis of systematic fraud. This takes two forms.

The first is that incumbent governments may resolutely lie about the state of the economy, about economic prospects, about the costs and benefits of their election promises, and about their true post-election agenda, and not only win, but then find ways of breaking most significant promises and implementing quite different policies.

This seems to hold of the Government's win in 1993.

It is unlikely that the advice being received from Treasury, say, last Christmas, on either general economic or fiscal prospects differed greatly from that being received three months later. It is, for instance, unlikely that the circumstances which led to the commissioning of either the FitzGerald report on savings, or the White Paper on unemployment were not as clearly apparent then as after the election. It is unlikely that the move toward enterprise bargaining in industrial relations was unforeseen; or that the enormous political difficulty of Mabo was not anticipated. It is extremely unlikely that the gaping hole in Commonwealth revenues was not foreseen, or that indirect taxes would have to rise to fill it.

Examples could be multiplied, sufficient to establish calculated deceit on a massive scale. Apparently, no journalists, and only a few rather old-fashioned commentators, think this either immoral or, indeed, anything other than entirely justified cleverness.

The second form of the argument is that Oppositions

planning major economic and institutional reform should not only keep absolutely quiet about it, but actively lie about it, until after the election.

It is hard at this stage to offer definitive judgments on either argument. Perhaps the first is indeed valid in some sense, at least insofar as it represents the raising to an art-form of the more or less random lying, half-truth, misrepresentation and evasion which have characterized elections in Australia for some time now. It hardly seems sustainable over the longer term; may not, indeed, be sustainable for the next election in 1996. If elections get to the point where electors know that every word spoken is a lie, they will find other ways of making their decisions.

The second argument is even harder to assess. History seems to support it: after all, none of Hawke, Thatcher or Lange outlined their various reform programs in any clear way before they were first elected. Those who know Victoria well can usefully ask themselves whether Mr Kennett would have

won if he had described in detail and in advance precisely what he has in fact done since October last year. An outsider's impression is that the inevitability of Labor's defeat made detail somewhat superfluous.

The Victorian example is a very interesting one, because Mr Kennett has so far maintained a more than adequate lead in the polls. This may reflect no more than the discredit which has descended on the State Opposition; it may reflect the fact that Victorians now understand



Jeffrey Kennett: avoided detail pre-election

Tony Rutherford is a public policy analyst based in the IPA's Perth office.

the depth of their crisis and are willing to accept some pain in dealing with it. It seems to be the first election that is the difficult one, and an economic crisis of Victorian or New Zealand dimensions is perhaps a prerequisite to selling reform. The central difficulty really emerges as a widespread reluctance, even in the face of visible economic decline, to change any major aspect of the status quo.

Others may, of course, succeed where Dr Hewson's Coalition failed. We would hardly write off *Hamlet* as a play on the basis of a country high school performance; the next party of reform may yet find its Olivier. Perhaps more importantly, it argues a very significant loss of faith in democratic politics to believe that the cause of reform in the national interest will never be accepted by the voters. Or does it?

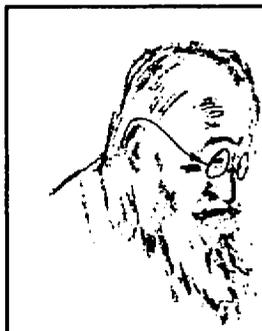
Buying off Interest Groups

There is a different but closely related explanation of electoral success and failure which demands that we look closely at just that, at the relationship between elections and the national interest. This argument would explain success, quite simply, as a result of 'looking after' interest groups. A version of it (which did not purport to be a theory of everything) surfaced, soon after the Federal election, in an article in *The Bulletin* by Senator Graham Richardson. He explains:

"When Labor strategists sit down to work out how to win, they divine methods of bringing together a very broad range of interest groups to support their party. Interest groups are consulted and some hope is always held out to them. Sometime during the '80s, the Liberals decided that interest groups represented very little political threat and simply could be overruled. Not only that, shadow ministers were sent out regularly to harangue and abuse them."

The examples he gives seem telling: the arts 'community', the sports 'community', welfare recipients (especially the unemployed), the tourism industry, university students, environmentalists, and so on. (There is, of course, more than a little disingenuity in all of this, given the wide range of linkages between the ALP and many Australian interest groups. But put that to one side, at least for the moment.) And the result of the election makes the message even more acute.

Just as Senator Richardson nowhere alludes to the national interest, the overall content of Labor's campaign was likewise a complex blend of appeals to fear and self-interest rather than an unambiguous appeal to put the national interest first in a coherent plan for sustainable economic recovery. This may simply reflect the possibility that both the rhetoric and the substance



"A government which robs Peter to pay Paul can always depend on the support of Paul."

George Bernard Shaw

of *One Nation* were exhausted and beyond resuscitation by the time the election occurred. However that may be, Labor's appeals to the national interest appeared only in a distorted form, in a characteristic depiction of alternative policies as somehow un-Australian.

Those who have talked about interest group politics in Australia have tended so far to talk about the obvious vested interests, whose gains from influencing the political process are clear: unions, for instance, and other occupational monopolies, and — the classic instance — the beneficiaries of industry and agricultural protection.

Now, clearly, we have to cast the net wider than that. Many of the groups potentially influential in election campaigns are not the typical, well-organized, Canberra-based lobby groups that characterized the politics of influence until the mid-1980s. Some, indeed, do not exist until they are uncovered in party research — the families thought to be susceptible to promises of extensive child-care funding might be an example of this. So a more comprehensive list might, for instance, add to the old lobbies:

- the vocal interests, which would encompass large sections of the arts 'community' (especially writers), the ABC, academics, and even elements of the press gallery;
- the ideological interests, a slightly awkward category into which we could fit, for example, the extremist greens;
- the dependent interests, including many welfare recipients in many categories, obviously, but also many public servants.

That is a rough and arbitrary classification of a complex phenomenon, which could no doubt be broken down and refined further. The disentangling of rationale is equally complex. In many cases the nature of the interest is transparent, a tangible benefit. In other cases it is less so, and we are dealing with intangible benefits such as the psychic rewards of power or influence over the public agenda. In still other cases, the interest is more subtle, and may come from the benefits of group identity; particularly if the group finds its identity in the perpetuation of grievance — hence the strength of some multicultural and Aboriginal groups. Often the interests, and the benefits, will overlap.

Putting even this preliminary list of interest groups together with the technique outlined by Senator Richardson is sufficient to show the unpleasant consequences for the democratic electoral process. (Not only that, but also for society as a whole: it already seems clear that there are long-

term implications for nationhood and national identity if Australians give their loyalty to interest groups ahead of family, community and nation. The appropriation of the word 'community' for these identifiable target groups is entirely symptomatic.)

The problems will, at

least in the short term, get worse. Demand will generate supply: as more citizens perceive that group organization is the only effective way of having their concerns heard, they will discover their own interest groups. Many existing groups, even though the benefits will always fall short of the promises, will grow stronger and more vocal. At the same time, ordinary citizens who have no burning causes, who wish merely to be left alone to live their lives in peace, will become even further

There are long-term implications for nationhood and national identity if Australians give their loyalty to interest groups ahead of family, community and nation.

alienated from politics than they now are. Indeed, unless they live in marginal seats, and have some particular, manipulable and identifiable need, they will tend to be entirely overlooked in the political process. It is important to note, too, that the inevitable failure of expectations — from giving, in post-election rectitude, far less than was so cynically promised — will not weaken the process. Indeed, for some groups the disappointment of expectations, by perpetuating a central grievance, will strengthen the group solidarity.

Some features of this scene offer particular hazards to parties seeking to change the status quo. Although the dependent interests mentioned earlier, for instance, are not for the most part an organized group in any strict sense, they can increasingly be seen as exercising a potential veto on major change.

Simply as an exercise in establishing the worst-case scenario, one could add up the number of voters who are welfare dependents, employees of the three public sectors, and full-time students, and come up with some fairly disturbing figures — around 45 per cent of the electorate is probably not far off. Given that these classes are not evenly distributed across parliamentary seats (and given, too, that one should include, say, dependents of public sector employees), it is easy to understand the good anecdotal reports of there being equivalent figures of around 55 per cent in some individual marginal seats. That is a very substantial constituency in favour of the status quo of a large public sector and a deeply-rooted welfare state.

Of course, not all of that constituency will always vote for their own particular version of the status quo. It is easy to think of many who would not: age pensioners, for instance, who believe their entitlements to be beyond change; senior or professional public servants who would succeed equally well in the private sector; and so on. Moreover, electors will often vote for the national interest over their own self-interest if the case for doing so is well presented. If it is not, even those who — like the unemployed at the last election — have most to gain from change will cast their vote conservatively.

It will not do to be excessively gloomy about all this.

After all, despite having allegedly alienated every interest group in the country, despite being saddled with the albatrosses of GST and major industrial relations reform, despite being apparently unable to articulate any strong vision of the national interest, despite being unable to pin the responsibility for Australia's economic crises where it belonged — despite all this the Coalition still won 48.6 per cent of the national vote on a two-party preferred basis. And consider this: the Coalition won or held a majority of seats in South Australia, Western Australia and Victoria, and were one short of a majority in Queensland — winning just half the seats in New South Wales would have given them government. Perhaps all the theories are just a bit too detached from the practical deficiencies of party organization and the brute realities of electioneering.

Certainly no party of genuine reform — whether the present Coalition, or any successor or alternative — can afford to divorce the pursuit of the national interest from the necessities of effective campaigning.

Restoring Confidence in Democracy

The problem remains: how can the next party of reform which wants to avoid the charge of political deceit (and the ensuing public cynicism) and resist sacrificing the national interest to narrow vested interests win government?

A program to restore people's confidence in Australia's political processes by counteracting the dominance of parties, politicians, bureaucrats and interest groups would be a significant step toward achieving this. A promise to reform itself — including widening access to the preselection process through 'primaries' — should be part of such a party's election agenda.

This should be accompanied by a strong commitment to thorough-going parliamentary reform designed to make transparency and accountability effective again. To the usual agenda for parliamentary reform¹ one could suggest a number of possible additions: a clear code of ministerial behaviour, stressing the basic fiduciary duties of ministers and laying down firm rules of ministerial responsibility, for instance, and a pledge to limit terms, to start with. Reformers might even begin to air publicly some of the problems which underlie both our economic difficulties and the lack of trust in our institutions — is anyone in Australia bold and sensible enough to propose rules for balanced budgets?

Such things — and there are many more similar — could not only form an attractive agenda or manifesto rooted in the national interest but might also make up for the inevitable difficulties of explaining the subtleties of economic reform.

That manifesto should also address many other issues congenial to a program of reform, which also find an echo in the electorate: one obvious instance would be a strong and principled attack on the Australian taxation system, which is characterized by an unusual degree of arbitrary discretion, impenetrable complexity and simple highhandedness. (Current moves to reward unusually diligent tax-gatherers with a bonus are symptomatic of how wrongheaded the whole system

has become.) The Australian Taxation Office and the Acts it administers are a serious affront to the rule of law, and are seen as such.

(Reform of the tax system in the sense advocated by *Fightback!* is, on the other hand, largely and rightly seen as beside the point. No sane voter should cheerfully contemplate giving a strong central government access to two very large tax bases with very easily manipulable rates; and it is a sign of how far the econocrats who designed the package were from reality that they should have suggested it as the keystone of an electoral package.)

A certain amount of thought can provide a fairly comprehensive manifesto based on these considerations. 'Comprehensive' need not, it should be said, include 'detailed'. One of the problems with *Fightback!* was the degree to which it locked in a detailed program of economic reform which failed to take into account the possibility of any radical change in economic circumstances between the time of its drafting and the time of its implementation.

The next party of reform will have to be much more judicious in its blend of clear principle and selective detail. It will also have to broaden its agenda; not, as some would suggest, by competing with the Government on 'soft left' issues, but by explaining clearly the implications of the liberal economic agenda for the social order, and for alternative approaches to some of those soft issues, such as the environment.

Non-Corrupting Interest Groups

That sort of manifesto may not in itself be sufficient. The next party of reform will have to think seriously about whether, or how, it can appeal, without compromise, to the interest groups whose perception of their own narrow interest is close enough for honest purposes to the national interest. Examples are probably both unnecessary and invidious: but one conspicuous feature of the last election campaign was the inability of most major business groups to make their voices heard, in their own or in the nation's interest. Any reasonable agenda which came these days from small business, for example, would be likely to coincide fairly closely with the national interest, and unlikely to corrupt the party of reform.

There, briefly, are two modest suggestions: a platform which broadens the range of major issues which would serve the national interest as well as genuine electoral concerns, and a cultivation of non-corrupting interest groups. None of this will do much good unless the next party of reform makes a determined effort to learn the language of the national interest.

That is in part a matter of argument, in part a matter of rhetoric. There are ways of putting the cases for limited government and smaller government,

and the case for microeconomic reform, in language both accessible and appealing to ordinary voters. On the whole, the Coalition has failed to do that; although Mr Howard's *Future Directions* was perhaps the bravest try of recent years. Indeed, the Coalition has been consistently outperformed by the Government in the rhetoric stakes for some time now — perhaps a consequence of its defensive isolation from academics and intellectuals. Doing something about this involves something of a dilemma. It is possible to hire people who can clothe any program (indeed, any series of contradictory programs) in opportunistic rhetoric. It is, on the other hand, somewhat more difficult to find a coherent system of beliefs which can find natural expression in convincing rhetoric.

Perhaps in the end the Coalition lost the last election because they could do neither? ■

1. See Tony Rutherford, 'Improving Parliament: The Essential Reforms', *IPA Review*, Vol. 45 No. 2, 1992, pp. 42-44.

NEW PUBLICATION

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*John Howard: the language
of Future Directions was
appealing*



MIKE NAHAN

States Get the Message

The States¹ are finally coming good on fiscal policy, and their timing could not be better as the Commonwealth Government has faltered under the weight of its costly election win.

Put this down as one more example of the benefits of our federal system of government. Having alternative levels of government helps limit the ability of one level to mess things up too badly.

The main task confronting all Australian governments in 1993-94 has been to reduce the high level of structural unemployment. Experience, particularly from the successful Asian countries, has shown that high employment is not secured by pumping up demand but by taking measures to make the economy's supply side more efficient.

Despite this experience, Australian governments opted for pump-priming, resulting in the public-sector deficit² increasing from \$2.2 billion in 1990-91 to \$25 billion in 1992-93. This expansion was not only, or even primarily, a result of cyclical factors such as higher unemployment entitlements, but rather of policy decisions to spend and borrow more and tax less.

Did this pump-priming help to quicken the pace of recovery? Not much: most growth since 1989-90 has been derived from net exports and not domestic consumption. Consumption has not been, nor is it, the problem; investment, or rather the lack of business investment, is the problem. Business investment is at its lowest level as a

share of GDP in 40 years. The lack of private investment is the primary cause of the very slow recovery in Australia since 1990-91. There are no signs that the large government deficits over the last three years have helped to expand investment spending in the private sector — except perhaps in housing.

What this expansive fiscal policy did ensure is that the inadequate level of private investment that did take place was financed from abroad. Since 1991-92, the public sector has more than consumed all the savings generated by the household and business sectors. Thus, in effect, there have been no domestic savings remaining with which to fund private sector investment once the public sector has had its fill. Given the tight and competitive investment climate in today's world, the lack of domestic savings inevitably acts to limit investment in Australia and therefore to limit the rate and sustainability of economic and employment growth.

With this in mind, the 1993-94 budget response should have been to cut the deficit, to restrain the growth in taxes and outlays, and to accelerate the process of microeconomic reform.

Deficits: Good and Bad News

In terms of the deficit, the States have, in the main, done the right thing. Even though the deficit of the State sector as a whole is expected to grow sharply (20 per cent) in 1993-94, this is entirely due to a series of necessary, one-off transactions in Victoria. Other

than Victoria, the States all expect either a reduced deficit or, in the case of Queensland, a surplus. As a result, the deficit for the State sector, excluding Victoria, is expected to decline by 12 per cent to \$6.4 billion in 1993-94.

1993-94 is a year of transition in Victoria. The Kennett Government is in the process of introducing a much-needed wide-ranging program of public-sector reform. However, as with most investments — and the Kennett reform package is an investment in the future — the Victorian Government has had to spend money before saving money. Thus the financial estimates for the Victorian public sector in 1993-94 do not give an accurate picture of the Budget's impact on the State's large structural deficit. Specifically, the Victorian Government plans to borrow \$1.4 billion for a special redundancy program and another \$1.4 billion to refund moneys siphoned from the State's largest public sector superannuation fund by the Kirner Government. If these are excluded, the State's public-sector deficit will actually decline by 43 per cent in 1993-94, from \$3.5 billion to \$2.0 billion.

In contrast, the Commonwealth public-sector deficit (after adjusting for asset sales and extra debt refinancing by States) is set to increase in 1993-94 by 13 per cent to \$21 billion; which, measured as a share of GDP (five per cent), is the highest Commonwealth deficit since the Whitlam era.

As a result of the Commonwealth's laxity and Victoria's adjustment program, the combined deficit of the State

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and Commonwealth public sectors is set to increase by 15 per cent to just over \$27 billion in 1993-94. Again, at around 6.5 per cent of GDP, this will represent the largest deficit since the Whitlam era. Excluding the one-off Victorian transactions, the deficit is about \$24.5 billion (about 5.8 per cent of GDP).

The main cause of the higher deficit is, not surprisingly, higher spending by the Commonwealth and Victoria. Total spending by the Commonwealth is set to increase by seven per cent in 1993-94, which is nearly three times the expected rate of inflation. Spending by the States is also expected to increase by a sizeable amount in 1993-94 (6.4 per cent). However, as with the deficit, State spending is biased upward by one-off expenditures in Victoria. If Victoria is excluded, States' spending is set to grow by a more modest 3.5 per cent, which is still above the estimated rate of inflation (of 2.5 per cent).

Public Service Cuts

One positive feature of most of the Budgets, even the Commonwealth's, is the increase in productivity implied by the cuts to the public service. All States, with the surprising exception of Western Australia, plan to cut their public-sector work-forces in both the trading enterprises and, importantly, the budget sector in 1993-94. The largest cuts are expected in Victoria, where a net reduction of eight per cent or 14,000 public-service jobs is planned. Even Queensland, which is the only government to have a budget surplus and actually contribute to national savings, plans to cut back its work-force, albeit slightly.

The Commonwealth also plans to trim its work-force by three per cent or 4,900 positions in 1993-94. Although this is a welcome move, it should be noted that these cuts are primarily to be achieved in defence and the repatriation services, the latter by the privatization of repatriation hospitals. Moreover, unlike the States', the Commonwealth's work-force has experienced substantial growth over the last few years.

Although the Commonwealth

Government has trumpeted its so-called tax cuts, the fact is that it is expecting an increase in total revenue (4.4 per cent) and in tax receipts (3.6 per cent) in 1993-94. What the Commonwealth is giving with one hand, it is more than taking back with the other.

In contrast, the States expect very modest revenue growth. In 1993-94, State revenue is set to grow by only 2.5 per cent or, again excluding Victoria, one per cent. State tax receipts are set to show a more marked increase at 5.7 per cent, which is due in large part to sizeable hikes in tobacco franchise fees and the full-year effect of tax increases announced the previous year. Importantly, few of the tax increases made by the States over the last few years fall on the business sector.

Micro Reform Ignored

The Commonwealth Budget all but ignored microeconomic reform — a point missed entirely by the Senate and the press. One of the hallmarks of Commonwealth Budgets since 1986 has been the inclusion of initiatives designed to spur on the pace of reform. The 1993-94 Commonwealth Budget failed to keep up this tradition. Aside from promising a few studies, which were already well under way, it did nothing for microeconomic reform. Indeed, many of the initiatives included in the Budget are retrograde, including changes to the indirect tax system and the phasing-out of the Waterfront Industry Reform Authority under the pretext that it had finished its mission.

Conversely, the most promising aspect of State Budgets is that they all contain a clear commitment to microeconomic reform. Even South Australia, which has been a laggard in this regard, appears finally to have found a sense of mission, though Premier Arnold promises to be gentle. Victoria, however, is the outstanding example. The Victorian Government's agenda of reform is impressive in its scope, pace and quality. It covers almost all areas of government, is expected to be in place in a couple of years, and is built on the lessons, good and bad, from around the world. The New South Wales Government, which

led the reform movement under the leadership of Nick Greiner for five years, continues to place heavy emphasis on microeconomic reform in its 1993-94 Budget, although there are worrying signs that the impetus is now coming from the bureaucracy rather than the Government.

Clearly the best thing about the 1993-94 round of budgets is that, without exception, Governments at least promise to wind back their deficits over the next few years. Of course these commitments must be heavily discounted — as we saw with Mr Keating's recent tax cuts, even fiscal decisions enshrined in 'L-A-W' mean at best 'Maybe'. Nonetheless, there are commitments and we live in hope.

The FitzGerald Report on National Savings correctly states: "the Commonwealth should seek to return its overall general government budget to its 'natural position' of surplus and the States should seek to return to the historical long term decline in their overall general government deficit."

The States are all committed to reducing their deficit in a manner consistent with the FitzGerald recommendation. Moreover, they plan to achieve this primarily by restraining growth in spending. In contrast, the Commonwealth's medium-term debt reduction strategy of reducing the deficit to one per cent of GDP by 1996-97 falls far short of the appropriate goal of a surplus. Furthermore, the Commonwealth plans to achieve its meagre target primarily by raising taxes.

In summary, the 1993-94 round of budgets signals a reversal of roles. In the 1980s, the Commonwealth led the field in reducing the public sector's draw on savings and in faster microeconomic reform. In the early 1990s, the States got the message and now they lead the way. How the world turns! ■

1. States defined here to include the Northern Territory and the ACT.
2. The deficit is defined here as the net financing requirement (NFR) of the total public sector, which includes government business enterprises, adjusted for asset sales and for the funds paid by the States for the refinancing of maturing loans. This definition of the deficit provides the best measure of the impact on domestic savings.

Employment Optimism

How to benefit from global job mobility

WOLFGANG KASPER

The statistics on unemployment in Australia make for a dire litany:

- The rate of unemployment in Australia now stands at over 11 per cent. In each successive recession since 1970, unemployment has risen, and in no year in a subsequent cyclical upswing did it come down to the level in the year of the preceding boom.
- Whilst unemployment has increased in most OECD countries above historic standards, it has climbed by more in Australia. In the US, the unemployment rate in mid-1993 stood at seven per cent and in Japan at 2.5 per cent.
- The relative importance of structural and long-term unemployment, which tends to inflict severe material and psychological harm on individuals and their families, has crept up during the 1980s. Forty per cent of all unemployed men have been out of a job for more than one year.
- Job opportunities of low- and middle-income earners seem to have declined relatively more than those of highly-educated, highly-paid employees.¹
- Youth unemployment rates are much higher than the average. Job prospects are particularly poor for young women; over a third of all women between 15 and 19 years who seek work cannot find a job.

Yet, the Australian public and the key policy-makers – whatever lip service they pay to the desirability of high employment – seem complacent in the face of these facts. Different from what used to be a political dogma in the 1950s and 1960s, the electorate no longer punishes governments that have presided over high unemployment. Indeed, many people will say privately that high unemployment is the only way to control union power in Australia and to keep strike activity and wage-cost pressures at internationally competitive levels. The ‘Accord’, which was supposed to make high employment compatible with wage discipline, had eventually to be supplemented by “the recession we had to have.” We are now telling

those youngsters who cannot find jobs that a double-digit unemployment rate is here to stay, that they may not find jobs until they are in middle age. Ministers of the Crown are now arguing that the young should lower their sights and their career ambitions. What a prospect is that to hold out to the young?

Australian society seems caught up in a dangerous, possibly self-fulfilling, “employment pessimism” and in a complacency that seems nothing short of scandalous. Even with substantial dole payments, high unemployment is a grave calamity for most of those out of a job. Society foregoes an enormous amount of production that could do much good in the community. High and lasting unemployment does more than any other economic ill, except inflation, to undermine the fabric of shared, stable values and alienate people from democracy. The long-run social consequences of unemployment may yet prove to be politically and socially destabilizing. Who knows what crises we face in the future and whether Australian democracy that so many take for granted needs defending? Will the disappointed, alienated youth generation move to defend a democracy whose leaders have so obviously grown complacent about their biggest personal problem? Will Australia’s Constitution go the way of the Weimar Republic, whose interest group deal-making and over-administration end-of-century Australia resembles more and more? Why does no-one even speculate any more how joblessness could be eliminated in three to five years?

The prevailing “employment pessimism” is a dangerous, though comfortable, cop-out. In a civilized society, a high rate of employment should continue to be one of the central objectives of economic policy. I want to argue that we must be able to do better than we have over the disappointing past two decades.

Jobs Have Become Internationally Footloose

Some optimism is not misplaced if one adopts a global viewpoint. If we see Australia’s unemployment problem in a

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global context, we observe that some 60 million new jobs are created in the world every year, eight times the entire Australian work-force. Attracting as little as 1.5 per cent of one single year's global job creation to Australia would wipe out unemployment here!

This is the correct approach because jobs are now becoming increasingly footloose amongst nations. Self-centred, purely national economic policies are increasingly irrelevant. We must realize that jobs are lost (or not created) in Australia if conditions here are not competitive with the job-creation climate elsewhere. The evidence shows that Australia is not a very competitive location for new jobs, as Australian jobs are increasingly in direct competition with jobs in Asia and elsewhere.² Of course, Australia sometimes wins. Thus,

**Attracting as little as 1.5 per cent of
one single year's global job creation
to Australia would wipe out
unemployment here!**

Australians on the Gold Coast are now processing Hong Kong horse-racing bets on a minute-by-minute basis, and the growing 'outsourcing' of car manufacturers in Europe and America has led to Australian firms air-freighting valuable car components half way around the world, and to do so reliably seven days a week to meet the consumers' stringent just-in-time requirements.

The effects of the job market globalization are not unique to Australia. In 1990, US companies employed 2.8 million people in Western Europe, 1.5 million in Asia and 1.3 million in Latin America, because they found the climate for profitability and productivity there more attractive than in the US. Some American firms now have urgent typing work done in the Philippines and remitted back by wire. In Jamaica, 3,500 people work in an office park that is satellite-connected to the US to process invoices and business letters. And in Ireland, clerks are doing the telephone bookings for US domestic airlines when customers call during night-time in the US. Many jobs in Europe are taking flight from high taxes, regulatory overload and intransigent unions and locate in new industrial locations.

The job market is now integrating globally because of continuing reductions in transport and communications costs and the improved convenience of using telecommunications. Every year since 1950, international sea freight costs have dropped by 0.4 per cent in real terms, air passenger costs by 2.5 per cent and international phone calls by more than 6.5 per cent annually.³ More than the removal of artificial, politically-mandated barriers to international economic integration — such as tariffs and foreign investment controls — the global transport and communications revolution has exposed everyone's job to global competition.

Many resent this. In Australia, they attack 'economic rationalism', but in reality hanker after cosy featherbeds which

governments were able to provide to well-connected pressure groups in the bygone era of nationally segregated job markets. Thus, *emeritus* guru Bob Santamaria attacks "the ultimate economists' dream ... international competitiveness" and sees it as a nightmare for the unemployed.⁴ He is joined by trade unions, single-issue lobbyists and bureaucratic networks whose power over the political process wanes in the face of global job mobility. It was typical for the new age of globalization that the original Mabo push was in reality not halted by political opposition, but by the simple fact that numerous aluminium smelter jobs will not be created in Gladstone if Parliament makes property and mining rights insecure.

Another fact of life now is that, for the first time, Australians operate in a common market (CER) in which there is one independent government (New Zealand) that does exactly what attracts jobs: providing stable money, pursuing fiscal probity and across-the-board deregulation, offering businesses low compliance costs with government, and providing an efficient infrastructure to industry. No wonder so many jobs from South Australia, Tasmania and Victoria are quietly migrating across the Tasman. It is time that Australians rose to the new New Zealand challenge, and did so with the same commitment that we put up to the All Blacks and Kiwi cricketers!

Globalization Offers New Job Opportunities

The employment pessimists in Australia have concluded that the globalization of the job market will depress Australian wages and jobs. They say that we cannot compete with much lower wages in Indonesia, China or New Zealand. They got it dead wrong.

What matters whether Australia attracts or loses jobs is not the level of wages or taxes, but unit costs: the wage relative to labour productivity, the tax relative to administrative efficiency. High-income countries like Australia can attract jobs by offering a climate of high and rising productivity and good government. Moreover, the rapid rise of incomes in Asia is offering many Australians new job opportunities, if only we can make the home base for exporters competitive.

This requires, first and foremost, that the unit costs of production and transacting business in Australia are reduced and that those in control of the production factors that cannot move internationally — namely low-skilled labour, land and government administration — begin to act in support of world-market-oriented competitors who are located in Australia. This requires abandoning mental attitudes which were bred by political and union domination of economic life in 90 years of isolation in favour of a competitive spirit in economic and industrial affairs that matches our pre-Olympic fervour.

In contradiction to the policy-makers in governments and unions, most Australians now probably realize that labour markets will have to be genuinely deregulated if we want to trigger a general 'productivity breakout'. Partial moves in that direction are now evident in many industrial niches and are already turning many Australian firms into unexpected industrial and export winners. The official *apparatus* — in particular the

political and the union wings of the labour movement — has, of course, not yet accepted that genuine labour deregulation will take industrial conditions out of the hands of self-seeking pseudo-judges, advocates and union *apparatchiks* and put them in the hands of the partners in the workplace — that is the people directly concerned with work and job security. For that reason, Australia now appears to be losing valuable time. But if we are to return to high employment, wages will simply have to reflect skills and productivities — including regional conditions of productivity and competitiveness, as the Industry Commission recently had the guts to point out!

It is probably also understood by growing numbers of Australians that the tax system has to be rid of many disincentives to job creation.

At least, one need not dwell any more on these important points when one discusses the basic concept of reform and job creation. However, one other source of impediments to fast job creation is frequently overlooked or is still treated as a sacred cow when it comes to changing to global competitive mode: Australian governments.

Regulatory Obstacles

Australia's traditional style of governance, solving shared problems by collective means, is largely oblivious of the requirements of the international competitiveness of jobs. It is the third great impediment to rapid job creation alongside labour market rigidities and an inappropriate fiscal system. This is so, because the international competitiveness of jobs nowadays hinges as much on low *transaction costs* as on labour and tax costs. The costs of transport, information search, negotiating and enforcing contracts, and the many other costs of doing business in the market place now make up about 40 per cent of the total cost of producing the national product. With an increasing division of labour, that share is rising.

Economic theory tells us that the transaction costs and risks are greatly influenced by the rules in a society — what economists call the "institutions".⁵ Where the rules are simple, transparent and constant, they expedite business and create confidence. Such countries offer an internationally competitive location for new jobs, because they attract job-creating capital, know-how and firms. Where the rules are complex and case-specific, and where arbitrary bureaucratic rules are changed all the time, transaction costs tend to be high. There, many jobs are killed — or, rather, are moved quietly off-shore.

Job-attracting institutional rules may, of course, evolve independently of government within society — such as customs and ethical norms that have proven successful and are imitated. But nowadays the rules are increasingly imposed by the political process through explicit legislation and regulation. Governments thus have a key role in the international competition in the global job market: if they adhere consistently and reliably to the rule of the common law and prevent proliferating, transaction-cost-boosting special case legislation and bureaucratic arbitrariness, they make a direct contribution to attracting internationally footloose jobs. The future of employment in the Australian segment of the global

job market thus depends greatly on whether politicians and administrators are competing well by providing a transaction-cost-reducing legal and administrative system or whether they rule supreme, irrespective of what damage they do to employment.

A new global competition amongst socio-economic systems is emerging. In that setting, long-isolated Australia starts out with a handicap. Geographic distance, tariffs and foreign investment controls long kept the discipline of world-market competition at bay and created much scope for lobbying, political favouritism and interventionism. Economic life became highly politicized. The reliance on government as the universal problem-solver was based on the notion that those elected somehow know how to solve all our problems. As a result, Australia has been subjected to extraordinary legislative activism. Yet, as of the 1990s, we are becoming aware that the legislators and regulators simply do not know the answers; for example, how to eliminate the plague of unemployment. Australia is perceived by many owners of capital, know-how and firms simply as a legislative and regulatory killing field for new world-competitive jobs.

For the sake of job opportunities, we now have to fight back! This important and widely accepted *strategic* message was lost in the 1993 election campaign at the expense of petty *tactical* and technical detail. We must fight back by streamlining the legal and regulatory order and systematically creating lower transaction costs. The protective walls around a distant, isolated Australia have fallen for good. Yet, most Australian politicians radiate an air of complacency, one suspects, because they want to carry on with the old game of intervening in the detail of specific market processes, fearing that they might be found out as having no clothes. It may be more demanding for elected politicians and self-serving bureaucrats to confine themselves to the big, strategic picture of setting the basic rules — creating a stable framework, an order, a constitution for competitive markets. Instead of abolishing and simplifying legislation and regulations and speeding up administrative support to internationally competing jobs, it may be easier for those who manage the Australian political process to go on generating a complex flow of specific, interventionist legislation — never mind the transaction costs it foists on industry. The scope for arbitrary, inept *ad hoc* intervention keeps growing, as the legislation becomes ever more complex and the number of bureaucrats grows. Despite the problems and hold-ups, there are hopeful beginnings in labour market reform. But is there any hope in the legislative job killing fields?

One can see the evidence in every sitting of Parliament right there on the table: all the laws of the Commonwealth up to 1973 fitted into one metre of bound volumes; now a metre of legislation seems to be added every few years. Geoff Hogbin recently documented that the Commonwealth Parliament alone filled no less than 30,000 pages with new statutes during the 1980s and that, in 1990-91, it generated a record 1,600 new legal impositions.⁶ This proliferation makes everyone a law-breaker — something most people resent deeply. And it often imposes high compliance costs on the citizen. Just look at how difficult and costly Parliament has made it to comply with tax legislation or open a small new business.

I agree wholeheartedly with prominent Australian constitutional lawyer Professor Geoffrey Walker, who wrote recently:

"Australia's decline ... tends to be viewed as a purely economic phenomenon. But our economic tribulations in large part result from the increasing distortion of our constitutional structures and the erosion of political and democratic order. People will not plan, invest and produce in an economy that lacks a balanced constitution and the rule of law, where the fruits of one's foresight and effort can be swept away by arbitrary changes of policy or law."⁷

The legislative madness — based on a pretence of know-all paternalism — has to stop if this country, which is well endowed with so many assets, is to attract more jobs from other parts of the world. Many people in the community have now embarked on painful industrial restructuring and are making the necessary sacrifices. But they often find that they are deprived of the rewards from the market place because government so often fails to set firm, general rules and fails to act as an essential support organization for globally competing jobs.

The connections between job creation and governance

may not be clearly understood by many of those many unemployed fellow citizens, in particular the young who are suffering out there. But we might fear the day when some radical populist explains to them what harm legislatures and administrations have been doing to them because they — caught up in comfortable complacency — failed to shape better, simpler and fewer rules which are business-friendly and job-friendly! ■

1. Gregory, R.G., 'Aspects of Australian and US Living Standards: The Disappointing Decades 1970-1990', *Economic Record*, March 1993, pp. 61-76.
2. *World Competitiveness Report 1993*, Geneva-Lausanne: World Economic Forum and International Management Development, 1993. According to my own calculations, Australia in 1993 ranks a poor 19th out of 37 countries covered in that Report [Kasper, W., *Global Competition, Institutions and the East-Asian Ascendancy*, San Francisco: International Center for Economic Growth, forthcoming.]
3. Kasper, W., 'Spatial Economics', *Fortune Encyclopedia of Economics*, New York: Warner Books, 1993, p. 84.
4. *The Weekend Australian*, 4-5 September 1993.
5. North, D.C., *Transaction Costs, Institutions and Economic Performance*, San Francisco: International Center for Economic Growth, 1992.
6. Hogbin, G., 'When Should Governments Regulate Markets?', *IPA Review*, Vol. 46 No. 1, 1993, pp. 51-6.
7. Walker, G. de Q., *Restoring the True Republic*, Sydney: Centre for Independent Studies, September 1993, p. 11.

MELBOURNE CONFERENCE

SYDNEY LUNCHEON

IPA invites you to hear

Dr William Kristol

Chief of Staff to U.S. Education Secretary William Bennett (1985-88) and to Vice-President Quayle (1989-92)

on the topic:

'Report from America: The Fight for the Culture'

MELBOURNE: Dr Kristol will be the keynote speaker at an IPA conference entitled 'A Culture for Full Employment' on Wednesday, 1 December 1993, 9am-2.30pm, The Regent Hotel, 25 Collins Street, Melbourne. The cost of \$200 includes pre-luncheon drinks and a three-course luncheon.

The conference program includes: **Mr Hugh Morgan AO**, Chief Executive of Western Mining Corporation, on 'The Hungry Man and the Tin Opener' • **Mr Paul Kelly**, Editor-in-Chief of The Australian newspaper, on 'The End of Certainty' • **Professor Richard Blandy**, Director of the Institute of Applied Economic and Social Research at the University of Melbourne, on 'Culture and Jobs' • **Professor David Penington AC**, Vice-Chancellor of the University of Melbourne, on 'Education and Its Relevance to Australia'. **CHAIRMAN: Mr John Stone**, IPA Senior Fellow.

SYDNEY: Dr Kristol will speak at a public luncheon on 2 December at 12:30pm at the Holme Building, University of Sydney. The cost to attend is \$35 per head.

For further information on the Melbourne conference, contact Mrs Helen Hyde on (03) 654 7499.
For information on the Sydney luncheon, contact Ms Vera Lew on (02) 235 1500.



DES MOORE

A Modern Paradox

Modern society is experiencing a paradox: while the increasing productivity of modern economies requires smaller and smaller amounts of 'work' to produce a good standard of living, society is focusing not on the benefits of high living standards, but on high unemployment. In Australia, around 950,000 — about seven per cent of the working-age population (15 and over) — are *actively seeking employment* but cannot obtain it; and a much higher proportion say they would like to work if it were available. A common perception is that this constitutes a socio-economic 'crisis' and that, unless drastic action is taken, a permanent 'underclass' of work-seekers will create ongoing social instability.

This crisis scenario is leading many to argue that, as 'the market' is not working, government must adopt even more interventionist measures to try to 'create' jobs. Indeed, as a recent OECD Report¹ points out, the focus of political debate on what to do about high unemployment "increasingly risks precipitate and counter-productive policy action, e.g.

- hasty and possibly ill-conceived macro-economic expansion;
- inappropriate reversal of earlier labour market reforms to facilitate structural adjustment;
- further resort to open or (more likely) disguised trade protectionism."

The unbalanced composition of the Prime Minister's taskforce on unemployment makes it almost certain that interventionist 'solutions' will be promulgated in its forthcoming report. In reality, the opposite is required.

A comparison between present and past may help to give a better perspective to the 'apocalypse now' vision. Readily available data limit the following to comparing 1992-93 and 1953-54.

The striking fact in these figures is that the proportion of the working age population that is *employed* today is only fractionally less than it was in 1953-54 — 55.8 per cent compared to 56.2 per cent. This raises an important question. As the 1950s and 1960s have been widely accepted as the golden era of 'full employment', can the present situation be a crisis when the proportion of those available to work who are 'not employed' is no higher today than it was 40 or so years ago?

Of course, there is one important difference. Of the 44 per cent 'not employed' (then and today), only some 2.7 per cent² were *registered* as unemployed in 1953-54 while 15.6 per cent² were registered in 1992-93. But does this large increase in the *actively-seeking-work* component of the 'not employed' really constitute a major socio-economic problem? Or have our expectations about jobs been so raised by political hype that we are afflicted with a crisis syndrome if they are not met?

It helps to put the situation in better perspective if we recognize that the increase in registered unemployed

	1953-54	1992-93
(i) Working-Age Population 000s	6,377 ^(a)	13,791 ^(c)
(ii) Labour Force 000s	3,659 ^(a)	8,647 ^(c)
% of (i)	57.4	62.7
(iii) Employed 000s	3,584 ^(a)	7,697 ^(c)
% of (i)	56.2	55.8
(iv) Unemployed 000s	75 ^(a)	949 ^(c)
% of (ii)	2.0	11.0
(v) Average Male Earnings \$ per week	29 ^(b)	673 ^(c)
\$ p/w (92/93 prices)	272	673
(vi) Unemployment Benefit \$ per week	2.50 ^(e)	141 ^(d)
% of (v)	9	21
(vii) Consumer Prices Index (1980-81=100)	23.4 ^(b)	219.3 ^(c)

(a) From Butlin, M.W., *A Preliminary Annual Database 1900-01 to 1973-74*, Research Discussion Paper 7701, Reserve Bank of Australia, Sydney, 1977, as published in *Australian Economic Statistics 1949-50 to 1989-90*, Reserve Bank of Australia.

(b) *Australian Economic Statistics 1949-50 to 1989-90*, op. cit.

(c) *Australian Economic Indicators*, October 1993.

(d) *Budget Paper No. 1 1992-93*, p. 3.110. Rate is for a person over 21 years without a dependant.

(e) *Commonwealth Year Book 1953*, p. 318. Rate is for a person over 21 years.

derives almost entirely from the marked increase in the proportion of the working age population that wants to work. This increase in those joining the labour force — from 57.4 per cent in 1953-54 to 62.7 per cent today — adds some 730,000 people to the labour force in 1992-93 compared to the number that would have been there had the proportion stayed at 57.4 per cent. Had that been the case, unemployment in 1992-93 would have been only 219,000, or about 2.8 per cent of the (lower) labour force.

There is a variety of reasons for this large increase in those wanting to work. The changed role of women, particularly married women, and the increased opportunity for women to work are obvious factors. Some 30 years ago 33 per cent of females and 84 per cent of males wanted to work; today the proportion of females is up at around 52 per cent and of males is down to 74 per cent. The major investment in education and training has improved the capacity of people to contribute to the economy. The increase in the *real* average wage of almost 150 per cent, and the even greater increase in the real level of unemployment benefits, have also doubtless attracted more people into the labour force.

In short, the increase in those wanting to work represents a big increase in the *supply* of labour. But, obviously, the increase in the demand to employ people has been much less. More and more people are thus competing in a job market which is stationary (relatively speaking). This increased competition has almost certainly contributed to the compression of middle incomes which has occurred, to the point where it is widely argued that the middle class is disappearing.

Greater competition for jobs, and the associated frustration which individuals are experiencing in trying to retain (or obtain) access to the job market, may help to explain the crisis perception. Frustration is particularly evident amongst the mostly middle-aged men who have lost jobs and who constitute the largest proportion of the 3.9 per cent of the labour force that is long-term unemployed. It is also apparent amongst those young people unsuccessfully trying to obtain a job.³

But the widespread (and incorrect) perception that the labour market's overall capacity to absorb the demand for jobs has actually deteriorated is also an important contributor to a false perception of crisis and to the calls for governments to "do something".

What Governments Should Do

Governments should indeed "do something". The fact that a considerably higher proportion of the working-age population now wants work and cannot get it indicates that economic policies are not allowing the system to function properly. In particular, the cost of employing labour is being held at too high a level as a result of government-enforced regulations and, most notably, the system of wage awards governing the conditions under which some 80 per cent of the work-force is employed. The jobs of the 'insiders' (those in work) are thus receiving too much protection from competition and, if church and welfare groups better understood the meaning of 'social equity', they would support measures to increase competition in the labour market.

One objection being made to such an approach is that it would be 'socially undesirable' to allow any reduction in wages as this would create a class of 'working poor'. This seems, frankly, a ridiculous response. With average *real* wages about 150 per cent higher than in the early 1950s, 'poverty' amongst wage-earners disappeared some time ago. While not suggesting that a reduction in real wages would be desirable, it is difficult to see that some reduction in wages would really create a group of working poor.⁴ If it were judged that lower wages for the group on the very lowest income level would be 'unjust' in some sense, some offsetting adjustments could presumably be made to social security benefits for that group. But in fact, that is what the family allowance is for.

If increased competition is not allowed to produce lower wages and/or other costs, the danger is that governments will increasingly feel 'forced' to try to 'create' employment through employment programs or through even more budgetary stimulus (which has not

worked to date). However, programs focused on increased training will simply lead to a shuffling of the employment pack unless there is an increase in the demand for labour. Programs providing job subsidies are a poor substitute for allowing the market to adjust wages costs. Even the Swedes are progressively dismantling such programs.

The OECD Report shows how much better the North American market has performed in keeping unemployment down. Thus, even with a higher proportion of the working-age population wanting to work (77 per cent compared to Australia's 74 per cent in 1992⁵), the US has kept the unemployment rate to between six and seven per cent. The OECD Report contrasts the greater 'flexibility' of the North American labour market (i.e. less regulation and less unionism) with the more regulated European market and refers, in particular, to the European practice of setting a minimum wage relatively close to the average wage, and indexing it over time to increases in prices and/or earnings. The Report points out that

"An effective general approach [to reducing unemployment], therefore, starts from the recognition that a low-productivity job warrants the payment of only a low wage."

It is doubtless a forlorn hope for the Prime Minister's taskforce also to start with this approach, let alone for it to dispel the perception of crisis. ■

1. *Employment-Unemployment Study*, Interim Report by the Secretary-General, Paris: OECD, 1993.
2. This is higher than the percentage unemployed because it is taken as a percentage of the total working-age population that is not working rather than as a percentage of the labour force (those who want to work).
3. Partly offsetting that, however, is the considerably higher proportion of the younger 'not employed' now receiving higher education. This means that, while 22 per cent of the younger age group in the labour force is classified as unemployed, this represents only 13 per cent of the total younger age group.
4. As it is, real average earnings in the private sector have scarcely risen over the past three years.
5. These figures are for the participation rate of the population aged 15-65. (*OECD Employment Outlook*, July, 1993.) Australian figures used in the table are for the population aged 15 and over.

Fortress Europe and the Threat to Australia

Paul Johnson is an eminent English historian and journalist. Apart from writing a regular column for the London *Spectator*, he has published a number of highly-regarded books including histories of Christianity and Judaism, *A History of the Modern World* and, most recently, *The Birth of the Modern*. On 1 September as part of the celebration of the IPA's first 50 years, he addressed a dinner gathering in Melbourne, generously hosted by the ANZ Bank. This is an edited text of Paul Johnson's speech.

PAUL JOHNSON

WHEN the notion of a United Europe was first mooted by Jean Monet in the late 1940s, nearly everyone of good will welcomed the idea. Twice in the 20th century, Europe had come close to committing suicide with its catastrophic and senseless civil wars. The prospect of its principal states merging together in a common economic and eventually political purpose, turning their backs on endless wars for hegemony or survival, and closing ranks around what they had in common – the heritage of Greece and Rome, the Judaeo-Christian ethic, the culture of the Renaissance and the spirit of scientific enterprise – was attractive; especially so was the coming together of those old enemies, France and Germany.

Moreover, Monet's idea had a further dimension: the creation of an enormous free-trade area in which an enlightened capitalism would dissolve ancient frontiers in bringing to European consumers the widest possible choice at the lowest cost. That was a noble vision and even a country like Britain, which felt it could not belong because of its close political, trading and emotional links to Commonwealth countries like Australia and New Zealand, wished the project all possible success.

A great deal has changed in the last half-century, by no means all of it for the better. A Europe has indeed come into being, and what Monet dreamed of has taken a physical form of sorts, in the shape of a Community of 12 states, with a very visible and powerful bureaucratic headquarters in Brussels. Moreover, Britain has joined, and ties with the Commonwealth, not least with the Antipodes, have been largely dissolved.

But Britain joined with reluctance, and for her each step towards closer union has been a struggle against her national – and international – instincts. This is because the Community itself has acquired characteristics Monet himself would have deplored: a spirit of interventionism, almost of socialism; a huge bureaucracy, with its attendant evil, an immense volume of regulation; and an inward-looking approach to trade, akin to protectionism. In some respects, the emerging

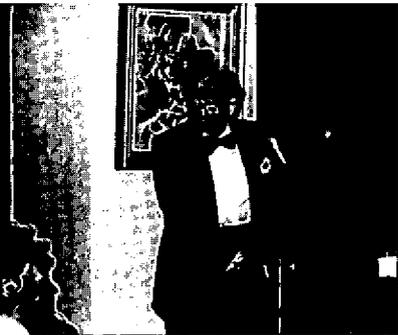
Europe is closer to the centrally-directed Europe which in turn Louis XIV, Napoleon, Bismarck and Hitler sought to bring into being, and the French and the Germans have sunk their differences only to combine to exercise a joint hegemony. Britain fought militarily against the earlier attempts at European hegemony and she has fought diplomatically against this one.

Meanwhile, over the past half-century, a quite different organization has sought, with considerable success, to achieve some of Monet's aims, but on a global scale. The General Agreement on Tariffs and Trade has succeeded, slowly but surely, in lowering barriers to trade throughout the advanced world and beyond, by mutual consent and to the mutual benefit of all. It has been the principal diplomatic agent in doubling, trebling and quadrupling world trade, and so adding hundreds of billions of dollars to the Gross Global Product. It is an engine of world affluence and there is no downside to its results.

Ideas in Conflict

The misfortune, which threatens to turn into tragedy, is that these two well-meaning ideas, the EC and GATT, the attempt to unite Europe and the attempt to liberalize world trade, have come into increasing conflict. This became gradually apparent during the 1980s and it threatens to sour all our relationships during the 1990s. At a time when the end of the Cold War is freeing us to push the world forward in union to unprecedented prosperity, the conflict between the EC and GATT, and notably between the European 12, on the one hand, and the great English-speaking countries of America and Australasia on the other, is a monstrous self-inflicted wound we cannot allow to deepen and fester.

Britain is in the middle of this incipient conflict. She is committed to Europe by geography and by growing trade ties – 60 per cent of her exports now go there. But she is committed to the English-speaking world by cultural, historical



Paul Johnson



Lyndon Rowe Ian McLachlan



Matthew Percival, Roy Ricker



Henry Krongold Don Morley

and emotional ties which are just as strong.

Europe, as at present constituted, is run by a Franco-German axis, in conjunction with its satellite adherents in the Netherlands and Belgium; and, in general, the Mediterranean powers — Spain, Italy, Greece — tend to tag along. In this set-up Britain appears the odd man out and is frequently in a small minority, or even a minority of one, when decisions are taken. But this isolation is more formal than real. For, in resisting a dogmatic European federalism, especially an inward-looking one, the polls and other evidence show that Britain enjoys a good deal of silent support on the Continent, not indeed from the political elites, which are overwhelmingly centralist, but from ordinary people. Just as in the wars against Napoleon and Hitler, Britain evoked a response from invisible underground armies within a subjugated continent, so today she can, if she chooses, raise the spirit of resistance among the European peoples against the *diktat* of those who claim to speak for them in Brussels.

That being so, let us look more closely at the path the European elite wishes to take, and the alternative Britain proposes. These two paths do not necessarily lead in completely opposite directions, and this is a point to bear in mind, but they certainly diverge at the moment and the long-term risks this bifurcation poses are alarming.

French Design

France is the original architect of Europe, and French ideas, reflecting French interests, continue to be the main driving force. The French are a logical and schematic people and they tend to think in great concepts which create intellectual excitement but which often ignore practical considerations and the real needs of ordinary people. To put it briefly, their elite wants a European Super State, and wants it now.

Behind this aim is French fear of Germany: not just the aggressive Germany of Hitler and the past, but the present Germany of 80 million well-organized and efficient producers, able to dominate Europe industrially and financially as they once sought to do militarily. Back in the 1950s, the French felt they could contain Germany only by merging with it, and the seal on this bargain was the Common Agricultural Policy (CAP). Under this, German industry gained access to French markets on condition its profits subsidized the agonizing process whereby France persuaded its peasantry, until recently half the nation, to leave the land and to become part of an affluent industrial work-force. That process is now well past the half-way mark, but it still continues and explains why

France is so obstinately attached to the main outlines of the CAP. But in the meantime, the reunification of Germany has restated the original German problem, in French eyes, in an even more acute form. That, in turn, has led the French elite to wish to accelerate the movement towards federal unity and, in particular, to leap forward towards a common currency, via the Exchange Rate Mechanism and the Maastricht Treaty. That is the master plan of Jacques Delors, the French-born Socialist politician who runs the Brussels bureaucracy.

But if fear of Germany, and the consequent anxiety to exorcise it by union, is the original compulsion pushing the French along this path, there are other factors which make the scheme more complex and dangerous. First, the French elite has always preferred a 'little' Europe to a 'big' Europe. It is true that De Gaulle, echoing the wider dreams of Napoleon, spoke of a "Europe from the Atlantic to the Urals." But the centralist politicians of Paris have always felt more at ease with what has been termed a Carolingian Europe, whose axis was the Rhine, and which essentially embraced Franco-Germany plus Benelux, with an Italian offshoot — the original eighth-century empire of Charlemagne in fact. Initially, at least, France was not too keen on admitting Greece and the Iberian countries, though it has since worked hard to reduce them to satellite status; and it has always felt most uneasy about a British presence, which it feels is incompatible with its whole idea of Europe.

If France hesitated at expanding the original six to the 12, it is opposed, *a fortiori*, to enlarging Europe still more, to take in former communist states like Poland, Hungary, Czechoslovakia, Slovenia and Croatia — or even the 'missing' western-style economies of Sweden, Austria, Norway, Switzerland and Finland. The French worried that if the Central and Eastern European states were quickly admitted, this would allow Germany to create an autonomous economic empire in the East, controlled from Berlin and Frankfurt, which would be wholly beyond French influence.

Thus France strongly preferred vertical consolidation to horizontal expansion. But there were and are two further factors. First, though the original concept of Europe was a capitalist one, based on free enterprise, the market and free trade, the EC as it has emerged is the work of socialist and Christian Democrat politicians who have in common many collectivist, not to say corporatist, notions. The political culture of Brussels is thus strongly interventionist, and from it pour forth countless directives concerning the rights of labour, the needs of the environment and the absolute necessity to curb the excesses of capitalism. European industry thus already has



Greg Pdsay David Penington Ted Lustig



Don McFarlane, Alan Stockdale



Ian Webber, Ian Spicer



Helen Hyde, Sir Rupert Hamer

to carry heavy and expensive burdens of compliance.

In addition, the Maastricht Treaty itself has appended what is termed the Social Chapter, a list of requirements which is again socialist-corporatist in inspiration, ranging from shorter hours and better working conditions to labour participation on the boards of all large companies. The further financial burden this imposes on industry is formidable, and this is why the British Conservative Government has refused to adopt it; but the other 11 governments have done so and it is now being applied.

The net result of all these burdens is to weaken the capacity of European industry to compete in world markets, especially with Japan and other Far Eastern states, but also with the United States. This lack of competitive edge is being felt increasingly, as the cost of compliance reduces European industrial profit margins.

Second, France is, by history and instinct, a protectionist country. It has always, and with good reason, had high external tariffs and though some sectors of French industry have recently become competitive, at least within Europe, French industrialists and unions have never felt comfortable with free trade. In this respect French industry makes common cause with its agricultural sector, which tends to be inefficient and high-cost and which bitterly resents competitive imports, particularly of livestock.

This then is the background to the current French scheme for Europe — a federal entity entrenched behind high external tariffs: in short, Fortress Europe.

Protectionist Reaction

Fortress Europe poses grave dangers, to itself and the world. It is a concept which runs directly contrary to GATT and, sooner or later, one or the other must crumble. If GATT disintegrates, or even if it is merely put on hold, the consequences will be serious for all. First, the United States will not be prepared to live with a Europe it will see, particularly in agricultural products, as protectionist. It will react, strongly, even aggressively. Like France, the US is by tradition a protectionist country, and only slowly and painfully, thanks to GATT, has it been weaned from its old habits in the last 50 years. In many ways it is a stricken industrial giant which has suffered with growing indignation the huge inroads foreign imports have made into its home markets. That indignation could boil over, and the US political system is designed to give powerful vent to it.

It is not merely a question of America going protectionist

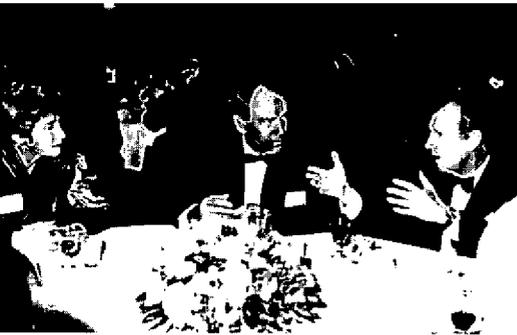
again. It is, rather, a risk that America will react to Fortress Europe by erecting a fortress of its own in the western hemisphere. The US has already signed a treaty with Canada which amounts to an embryonic trading union. More recently it has come to an agreement with Mexico which adumbrates a similar arrangement. There is already in existence a North American Free Trade Area (NAFTA), which is the hemispheric equivalent to the European Economic Community. That can be, and in the worst eventuality will be, turned into Fortress North America, with internal free trade and high external tariffs of its own. Now if two trading fortresses come into existence in the world, it is inevitable that a third, and possibly more, will follow. For Fortress North America will not merely keep out or penalize European goods; it will also be aimed at protecting American industry from Japan. Inevitably Japan, indeed the whole of East Asia, will react to a high-tariff NAFTA, a Fortress NAFTA, just as NAFTA reacts to a Fortress Europe.

It is impossible to say exactly what form this reaction will take. Because of Japan's past political and economic imperialism, there are good reasons why other East Asian powers will be most reluctant to join with her in creating a Fortress Asia. But in a world dividing into competing and antagonistic trading blocs, they will not have much choice. They will have to protect their interests by mutual tariff arrangements if only to use them as bargaining-counters. And once tariff walls go up, and local industries enjoy their shelter, it is hard to pull them down again.

Australia's Dilemma

Equally, it is hard to say what course Australia will pursue if these things happen. Plainly, her dilemma will be acute and painful. Many Australian interests are now geared to Asia and will argue that the country has no alternative but to follow the logic of present patterns of trade into a deeper union. But it is one thing to belong to a trading bloc; quite another to commit yourself to a bloc with a high external tariff; and still more serious to merge yourself into the kind of quasi-political entity to which high-tariff blocs tend to lead.

In geopolitical terms, Australia is a very desirable property. It is rich in raw materials, its ratio of population to land surface is one of the lowest in the world, and it exists at the extremity of a huge land mass where the ratio is among the highest in the world. At the same time, it is incapable of defending itself without powerful allies — it cannot even control most of its own air-space without assistance. In view



Barbara Deed, Michael Robinson, Peter Cairns



Pat Feilman, George Littlewood



Frank Callaway, Eda Ritchie, Doug Shears

of all this, Australia, I imagine, will be most reluctant to sacrifice any part of its sovereignty to a vast Asian entity dominated by Japan, or China, or possibly both in uneasy tandem. Yet if it does not sign up with East Asia, where does it go, and how does it survive?

The consequences of such a line-up for the world as a whole are also formidable. It is worth recalling that in George Orwell's nightmare vision of the future, *Nineteen Eighty-Four*, the planet was divided into three vast and antagonistic geographical blocks, in a state of perpetual warfare with each other. A world in which the progress achieved by GATT were reversed, and three huge trading groups emerged, facing each other behind high tariff walls, and competing fiercely for the markets which remained outside, would be a highly unstable entity. Trade wars are bitter things, hard to contain within their original bounds. History teaches that they tend to degenerate into fighting wars. Are we really prepared to accept the prospect of a 21st century in which the risk of global conflict between Europe, North America and Asia — a conflict in which Australia would inevitably be caught up — is always there?

The British Alternative

No, of course we are not. Such a prospect is totally unacceptable. But we must ensure we do not drift that way, by acting sensibly now. That is why Britain, within Europe, has indicated a path which diverges sharply from the French one towards Fortress Europe. In my opinion, the British Government, currently weak and indecisive, has not outlined the British path as clearly and confidently as it should. We lack a Margaret Thatcher to trumpet forth our plan. But the British alternative is there, all the same. It is this. The EC should decelerate its march towards federal union and scrap its present target of monetary union before the end of the century. It is far too ambitious anyway. Instead, it should give other aims priority. The first should be horizontal expansion to take in, first, the advanced free-enterprise economies still outside the EC: that is, the three remaining Scandinavian countries, and Austria and Switzerland. Then, with all deliberate speed, it should embrace the decollectivized economies of East-Central Europe who, by all historical and cultural standards, belong in any European condominium — Poland, Hungary, Bohemia and Slovakia, Slovenia and Croatia. Priority must be given to enable all these economies, some of which are very weak and under-capitalized, to move towards the EC and to secure favoured access to our markets.

That is the simplest, cheapest and surest way to de-communize Eastern Europe and, at the same time, to spread Western prosperity to Europe as a whole, to the mutual benefit of us all.

It goes without saying that such geographical expansion is incompatible with a high-tariff Fortress Europe. It implies, indeed, an open Europe, open not merely to Eastern Europe, including Russia and its former dependencies, but to the world. With Europe geared to horizontal expansion, rather than vertical integration, I do not think there would be any danger of a Fortress North America, still less of a Fortress Asia, arising.

Until recently, we in Britain anticipated a long and bitter struggle between the rival views of Europe, with the fearful risk of global trade wars, of the kind I have suggested, if the French vision triumphed. Now I am much more confident that the pragmatists, as opposed to the dogmatists, will win.

Monetary Union Untenable

The reason is this. The French fast track to a federal Europe, and a Europe likely to turn out to be a Fortress Europe, was essentially dependent on the rapid creation of a common currency. Under the French timetable this would be accomplished long before the turn of the century. We would have a Eurocoinage, Euronotes, and a European Central Bank. All this is provided for in the Maastricht Treaty, itself the prolegomenon to a final treaty of federal union to be signed in about 1996.

But all this, of course, was a castle in the sky. The reality was that, in order to move smoothly and rapidly towards a common currency, the 12 EC states had first to achieve alignment of their existing ones. The instrument to bring this about was the European Exchange Mechanism or ERM, a kind of currency grid, in which all 12 national moneys took up agreed stations, as a half-way house to union. The stations were within both narrow and wider bands, according to national choice. Those keenest on union took up narrow bands, and indeed the ERM as a whole was based upon a quasi-fixed relationship between the deutschmark and the franc. Those less keen, such as Britain, occupied wider bands.

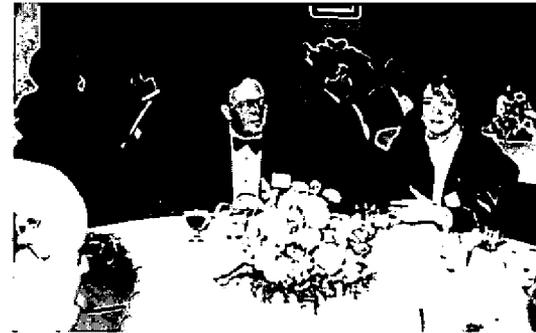
The ERM, like all exchange rate systems fixed by politicians, as opposed to the markets, was open to the objection that the markets might not like it and would seek to overthrow it. The history of the last half-century has shown that no fixed currency on earth, even the dollar, can retain an artificially contrived parity if the markets think it is overvalued. Those who created the ERM were, however, convinced



Dame Elisabeth Murdoch, Paul Johnson



Nick Renton, Lindsay Cuming, David Elsum



Laurie Cox, Carol Austin

that, with the reserves of a dozen central banks behind them, the parities the politicians laid down could withstand any conceivable speculative assault.

This assumption was based on two fallacies. First, the arithmetic showed that, in present and foreseeable conditions, the combined reserves of the 12 central banks were out-classed by the immense sums available not indeed to speculators as such but to businesses throughout the world who, for their own legitimate reasons, need to possess large quantities of foreign currency and buy them at the lowest possible cost. Such companies are forced to speculate when fixed exchange rates provide the currency markets with a challenge. So the arithmetic, given certain circumstances, is always against the central banks.

The second assumption was that the central banks would always act together. But central banks inevitably reflect national interests, rather than those of the ERM parities; indeed most of them are constitutionally obliged to do so. In a crisis, these national interests always come to the fore.

In the particular case of the German Bundesbank, there was an additional incentive not to back the ERM. Those in charge of the Bundesbank did not believe it would work and were anxious to prove their point. The major recession which began to hit Europe at the end of the 1980s gave them the opportunity and the excuse. The process of absorbing East Germany, which began in 1990, imposed huge strains on the West German economy and threatened a fierce outbreak of inflation as state and private borrowing increased. So the Bundesbank was determined to keep interest rates as high as necessary to keep inflationary pressures under control. At the same time, other European economies, led by Britain but including in turn Italy, Spain and France — to name just the major powers — hit by the worst recession since the War, required rates to be as low as possible. There was here an irreconcilable conflict.

The first big test of the ERM came last October when speculators, followed by a mass of non-speculative traders, made a determined assault on the banding of certain currencies, notably the pound sterling and the Italian lira which they believed to be over-valued. In theory, all the central banks should have backed these currencies when they reached the floor of their bands, with all their resources.

But the Bundesbank shared the speculator's view that the pound and lire were over-valued. It flatly declined to cut its own interest rates, which would have reduced the incentive to buy deutschmarks. So, when crisis struck on Black Wednesday, 17 October, sterling, followed by the lira, left the ERM.

The departure was said to be temporary, but in practice it looks final, certainly as the ERM is at present constituted.

The second crisis in the ERM came at the end of July. This time speculative pressure did not force currencies to leave but obliged the ERM to change its rules, so that most currencies now float within huge bands of 15 per cent plus or minus. That makes nonsense of the whole system, and puts a common currency on hold for the indefinite future. It has been a humiliation for the French, and equally important, a fearful blow to the Franco-German axis, which lies at the heart of a fast-track federal Europe. The French Government feels that the Germans, when it came to the crunch, betrayed them, and that they cannot be relied on to put European before German interests. The Germans shrug their shoulders and carry on doing what they think is best for their country.

This may not be the end of the federal European dream. But it certainly makes nonsense of the Maastricht Treaty, which has now turned from a pretentious bit of paper into something resembling the bull of a dead pope. With the wind thus taken out of their European federal sails, the French are far less likely to be in a position to steer the EC vessel into a frontal battle with the GATT powers, especially since Britain has been encouraged to throw its weight behind the anti-protectionist forces. The virtual collapse of the ERM and the consequent postponement, perhaps for years, perhaps for ever, of a common European currency, means that it is now highly unlikely that Fortress Europe will ever be constructed. The result will be, I trust, a stand-down on all sides, as nations relax and the practical forces working in favour of a free-trading world resume their sway.

The prospects, then, not least for Australia, are a good deal rosier than they were before July. It is my view that, with a bit of good fortune, and a lot of patience, we will eventually get rid of the Common Agricultural Policy altogether. Freed of this albatross, there is no reason why the EC should not resolve its differences with the other GATT powers and all move together towards a free-trading world. Australia has everything to fear from a Fortress Europe and its consequences. But it has nothing to fear, and much to gain, from a strong, free-trading Europe moving towards closer policies among its component nations, determined by rational, not dogmatic, factors, and pushed along at a sensible pace. That is the Europe Britain wants and Australia should want too — a Europe in which Britain can play a full and fruitful part, while still maintaining with Australia, and other English-speaking nations, the close ties created by common ways of looking at things and hundreds of years of history. ■

Should schools do more to teach Asian languages?

Chinese is the world's most commonly spoken language (although most of its speakers reside in one country) and Japan is Australia's main trading partner; yet few Australians understand Japanese, Chinese or any other Asian language.

The Federal Government's National Language Policy, released in 1991, expressed alarm at the decline of foreign language study in Australian schools. (It had fallen from 40 per cent of Year 12 students in the 1960s to less than 12 per cent in 1990.) It also noted with concern that twice as many Year 12 students studied French as studied Japanese and four times as many studied French as studied Indonesian/Malaysian. None studied Korean. Among the 14 languages nominated by the policy as priority languages — qualifying them to earn schools \$300 from the Federal Government for every Year 12 student studying any one of them — were seven Asian languages.

In October, as part of a package of initiatives designed to tackle unemployment, Labor's caucus urged the Federal Government to boost Asian language teaching in schools. But others argue that the rewards from giving this study greater emphasis would not justify the investment needed.

日本語の読み方



NO

Time Demanding Foreign (mainly European) languages have long been taught in Australian high schools, yet few Australians have any proficiency in the languages they have studied, sometimes for as long as six years. The investment of time and other resources in the study of Asian languages would reap even fewer rewards. Languages such as Japanese, Chinese and Korean, on average, take about 2,400 hours to learn, three times as long as required to achieve proficiency in European languages such as French and German.

The NSW Government has promised to make 200 hours of language study compulsory by 1996. This is completely inadequate if basic proficiency in an Asian language is the goal; yet if sufficient hours were allocated, valuable time would be taken away from subjects more essential to the needs of

YES

Trade Twenty-seven per cent of Australia's export income comes from Japan; 12 per cent comes from ASEAN countries (a figure which has doubled since 1987). Australia is a prime participant in APEC (the Asia-Pacific Economic Co-operation process). Greater proficiency in Asian languages would facilitate business negotiations and trade with Asian countries which are crucial for Australia's economic well-being.

Tourism Australia's earnings from in-bound tourism have increased from \$2.2 billion in 1984-85 to \$7.2 billion in 1990-91. In 1991, 900,000 tourists came to Australia from Asia and 529,000 of these from Japan, compared with 272,000 from

Australians, such as English and Mathematics.

Cost of Immersion Language teachers recommend immersion in a foreign culture in order to attain proficiency in that culture's language. But few parents can afford to send their children overseas for the period required to achieve this.

English is the Lingua Franca Fortunately for Australia, English is the world's lingua franca; and a knowledge of English in foreign countries is likely to grow as economies become internationalized. Thousands of monolingual Australians travel to Asia every year and find that ignorance of Asian languages is no barrier to their transactions or enjoyment. Moreover, trade between Asian countries and Australia has grown despite Australians' ignorance of foreign languages. The fact is that if

there are mutual gains to be had, a business transaction will happen regardless of difficulties communicating.

Language Cul-de-sac Many European languages are inter-related; knowledge of one often provides a foundation on which to build knowledge of others. This is rarer among the main Asian languages. Chinese Mandarin is related to other languages, but Japanese (although it adopted Chinese ideographic characters in the third century AD) and Korean are largely independent. A knowledge of either Japanese or Korean is of little use in learning further languages; and, unlike European languages, of little use in refining a knowledge of English.

English Literacy More Important A parliamentary report has claimed that up to 25

per cent of pupils leave primary school with poor English literacy. Most Australians will have no use for an Asian language at any time in their lives. All, however, need competence in English. It is this which should be given priority in the curriculum.

Lack of Teachers There is a shortage of teachers of Asian languages and training takes time. There is little point giving Asian languages high priority if the demand for teachers cannot be met.

European Heritage Australia may be close to Asia geographically, but culturally it is an outpost of European civilization: most of our literary traditions, political institutions, customs and law originated in Europe. The curriculum should reflect this. The relevance of the study of Asian languages and cultures to Australia is over-estimated.

the USA. Tourism is a major growth industry in Australia and could generate many jobs for bi- or multi-lingual Australians. But last year *The Australian* reported a proposal to bring 2,000 Japanese tour guides to Australia, because Australians lacked both a knowledge of the Japanese language and an understanding of Japanese etiquette.

Travel Knowledge of a foreign language enriches and eases the experience of travel. The falling value of the Australian dollar and the proximity of South-East Asia mean that much more travel in the future will be to countries to our near north, rather than to Europe or America.

Mental Training The learning of any foreign language is valuable

as an exercise in mental training. The fact that Asian languages are more difficult to learn for English-speakers than are European languages intensifies the intellectual rewards.

Overcoming Parochialism Becoming more familiar with Asian languages and cultures would help Australians overcome their xenophobia and parochialism. We would learn to appreciate ancient and extraordinarily rich cultures such as China's, and in doing so, enhance understanding of our own culture by seeing it from a different perspective.

Our ignorance of Asia is a foolish denial of Australia's location in the world and our need to have secure relations with our neighbours.

Social Harmony Of the top seven sources of immigrants to Australia, five are Asian countries. While English is the public language of Australia, it would aid understanding and harmony among communities within Australia if more Australians had a knowledge of the languages of immigrant settlers.

As a natural consequence of our immigration mix, Asian influence on Australian culture will grow. Asian literacy anticipates the future.

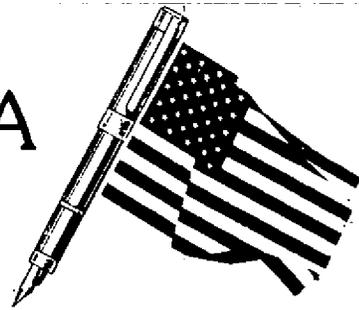
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LETTER FROM AMERICA

HARRY GELBER



Interventionism at Home, Minimalism Abroad

TO almost everyone's great surprise, Bill Clinton the radical reformer is turning out to be in fundamentals the most tradition-minded, even conservative, President since Herbert Hoover. The general guidelines and principles of his domestic agenda go back — almost avowedly — to Franklin Roosevelt's New Deal. But his foreign policy instincts, not to mention those of his supporters in Congress, go back to the Founding Fathers. In both fields, a study of the America of the 1930s is altogether more instructive than a study of last year's election campaign or most current television commentaries.

Clinton, very much like Roosevelt before him, is promoting a huge program of social reform. As with Roosevelt, the program is based on genuine social need and propelled by attractive populist rhetoric. As with Roosevelt, it also implies a vast increase in the power, scope and intrusiveness of the Federal Government. Moreover, that program is being presented with great verve and political skill.

At the core of Clinton's current domestic agenda is health care. No-one dissents — at least publicly — from the proposition that the 37 million Americans who are said not to be covered by medical insurance need to

be brought within its scope. No-one seems to dissent, either, from the proposition that cradle-to-grave medical care must become an irrevocable right of citizenship, indeed, perhaps of legal residence in the USA.

The presentation of the plan has, without any doubt, been brilliant, and a starring role — arguably *the* starring role so far — has been played by Hilary Clinton, head of the presidential taskforce looking into the health-care problem.

But it may be too early to cheer. The Clintons can propose, but Congress disposes. And several clusters of problems need to be kept in mind. One is that the devil is, as always, in the small print, and doctors, pharmaceutical companies and insurance groups have already raised a series of awkward questions. Others will be heard from too.

Or again, few people are willing to believe the Clinton claim that these sweeping reforms can be financed almost entirely by savings on undue pharmaceutical profits or the red tape that is strangling doctors and hospitals. There is no agreement at all on what numbers anyone should believe. What does seem clear is that where newly-mandated extra health-care costs hit business, they will be passed on, either to customers in higher prices, or to workers in lower real wages or fewer jobs. Recent research shows that the maternity benefits im-

posed by law during the 1970s were matched, more or less dollar for dollar, with cuts in wages for the young, unmarried employees likely to claim the benefits. Much the same will happen again.

Moreover, since health care absorbs almost 15 per cent of America's GDP and since Clinton proposes to put all that, in one form or another, under government direction, the implication is that 15 per cent of the US economy would, at one fell swoop, be placed under Federal Government control. If

Real per capita health-care expenditures in the USA

1960: US\$609
1990: US\$2,566

Percentage of health expenditure paid for out of pocket:

1960: 56
1990: 23

Percentage of health-care expenditure paid for by government in the USA.

1960: 21
1990: 41

Source: Economic Report of the President, January 1993.

the plan is passed, it will be by far the largest expansion of the corporate and bureaucratized state in America's history. Whatever its other virtues or vices, it massively out-deals the New Deal of the 1930s.

Finally, there is the word which everyone avoids: rationing. The facts, whether in Australia or America or anywhere else, are ineluctable: the potential demand for health care is indefinite, if not infinite. It would, theoretically, be possible to spend virtually 100 per cent of the national income on health without coming to the end of 'demand'. Since the debate is whether nine per cent or 14 per cent or some other such figure is the 'appropriate' percentage to spend on health, rationing there has to be. It can be by the purse, or by government decree, or by the decision of individual doctors or by some other means. What is unavoidable is that someone, somewhere, must in effect say to some people: "No, you can't have that treatment" and even "I'm afraid we have to let you die now, and not keep you alive for another 12 months." It is hardly surprising that democratic polities find it hard to come to grips with such choices. But the problem remains.

Foreign Policy

Traditional attitudes are even more marked in foreign policy. Here, the noises out of Washington — Congress as much as the White House — hark back not just to the 1930s but to the famous injunctions by George Washington and his immediate successors against "foreign entanglements." It is not that isolationism will rear its head in a simple replay of the 1930s. Everyone who matters understands that, in a world which is interdependent in terms of finance, information and in other ways, the old isolationism is no longer feasible.

But Washington's priorities have markedly changed with the combined effect of the end of the Cold War, the exigencies of domestic reform and the related needs of economic, industrial and educational restructuring to cope with international competition.

Though some scribes profess to find confusion in the Administration's position, the outlines seem clear enough. At the level of rhetoric (and reassurance to anxious allies), there is stress on a global vision which is visibly descended from that of George Bush: an American commitment to the enlargement of the family of free-market democracies, and the maintenance of US obligations to principles of stability. As the largest military and economic power, and the greatest democracy, the US must continue to lead.

If the plan is passed, it will be by far the largest expansion of the corporate and bureaucratized state in America's history.

But the limitations on US involvement are becoming clearer and more emphatic. They have to do with America's own national interests, with avoiding US casualties, with greater emphasis on picking and choosing whether, where or when the US should become engaged. It will not be possible to take a Clintonian US for granted.

The US, we are told, must not try to become involved everywhere. A search is under way for a way out of the Somalian imbroglio. It took only a few casualties there to induce the House and Senate to pass a non-binding resolution calling on Mr Clinton to seek Congressional approval by 15 November for keeping US troops in Somalia. In Bosnia, Mr Clinton has made it very clear that he is unwilling to move further than his major European allies. He may send US troops there to help supervise an agreed peace, but only if a long list of conditions is met first.

The US will support the UN but, as Mr Clinton put it on 27 September: "The United Nations simply cannot become engaged in every one of the world's conflicts. If the American

people are to say 'yes' to UN peacekeeping, the UN must know when to say 'no'." As the National Security Adviser, Anthony Lake, has explained, America will be careful to pick and choose the issues on which it wishes to become engaged. And even where engaged, the US will assert its right to get out again. At the same time, Washington will not be constrained by the need to co-operate. As the Secretary of State, Warren Christopher, explained on 20 September: "...multilateralism is a means, not an end. It is one of the many foreign policy tools at our disposal." The central purpose of foreign policy remains a classic protection of American interests.

In sum, what seems to be emerging is a minimalist foreign policy with stress on a few clear priorities. The Administration is backing the North American Free Trade Area as a way of strengthening the US economy and rallying the whole of North (and eventually all of Latin?) America to the underpinning of American political primacy. In Russia, it is supporting reform and President Yeltsin, because the old, undismantled Soviet armoury remains a potential threat to the American continent; because Russia is certain to re-emerge, sooner rather than later, as a principal player in the global balance of power; and because Russia is likely to play an important, perhaps key, role in a North-East Asia which is arguably the world's most volatile strategic arena.

At the same time, the Administration is recasting trade and political relations with Japan and pushing for the kind of Israeli-Palestinian agreement which might leave American policy less shackled to the short-term needs of Israeli security and perhaps even of some internecine Arab disputes.

In all these processes not the least virtue of multilateralism — whether in relation to Bosnia or Somalia or Western help to Russia — is that it helps to lessen the direct burdens upon the US. Much the same is likely to be true of American participation in the APEC summit meeting in November. ■

1 October 1993

Strang

Advance Paul Keating Fair Sri Chinmoy (resident guru at the United Nations) was so blissed out by Australia's last federal election result that he wrote and dedicated a song to His Most Elevated Self the Prime Minister. It is published in **Pacific Research**, the dolphin-encrusted periodical of the Peace Research Centre, and makes even the title of World's Best Treasurer look modest by comparison:

"Prime Minister, victory winner
Paul Keating, Paul!
A blossomed oneness-heart
for big and small.
Your triumph-smile, your nation's
wisdom-height;
You are their success-might
and progress-light
Heaven and earth's
rainbow-ecstasy-choice;
Within, without the
God-fulfilling voice."

After Paul Keating abolishes the monarchy and changes the flag, watch for moves to introduce the above as Australia's new National Anthem.

Light without Reason Last year, desperate to spend a Commonwealth grant, Fitzroy Council (in Melbourne's inner suburbs) decided to install fancy street lamps along its fashionable bohemian haunt, Brunswick Street. Brunswick Street's Traders' Association rejected the plan, not wanting to floodlight a street that thrives on the play of light and dark. So the Council compromised: it would install the street lamps, but in such a way that they would not illuminate the street; their function would be almost purely decorative. To their credit, another group of traders led by part-owner of the Gypsy Bar, Mario Di Ieno, couldn't see the sense in this. A 900-signature petition calling for the rejection of the compromise scheme and for the \$250,000 funding to be returned to the Federal Government was, earlier this year, presented to the Fitzroy Council. **The Melbourne Times** reports that the Council ignored the petition. No wonder that in the 1988 referendum Australians overwhelmingly rejected constitutional recognition of local government.

Garden-Variety Feminists A relatively new journal from Sydney is the all-girl review **Journal of Australian Lesbian Feminist Studies**. A sample of its content in one issue includes 'The Revolutionary Nature of Lesbian Organic Gardening', 'Rules, Principles, Policies, Standards and Guidelines: Do We Need Them?' ("No," answers the author, Denise Thompson) and a letter from an Adelaide reader who complains about Australian

feminists' reliance on American sources for ideas: "An example of this attitude is apparent in the organization of rallies in my town to support the recent US women's struggles for abortion rights. East German women also have their rights threatened with re-unification with the West, but that goes virtually unnoticed." This particular reader was equivocal about re-subscribing: she finds the journal too academic!

School of Hard Knocks Melbourne has a sado-masochistic nightclub (The Hellfire Club in Carlton), but still lags behind San Francisco which has a school for sado-masochism. According to the American left-wing digest **Utne Reader**, the school's head, Miss Mendelsohn, combines her passion for sado-masochism with an interest in Tibetan Buddhism. "Both sado-masochism and Buddhism are about adding intensity to everyday life," she says. Her classroom has desks on the floor and hooks in the ceiling (used in "hanging seminars"). In the corner is a sturdy plastic-covered table used in the Advanced Fisting class. "This is not a sex club," insists Mendelsohn. "The fisting workshop is one of the most extreme classes we offer, but we absolutely do not allow students to participate in [fisting]. The class watches, listens, and learns." There's also a class in Nazi Interrogation and another in Branding for Beginners ("There's no sound quite like the hiss of [a hot] brand meeting flesh," the course outline reads).

Interest in sado-masochism seems to be on the rise. Mendelsohn thinks this is due to AIDS. "A lot of what constitutes sado-masochism is very safe and in no way involves the exchange of bodily fluids," she says. "They used to say we're sick, now we're safe."

Tortured Prose Significant in understanding the growing interest in sado-masochism is its endorsement by a figure of such eminence on the international Left as the French social theorist Michel Foucault. As a recent sympathetic biography by James Miller reveals, until his death from AIDS in 1984 Foucault had a passion for "gagging, piercing, cutting, electric-shocking, stretching on racks, imprisoning, branding ..." He surprised even his friends with the enthusiasm with which he embraced the sado-masochism scene once he discovered it, quickly acquiring an array of leather clothes, clamps, handcuffs, hoods, gags, whips and other 'sex toys'. This, remember, was the author of **Discipline and Punish** and **The History of Sexuality** — and many other works which sought to expose the uses of power in society. Despite the difficulty of his books, Foucault has had a profound influence on contemporary approaches to subjects as different as English and Anthropology.

Miller, by the way, has done his homework in researching this biography. In the discussion of Foucault's nether world he cites exemplars of the sado-masochistic

canon such as **The Catacombs: A Temple of the Butthole**, **Urban Aboriginals: A Celebration of Leathersexuality** and **The New Leatherman's Workbook: A Photo Illustrated Guide to Sado-Masochist Sex Devices**.

Poetic Licence Those familiar with the libretto of Mozart's **The Magic Flute** will know that it does not bear too much rational analysis. The same goes for "Mozart, Europe and Economic Rationalism" by Eden Liddellow in the winter issue of **Meanjin**. Maastricht, post-modernism, Thatcherism, Don Giovanni, they all get tangled up together but somehow refuse to connect. "The Market is a little like the stage of a Mozart opera," writes Liddellow. "The labour market appears in the roles of Papageno and Papagena, catching birds, having children, talking and eating too much. Or Figaro/Susanna, fighting, hiding, running errands and becoming hopelessly confused." Hopelessly confused, indeed! There's more: "Meanwhile, the Count and Countess, Tamino and Pamina, or Don Giovanni with his various women, talk about their emotions, move money and betray one another in their jeans and leather jackets. It's familiar [Is it?]. There are only two classes, high and low." Now, that's familiar! Liddellow tries again to forge the theoretical links: "The market has this singular transformative power. It is magic, pure fairytale, like Baroness Thatcher's 'economic miracle'. Metamorphosis fascinated Mozart ..." And on it rambles.

The article concludes with a plea by Liddellow "to persuade our representatives that the Economic Rats have cheated us ... Logocentric reason in its latter-day guise as economic rationalism/monetarism/neo-classicism/liberal revolution is of course **not true**: but many people do not think this **needs to be said**. They have forgotten the importance of speech acts ..." The chattering classes reduced to silence: now, that is something!

Scaling Down the Terror Historical revisionism is not confined to the far Right's questioning of the size of Hitler's carnage. Robert W. Thurston, Associate Professor at the University of California, Davis, has challenged the widely-accepted estimates of the extent of Stalin's crimes. The number of prisoners in the Soviet Gulag on the eve of World War II, he says, was not 7.8 million, but 1.5 million; the number of 'excess deaths' in the preceding 10 years was not 20 million, but a 'mere' 10-11 million.

The implications claimed by Thurston are revealing: "... the numbers have a great bearing on our understanding of Stalinism. Was it a 'system of terror'? The older, higher estimates of the death toll and Gulag population would perhaps indicate that it was; the new figures show that the scale of terror was much less than many previously thought ..."

Thurston's article is published in **Politics and Society**, which describes itself as "committed to developing Marxist, post-Marxist, and other radical perspectives and to examining what Robert Lynd once called 'some outrageous hypotheses'."

Republican Logic "There is an urgency to declare Australia a Republic," declares Al Grassby in a media release announcing his new book, **The Australian Republic**. "And the urgency has nothing to do with giving our head of state a new title. If there was ever any doubt about the urgency it has been surely demonstrated by the tragic recession which has thrown one million Australians on the scrap heap of unemployment — a recession which was the direct result of colonial capitulation to overseas ideas."

Sterile World The anti-hunting lobby is gaining ground in America, but is not helped by spokesmen such as Cleveland Amory, who represents the Fund for Animals. Amory believes that not only should animals be protected from humans, but also from each other. In the ideal world, he told **The Economist**, "prey will be separated from predator and there will be no over-population or starvation because all will be controlled by sterilization and implant."

Suspension of Principle After receiving advice that its actions may constitute discrimination, the University of Southern Queensland has dropped its plan to make 1994 a year in which tenure will be offered only to women. But discrimination is precisely what the supporters of the plan want. The Union of Australian College Academics organized a stop-work meeting in support of the affirmative action plan and has recommended that exemptions be sought from the Human Rights and Equal Opportunity Commission and the Anti-Discrimination Committee so that the university would be free to implement women-only tenure for 1994.

One of the most vocal critics of the University's back-down is Senator Margaret Reynolds, who told **The Australian** she was also considering a quota system for female candidates in the pre-selection processes of the ALP. This, as she freely admits, would "discriminate in favour of the old girls ..." As for academia, the Senator says: "It doesn't really matter how it's done as long as by the end of this decade we can see many more women in the upper echelons of our universities."



From Melting Pot to Salad Bowl

NEIL McINNES

BECAUSE France's traditional policy of rapid assimilation of immigrants has broken down, for the time being at least, Paris newspapers nowadays have a daily dose of racial incidents and ethnic strife. One such story that ran in July has stuck in my mind. A girl of 16 or 17 was found murdered by a road near Colmar. She had been smothered and thrown into a ditch like a dead kitten. The police were not long in arresting her killers, who were her own father and brother, two Turkish workers at a nearby car factory. They explained that the girl had betrayed Turkish culture by going out with boys after school; true, they were Muslim boys, but they were assimilated North Africans. Only death could expiate her crime against Turkish customs.

In this modern parable, the girl represents the wishes of most children of immigrants (and probably all of their children in turn), the desire if not to assimilate at least to integrate, to do what one's peers are doing — in this case, to go to discos with boys. Her stern family represents what has been called since the 1970s 'multiculturalism', the desire to keep separate and uncontaminated the customs and prejudices of each ethnic group, somewhat lavishly described as its 'culture'. Our local multiculturalists would no doubt disapprove of this Turkish family's actions, but they

BOOKS IN REVIEW



Chandran Kukathas (ed.),
*Multicultural Citizens: The
Philosophy and Politics of Identity*

Centre for Independent Studies

would be bound to sympathize with its motives, since these lie behind the very policy they promote.

For multiculturalism is a policy, not a description of a society. The Canadians, who were obliged to invent it when the French Canadians insisted on bi-culturalism and the Indians and Inuit jumped on the bandwagon, officially define it this way: it is "recognition of the diverse cultures of a plural society based on three principles: we all have an ethnic origin (equality); all our cultures deserve respect (dignity); and cultural pluralism needs official support." Note the crass racism in the assumption that cultures and ethnic populations correspond one-to-one; i.e. the denial of universalist cultural causes like science and learning. Note, above all, the basic 'principle' of official

support, which means that governments must intervene in cultural affairs by way of legislation, patronage, subsidy and affirmative action, all in favour of such self-promoting ethnic groups as can wield political influence.

Before going into the arguments for or against such a policy, one might consider the fact that, like so many other government policies, it will probably fail of its purposes. In Australia at least, the economic pressures favouring integration are enormous and are felt keenly by the first generation of immigrants; their children and succeeding generations continue to feel them along with growing social pressure for outright assimilation. For an individual or a community to refuse integration into surrounding economic and social life is to buy a ticket to deprivation, alienation and subjection. The notion of an Australian society consisting of the addition of a Chinatown here, an Amish settlement there, and an Arab ghetto yonder is fanciful. Even the bilingual compromise — public conformity and private ethnicity — becomes increasingly difficult as the generations pass; witness the deliquescence of Judaism in the USA and here, to name one of the most admirably tenacious of particularisms.

The most that could be said for multicultural policy is that it can provide an optional support for the first generation of immigrants. If they do not need it, they must be free to spurn

Dr Neil McInnes was formerly Deputy Secretary of the Department of Prime Minister and Cabinet.

it; while for their children it is always a social hindrance. The ambition to turn the melting pot into a salad bowl soon fades in the glare of Australian secularism, hedonism, conformism and sociability. That the locals are influenced reciprocally is obvious, but that influence concerns superficial matters such as food. (When Australians are asked how post-war immigration has changed the country, they always mention food and restaurants, and then run dry.)

Assimilation Undermined

If the forces of integration are so powerful, why then is assimilation in crisis in such countries as the USA and France, to the point where critics are saying it has failed and that one must accept the multicultural compromise as permanent? There are two main causes. The first is the sheer magnitude of contemporary migrations. The second is misguided government policies that have slowed the pace of acculturation and which, although they pre-date the multicultural fad, could well be lumped under that heading today.

The fact is that several major Western countries have lost control of immigration. The USA is receiving, in addition to one million legal migrants a year, at least 300,000 illegal immigrants, mostly from Latin America and most of them from Mexico. Estimates of the number of illegals in the country vary from four million to 10 million. France's situation, in proportion, is no better. These nations both have a proud record of resilient and tolerant assimilation and social promotion, but their resources, both material and psychological, have been swamped by the volume of current migration. There is nothing surprising in that, nor any reason to suppose the situation is irreversible; once they regain control of arrivals, traditional policies can be resumed.

What is surprising is that when Geoffrey Blainey some years ago raised the numerical issue in regard to Australian immigration, he was howled down as though he had said something indecent. It is typical of our innumerate intellectuals and journalists that they



Cultural diversity? Not in Japan.

resent the application of numbers to any social problems; that is 'obscene' or 'economic rationalism', to use their favourite fatuities. It might have been factually incorrect in 1984 to say that too many Asian migrants were arriving in Australia, but it cannot be wrong to suggest that there is a social, psychological limit to the pace and volume of immigration in general and of certain migrant streams in particular. Certainly, America's immigration problem right now is "too many Mexicans," and that is one reason why assimilation has broken down and why the newcomers are being offered the second-best accommodation, known as multiculturalism.

The other cause is deliberately slowed acculturation, notably Spanish-English bilingualism, i.e. the acceptance of Spanish alongside English as an official language. This policy was sold to Congress and the American people 30 years ago as a way to facilitate the transition to English speaking and to improve the education of Hispanics. In reality, as Lawrence E. Harrison has

shown,¹ the Hispanics have been held back from English and hence from mainstream culture and employment:

"Isolation from the cultural mainstream is likely to have tragic consequences for human beings: a sense of alienation and resentment as well as disproportionate levels of poverty, welfare dependence, drug usage and crime ... Bilingual education is a major impediment to acculturation."

Thus multiculturalism, by discouraging assimilation, claims to produce its own justification: migrants are dissuaded from integration and this is offered as proof that assimilation is unsuitable.

The tide may have begun to turn in the USA. In addition to calls to reassert control over immigration (which President Clinton has heeded, despite his electoral rhetoric), one now hears ancestral voices prophesying war on multiculturalism. James Kurth, who professes political science at Swarthmore College, forecasts two parallel struggles in "post-modern history": one that pits the ethnically homogeneous states of Japan and Germany (and the culturally homogeneous France, he might have added) against multinationalism, immigration and satellite-supported media culture; the other "a civil war within the United States between multicultural enterprises and mass entertainment on the one side, and national cultural and mass education on the other. For now, it appears that it will be the post-modern camp that will prevail. If so, the United States, in the traditional sense of the American people, and the US Government will not be the actors but rather the audience — or even the arena — of the post-modern world. They will become takers rather than makers of history." In other words, the survival of the nation-state depends on abandoning multiculturalism, restoring liberal education to all citizens, and restraining Rupert Murdoch.²

Defining Away the Problem

This apocalyptic tone would have sounded quite strange at a recent

Canberra conference on multiculturalism, of which the proceedings have just appeared in book form under the title *Multicultural Citizens: The Philosophy and Politics of Identity*. All the contributors who deal with multiculturalism are themselves recent immigrants and they are agreed that multiculturalism is a good thing. This apparent agreement depends, as so often at conferences, on each contributor defining it to suit himself. For instance, for Professor Hindess of the ANU, multiculturalism is just the normal condition of all societies: "States have always had to live with culturally diverse populations, including significant groups of foreign descent." But if Japan, to take a case one would have thought obvious to an Australian, is held to be culturally diverse just like Lebanon and Yugoslavia, words have become too slippery for discussion. But then Japan is never mentioned in this book!

Or again, the editor, Chandran Kukathas of the Australian Defence Force Academy (ADFA), gives his 'Idea of a Multicultural Society' as one designed "not to deal with the plurality of interests and values in society as they are manifested in particular groups or representatives, but rather to uphold particular individual rights and freedoms regardless of the particular interests or affiliations of the individuals." But, of course, that is just plain old assimilationist liberalism and has nothing to do with multiculturalism, which is about organized groups selling votes to politicians in exchange for subsidies and favours.

But Professor Ian McAllister, also of ADFA, tries a real Fine Cotton of a ring-in by claiming that acceptance of multiculturalism is shown by the fact that Australians, when polled, agree heartily with the propositions: "It's important that we make use of the skills and education of all immigrants" (73 per cent); "No matter whether Australians were born here or come from overseas they should all be given equal opportunities" (81 per cent); and "So long as a person is committed to Australia it doesn't matter what ethnic background they have" (62 per cent).

But such opinions are the essence of French assimilationism and do not demonstrate "overwhelming popular support for multiculturalism."

In contrast, Professor Hindess sees that multiculturalism consists in "the provision of public support for minority cultures" (i.e. handouts), but he objects to it as long as such minorities are defined in terms of ethnic origin, because he thinks any group that offers 'cultural diversity' should qualify for subsidies: "Associations of Buddhists or Gays should be regarded, at least in principle, as no less deserving of support than associations of Italians or Vietnamese."

**For an individual or a
community to refuse
integration ... is to buy a
ticket to deprivation,
alienation and subjection.**

Getting back to the real world, Professor Ramesh Thakur of Otago shows where this everybody-deserves-help policy leads by telling the story of the failure of affirmative action in India. It has bred conflict, perpetuated divisions and benefited the sharp-witted before the disadvantaged. Apart from rehearsing the classic case against positive discrimination, Professor Thakur is the only contributor who both gives multiculturalism a recognizable definition and squarely criticizes it:

"Cultural assimilation of the new migrants into the dominant mainstream may be a gradual or an enforced process. But for someone who has been traumatized by the experience of crossing a major cultural divide, a speedy integration into a new society and its dominant values may not necessarily be such a bad or unwelcome thing."

Speaking of his experience as an immigrant into Canada, Professor

Thakur says:

"By being officially hostile to assimilation, Canada forces newcomers to be expatriates rather than immigrants. The mosaic [Canadian code for multiculturalism] becomes a subtle policy instrument in the hands of 'true blood' Canadians for maintaining their distance from the new pretenders. Separateness is maintained, there is no cross-contamination, caste purity is not polluted."

In contrast, the immigrant into the American melting pot knows what to do to become an average American and he also knows he does not have to eradicate his ethnic identity if he prefers to remain a "hyphenated American."

Professor Thakur says the Blainey debate

"raised some important issues that should be dispassionately addressed. There may be limits to the absorptive capacity of a country. If the multicultural peace is fragile, then too rapid an intake of multi-ethnic migrants is likely to spark off sectarian explosions that will threaten the welfare of ethnic migrants already in the country. On balance, it is more important to ensure fair and equitable treatment to those already in than to insist on enlarging their proportion in the face of hostile opposition, even if the opposition is racist and ignorant. No government policy can afford to move too far ahead of grass-roots community attitudes."

It is a curious reflection on contemporary Australia that the only reason Professor Thakur can say such things without being vilified as racist is that he is Indian. ■

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1. Harrison, Lawrence E., 'America and Its Immigrants', *The National Interest*, Washington DC, Number 28, Summer 1992, p. 37.
 2. Kurth, James, 'The Post-Modern State', *The National Interest*, p. 26.

Drugs in Sport

The case against the ban

TERRY BLACK

THE MEDIA are guilty of giving a one-eyed view in favour of banning drugs in sport. This article balances the scales by rejecting the arguments used to justify the ban. That is not to say that the use of drugs in sport is recommended, but rather that free choice results in fairer contests and reduced health risks.

One of the two main reasons given for banning drugs is to make sporting contests fair. But were sporting contests unfair prior to the ban?

Athletes throughout history have tried to improve their performance. Even in Ancient Greece, athletes had trainers and special diets. Athletes have turned to every possible device to aid improvement, including coaching, high-altitude training, videos, vitamins, amino acids and drugs. Governments help by funding training facilities, overseas trips and sporting scholarships. The day of the natural athlete no longer exists, if it ever did. All athletes have been artificially produced as a result of training, diet, coaching and other factors. In this sense, performance-enhancing drugs are no different from other artificial devices.

There is little doubt that if the ban were lifted, usage of drugs would increase, particularly in sports demanding strength. But the greater the number of athletes who use a new training technique or a new diet or drugs, the less chance they have of gaining an edge on other competitors. Before the drug ban it is very likely, particularly at the highest level, that the benefits of training, diet and drugs cancelled out each other, leaving the athlete with the greatest natural ability as the winner. The ban on drugs changed all that. Because only some athletes abide by the rules, the drug ban benefits drug-users. It gives the

minority of athletes who continue to use drugs an unfair advantage. Removal of the ban will ensure that this unfair advantage is eliminated, because the greater the number of users, the less chance anyone has of gaining an edge.

The banning of drugs results in fair contests only if it ensures that no contestant is on drugs. Drug testing procedures sufficiently comprehensive and reliable to guarantee this are probably unattainable, given the incentives to come up with new undetectable drugs and masking drugs. No-one in the drug detecting industry could ever give such a guarantee.

Athletes' Health

Some readers will raise the objection that the increase in the number of users is undesirable because drugs are harmful to the health of athletes.

While the protection of the health of the athlete is the major reason provided for banning drugs in sport, it appears that there is no unambiguous answer to the question of whether banned drugs are harmful to health. The International Olympic Committee said anabolic steroids could have long-term detrimental effects on health. Various submissions to a 1989 Senate Inquiry¹ indicated doubt. For example, the Health Department of Western Australia said the long-term effects of the substances were unknown (p.52).

An explanation of this ambiguity is the lack of identification of dosage quantities. It is only when the quantity consumed exceeds a particular point that it constitutes a danger. Even known poisons are



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ineffective below a certain quantity. The Senate Inquiry's Interim Report expressed the view that "substances such as amino acids do not pose any health risk" (p.24). However, amino acids, vitamins and steroids are all dangerous to health if consumed in excessive quantities.

In order to protect the health of users, it is unnecessary to ban drugs: what is needed is knowledge of safe dosages. This has occurred with vitamins, which are packed with clear instructions on dosage and manufactured so that each tablet contains a safe quantity. Years ago, when vitamins were discovered, they were hailed as a wonder cure and, with lack of sound advice on dosage, some people suffered health problems through excess usage. Research changed that with the consequence that for decades consumers have purchased safe dosages. The economic incentives to pharmaceutical firms are such that they would facilitate this process occurring rapidly with steroids and other banned drugs.

The ban also denies athletes medical advice on side-effects from drugs such as steroids. If the ban were removed, the health of athletes could be medically monitored, with the likely result that medical problems would be few and relatively minor.

Critics of the legalization of drugs in sport point out that a number of athletes have died from drug usage. Examples include American footballer Lyle Alzado who died in 1992 apparently from excessive quantities of steroids, and a 23-year-old Australian body-builder who died of a heart attack attributed to steroids and a masking drug. It is important to realize that these deaths and others, together with numerous athletes suffering harmful side-effects, all occurred with a ban in force. The ban has failed to stop drug usage. It has failed to protect the lives and health of athletes, and in denying athletes access to medical advice it has contributed to the deaths of some.

With a ban in force athletes rely on the black market which supplies them with anabolic steroids produced for animals. These may not be fit for human consumption; they may well be contaminated and cause diseases such as hepatitis. Moreover, black-market suppliers charge high prices because of the high costs which the ban imposes. For example, pharmacists can face a life-time loss of their licence to practise if they dispense steroids. The opportunity to earn large profits attracts hardened criminals into the black market.

Also, the drug ban motivates athletes to turn to masking drugs, which may be as harmful as many of the drugs banned to 'protect' athletes. Perhaps athletes should not take masking drugs, but they do, and the only reason they do is to evade the ban on the use of performance-enhancing drugs.

The Failure of Prohibition

A parallel can be drawn with prohibition in the USA in the 1930s which failed to stop the supply of alcohol. All it achieved was the creation of a black market in which criminals, lured by high prices and high profits, supplied alcohol to consumers. When the ban was removed the criminals left the industry.

In the same way removal of the drug ban would allow reputable pharmaceutical manufacturers to produce hygienic products. They would have a strong incentive to conduct research to determine safe dosages as the economic rewards from supplying the worldwide demand for low-risk drugs would be enormous.

John Black, the former Chairman of the Senate Environment Committee and author of the interim and second Drugs in Sports reports, claims that athletes would not be safer if drugs were taken under strict medical supervision. In support of his claim he cites the former East European women's Olympic teams from the 1970s and 1980s. This example confuses the issue. The problem in the old East Germany of athletes having to take drugs is a problem of the political system in which the health of the individual is sacrificed for the glory of the state. Fortunately, East Germans are now free and the Russians are becoming so. My argument that athletes would be safer if drugs were taken under medical supervision applies to a free society. Clearly the millions of people who visit their doctor for all sorts of medical complaints believe they are better off with medical advice than without it. It would be surprising if athletes were different.

Some say that the ban should not be lifted because countries like the old East Germany force their athletes to take steroids. The recent detection of steroid use by a female Chinese swimmer has fuelled speculation that this communist regime has taken over from the East Germans with a state-controlled drug program. However, such countries will conduct such programs whether or not a ban exists. The ban has not deterred these countries, but it has given their athletes a huge advantage.

In the absence of a ban in free countries, athletes would be free to use or reject steroids or any other drug, just as they are now free to choose whether or not to use high-altitude training, to train in Australia, to travel overseas, etc. Each athlete will assess the costs and benefits of drug use and some will reject drugs. Steroids, for example, are not beneficial in some sports.

People who claim that athletes will be forced to use steroids consider only the existing high-risk steroids. They fail to see the reasons why these drugs are harmful: the black-market supply, the doctors and pharmacists who are not permitted to give advice and monitor the effect of consumption by users, the absence of information of safe dosages, and the consumption of dangerous masking drugs by users. Critics of drug use cannot see that reputable pharmaceutical companies would supply hygienic drugs manufactured for people, not animals; that research into safe dosages would occur as it has with vitamins; that research would occur to reduce harmful side-effects; or that doctors would be allowed to monitor carefully these side-effects.

It is a perverse and ironic outcome that a drug ban instituted to create fair competition, promotes unfair competition; and that a ban instituted to protect the health of athletes, greatly increases their health risks. ■

1. Interim Report of the Senate Standing Committee on the Environment, Recreation and the Arts, 1989.

Immigration's Cost is Overstated

Critics of immigration have exaggerated the impact of high immigration on urban costs.

IAN MOTT

RECENT immigration research has grossly overstated the budgetary, environmental and infrastructure costs of immigration, while clearly identifiable benefits have been ignored. The fundamental flaw in the analysis is the use of 'household formation' as a synonym for 'dwelling construction' when apportioning those costs. All the evidence indicates that, at least over the medium term, the two are unrelated. Failure to appreciate this fact has allowed a number of false assumptions and projections to slip through unchallenged. Indeed, the National Population Council (NPC), an independent advisory body to the Minister for Immigration, commissioned to examine the impact of population on the Australian economy, environment and infrastructure, has based most of its recent output on this non-existent relationship between household formation and dwelling construction.

In *Immigration and Housing in the Major Cities*,¹ the NPC made the astounding claim that a large immigration program would contribute to 91 per cent of dwelling construction in Sydney, up to the year 2001. If this were the case, the recent drop in migrant intake would have reduced current dwelling construction in Sydney by about 75 per cent. But construction has actually increased by six per cent this year, so the market for new dwellings is clearly not significantly affected by immigration. Yet, despite the evidence, assertions about migrants' impact on a range of urban pressures have been taken as proven.

Pursuing their faulty logic, critics of immigration claim that the unrecovered development cost to the state of \$50,000 for each new house lot is the up-front cost of each new migrant family. The simple message for bureaucrats and politicians who are struggling to come to terms with major budgetary constraints is that the easiest way to cut costs is to cut the immigration intake. But for this to be the case, one must believe that 'yuppies' build new houses in Cherrybrook because migrants have snapped up all the best two-bedroom flats in Marrickville. Applying this logic, the demand for new

BMW's would be contingent on the supply of second-hand Valiants.

In fact we know that most people build new houses, in new suburbs, because they do not want to live in old houses. Sixty-four per cent of new dwellings are built or bought by repeat purchasers, i.e. the existing population. Only the remaining 36 per cent can be attributed to natural population increase and immigration, the elements of new household formation. And, of course, only the most wealthy of new household formers can afford new houses. Most newly-marrieds and migrants rent or renovate existing houses. So most new dwelling construction, and all the problems associated with it, will, and does, take place regardless of the actual size of the immigration intake.

A major portion (28 per cent in 1992-93) of the migrant intake is family reunion of spouses, children and elderly parents who are additions to existing households not the creators of new ones.

Furthermore, it is possible, but unlikely, that a net migrant intake of over 330,000 could be entirely housed in the 90,000 deceased estate houses that are vacated each year and so make no contribution at all to dwelling construction.

In general, migrants have retarded the depopulation of older suburbs, reducing the impact of the 'doughnut effect'. They are the major renovators who extend the life of the existing housing stock. And they have maintained the viability and value of existing infrastructure. Ethnic mapping makes it clear that migrants are under-represented in the high growth areas like the Gold Coast where environmental, infrastructure and budgetary pressures are the greatest.

The 'natural increase' element of population growth, i.e. the locally born, has a more than proportionate share in the production of urban socio-economic 'costs', while migrants, through more efficient use of our existing capital, actually enhance our ability to meet these costs.

It is rather curious, then, that the NPC takes no account

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of these matters. One would have thought that the best way to determine the actual contribution of new migrants to new housing-related problems would be to identify the proportion of new migrants who actually reside in newly-constructed houses. Elaborate extrapolations from population increase, through household formation, to arrive, through implication only, at new dwelling construction and simple pro-rata allocation of socio-economic costs do not contribute to informed decision-making.

The NPC has also ignored the long-term impact of declining household size. For 42.5 per cent of all new household formation in Australia since 1952, the period of our greatest immigration intake, is directly attributable to the change in the number of people per household, from 3.7 in 1952 to 2.7 today. This produced an extra 1.75 million households during that time.

The other 2.4 million new households (57.5 per cent of the total) were the result of natural increase and immigration combined. So, given that migrants have made up 38.65 per cent of the population increase over the past 40 years, their contribution to new household formation could not exceed 22 per cent of the total increase in households, i.e. 38.6 per cent of the remaining 57.5 per cent of new households. The only way that this could feed through to a higher contribution to new dwelling construction is through a marked preference for new houses. So how did the National Population Council get it so wrong?

The NPC's Error

The NPC projected, under an immigration intake of 140,000 per annum, that in the 15 years from 1986 to 2001 there will be 423,200 new households formed in Sydney, and 91 per cent of them will be attributable to immigration.³ To arrive at this figure the NPC had to assume that none of Sydney's total migrant intake over 15 years would move from Sydney during that time. The total of all internal migration from Sydney was deducted from the 'natural increase' portion of population growth.

Worse, the NPC used entirely different household headship rates in comparing a zero immigration scenario with a net intake of 140,000 p.a. This understated the number of new households under the zero immigration scenario by 148,000, almost 10,000 p.a. The increase under the zero immigration scenario was deducted from the high intake scenario to determine what was supposed to be the number and percentage of new households that were attributable to immigration.

But why has a different headship rate been used when projecting for the same city, to the same date?

As mentioned earlier, all the existing evidence indicates that migrants actually increase the average headship rate rather than decrease it. Migrants are more likely to share accommodation, are far more likely to have two households in one dwelling, and are much more likely to have mature children or grandparents living in the one household.

So, if we forget for the moment all the other false assumptions, immigration would be responsible for only 238,000 of the projected 423,000 increase to 2001. This is only 56.2 per cent, a long way short of the NPC's figure of 91 per cent.

The figure for Melbourne is overstated by 104,000, so immigration will be responsible for less than 79,000 of the 245,000 increase there. This is only 32.2 per cent, an even greater departure from the NPC's figure of 75 per cent.

The only way to determine the actual contribution of immigration to new housing-related socio-economic costs is through a detailed analysis of the status, length of residency and age of dwelling in each of the cities concerned. Anything less is voodoo.

So what does all this mean for the State Governments concerned?

Implications for State Governments

The NPC has implied that the New South Wales Government, with a high migrant intake, must pay \$21 billion for the 423,000 new house blocks that will be required in Sydney by the year 2001. Ninety-one per cent of this sum, over \$19 billion, has been allocated as the cost of immigration. This amount has been overstated by at least \$7 billion.

For Victoria, the NPC has also allocated 75 per cent, or \$9.2 billion, as the cost of immigration of that Government's expected liability of \$12.2 billion. In fact, the actual amount will be well below \$3.9 billion or less than 32.2 per cent of the total.

So the contribution of immigration to housing-related socio-economic costs in the two major cities has been grossly overstated. Yet, in its subsequent publication, *Population Issues and Australia's Future*,⁴ the NPC has treated these assumptions as if they had been fully validated.

More importantly, the NSW and Victorian State Governments, who have relied on the NPC's 'research' in their formation of policy, are under the mistaken impression that the current reduction in the migrant intake will have a significant impact on budgetary pressures. They should refocus their efforts to find real solutions.

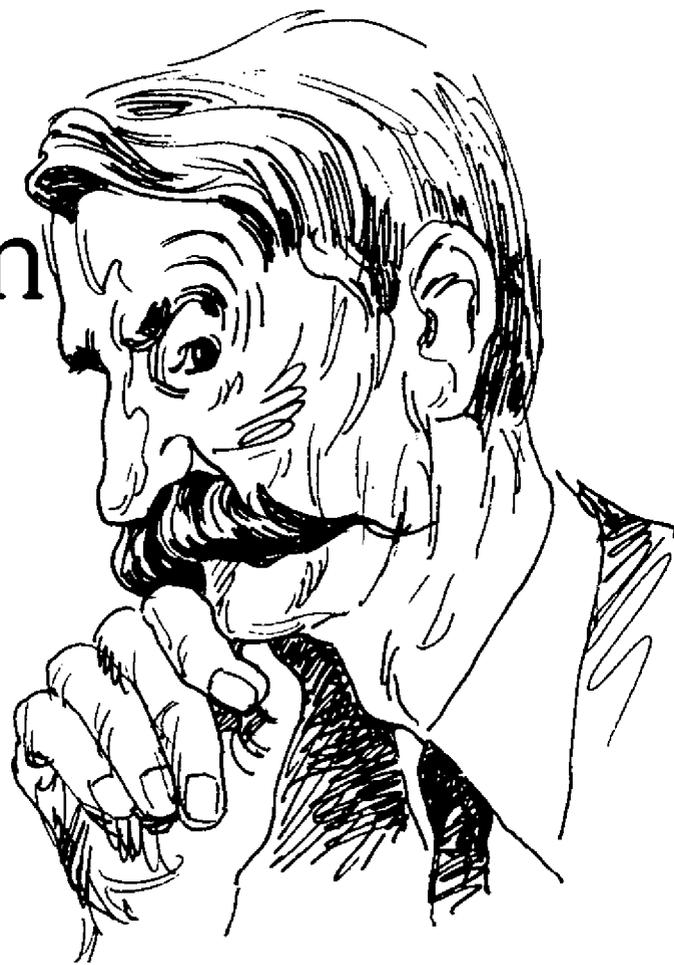
And the first evidence is already at hand to indicate that the NPC is, indeed, mistaken.

The Indicative Planning Council (IPC), on whose work the NPC has relied, had predicted that housing starts for the current year would fall below 150,000 on the basis of the recent large cut in immigration, but the actual national figure is about 159,000. Respected building industry analyst BIS Shrapnel has forecast that total commencements would increase to 172,000 in 1993-94, two years after the big cuts in immigration. Not surprisingly, they described these IPC forecasts as being "inconsistent with current trends and the likely economic conditions."⁵

There is an obvious need for a complete reappraisal of research in this area. ■

1. Birrell, R., *Immigration and Housing in the Major Cities*, AGPS, 1990, p. 34.
2. Bureau of Immigration Research, *Australia's Population Trends and Prospects*, AGPS, 1992.
3. Birrell, *op. cit.*, p. 37.
4. National Population Council, *Population Issues and Australia's Future*, AGPS, 1992, pp. 20-29.
5. Este, J., 'BIS remains bullish on housing starts despite wide pessimism', *The Australian*, 4 May 1993.

Rethinking the Australian Dream



PATRICK MORGAN

AS AUSTRALIANS we have generally believed in a group of ideas about our country called the Australian Dream: we like to think we have made a clean break from the past, and are free from the wrongs of the Old World; our continent is a *carte blanche* on which anything we desire can be imposed; we are an isolated, insulated, self-sufficient continent, which will produce in the future a paradise in the South Seas. In sum: we are different, unique and better. These are deeply held beliefs; but they are increasingly hard to sustain.

Australians are experiencing relative economic decline and they are finding it hard to face, not just because this is a new experience, but because it goes against an engrained belief that things should be getting better all the time. Anxiety about economic decline coincides with other fears about weakening social cohesion and lack of continuity with the past. People feel that the Old Australia is going down the drain. This causes quiet panic. To this fact there are generally two extreme, contrary reactions: to try to preserve the old values, or to ditch them.

Lamenting the passing of the Old Australia is the majority reaction. We want to cling to the old Australian Dream desperately and to shore it up. We had a paradise and it's being ruined. The more it's under threat, the more we reaffirm it. Internally some people and groups are seen to be unfairly milking the national cow (unlike in the past when people worked hard and wished to contribute to the nation), which externally means we are falling behind other economies. A vicious circle results: our standard of living is falling, and we don't as a community have the kind of a commitment to our nation which could restore it. Sir Joh Bjelke-Petersen tried to preserve his State as an oasis of the old values in the desert created by those who were selling out. This is an insular, Fortress Australia reaction, applied at a regional level. Although there is something in this view, it unhelpfully freezes us in the past, and can't evolve or adapt.

The other reaction is to despise ourselves. This reaction is shared only by a minority, but has superior access to public

opinion outlets. It calls for us to regard the Old Australia entirely as racist, imperialist, elitist, etc. We have fouled our own nest, it argues, by our mistreatment of Aborigines and the environment; we always lag behind overseas; we treat our immigrants as second-class citizens; we have never developed our own identity. John Pilger's TV series *The Last Dream* (1988) exemplified many of the views of the 'Australia as Failure' school. This adversary view of Australia is not only unfair, but dangerous for our future.

We should neither cling *holus bolus* to the past, nor discard the whole venture. We have the complex, subtle and difficult task of adapting the Australian Dream, discarding some parts, changing others and developing some, but in new ways. It is very hard for a nation to change its basic direction, even slowly, and it needs a conscious effort. This is made even more difficult with the 'debates' about Mabo and the republic swirling around us.

One symptom of our national fears is the way we face in time. For much of our past, believing ourselves to be a 'new country', we looked to the future; we believed in progress. But now the future presents itself as a worry; so we turn to the consolations of the past — to the nostalgia of family history or the folk museum, or to the horrors of the past, for example the massacres of Aborigines. We dwell on the greatness or awfulness of people and events in the olden days to avoid facing an insecure future. This is a typical reaction of people at times of failure. We saw a similar thing during the depression of the 1890s: fear of Asia (the Asian invasion scenario) and fear of the future led to the creation of a nostalgic myth of the "days

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when the world was wide," as well as reviving the memory of the horrors of the convict era. Instead, we need a balanced view, neither fossilizing nor denying our past, nor despairing of our future.

The Australian Dream, itself, must be fundamentally reviewed. Its image of Australia was never more than a part truth. It presents us discarding our European heritage and becoming new people as Australians. It also asserts that we can imprint any image we like on the virgin continent of Australia. But Australia was not a new start, nor a *carte blanche*. The Australian continent and its inhabitants, the Aborigines, had their own history, to which we were late entrants. Both our ancestral European past and this Australian presence had to be recognized, but they often weren't. Two entities, not too blanks, were coming into contact here, forming a new amalgam. Over recent decades there has been a gradual lessening of amnesia, and a recognition of these two existences. However, some of those who oppose the Mabo decision do not wish to acknowledge fully the position of the Aborigines. Some of those who push for a republic do not wish to acknowledge our ancestral past. In both cases there is denial. Both pasts need to be recognized.

Our national anthem inappropriately says "our home is girt by sea." This is a late-19th-century image of the sea as an amniotic fluid surrounding and protecting us from the outside world. We can no longer see ourselves as a place of escape from the rest of the world, a very strong and persistent drive in our psyche. The internal analogue of this is the drive to retreat inland, away, back, or into ourselves at the first sign of trouble or pressure. Because the idea of "getting away from it all" derives from the formative experience of migrating here, it is a deeply engrained cultural condition which prevents the harnessing of national energies. Overcoming the view that we can remain a self-sufficient, protected enclave is a precondition of economic revival.

Social Cohesion Threatened

A nation does need to have a common endeavour, and unifying symbols to express it. The emphasis on unity in the Australian Dream has to be maintained, though the basis of that unity may be different. At the moment we are suffering from the co-existence of a number of disintegrating factors. Here Mabo and the republican controversies work together: the republic promoters want us to declare ourselves sovereign, independent of British imperial dominance, and some Mabo advocates want to play the same card, arguing that Aborigines ought to declare themselves independent of Australian imperial dominance. In other words, pushing the republican argument to its logical conclusion means supporting Aboriginal sovereignty, a move fraught with danger to the Australian polity. (The flaw in the republican argument is that white Australians were not victims of the British colonial takeover of Australia in the way Aborigines were, but rather its co-agents and beneficiaries.)

In the political sphere Mabo and the republic are discussed separately, but in fact they are related. Both raise the question of who is to be included in the Australian polity and

on what terms. Both involve the Constitution — there is talk already of the constitutional changes involved in moving to a republic being used to include Mabo-related issues. When put together, the flaws in the arguments of those who, like Mr Keating, back both Mabo and the republic, become apparent. They argue that for British Australians their ethnicity is a shame, but for Aborigines it is a glory. British Australians must assimilate, but Aborigines are free not to.

These potentially fracturing forces co-exist with the despair syndrome, family breakdown, external political instability and our economic weakness. Together these threaten the cohesion we have. It is the wrong time to add more solvents.

When Paul Keating initiated his *One Nation* package on becoming Prime Minister, did he intend to unify the country? The debate on the republic was begun with an attack on England, saying we needed to break away from the Poms. This appeal to old Australian nationalism was a divisive and regressive move, made for short-term political ends, but damaging to our future cohesion and interests.

The Australian nationalists, associated with *The Bulletin*, set up the Australia versus England polarity last century. Australianness was a construct which was directed against everything British: if they were formal, we were to be informal; if their society was hierarchical, ours was to be egalitarian, etc. The nationalists believed that as soon as you stepped ashore in Australia you could immediately slough off your British past and start life afresh as a totally new person, an Australian. That was one stereotype. And they invented an equally improbable opposite caricature: that of the English person who is unaffected by Australia and acts as though he/she were still in England. Why was this division thought up so late in the picture, half way through our short history? The original Australian Dream of a self-sufficient paradise in the South Seas was not coming about, people had to cast around for an enemy, and as a result the British-Australian contingent were blamed.

This division is not based on a deep feeling within us — it's just that over a century we have fooled ourselves into believing that it is. In reality, as in any immigrant nation, we are all mixtures in our lives and in our personalities of origins (Europe) and novelty (Australia). Instead of observing and welcoming the gradual, inevitable fusion of origin and novelty within us, we have put them at odds, and demanded a choice be made between them. Examples of the mixture were common in the 19th century. Even the nationalists called on the despised British to defend our continent from perceived Asian perils — this contradiction did not worry, nor even occur, to them. Mary Grant Bruce's novels were immensely popular because they blended both traditions into a new whole attractive to readers between the wars. The mateship larrikin Jack Meredith, the hero of *My Brother Jack*, emerged out of a British Empire household. The demeanour of Prime Ministers John Gorton and Bob Hawke revealed both patrician and larrikin traits.

The striking thing about Australian life this century is not how the two groups differentiated themselves from each other (as today's republicans claim), but how they blended together. Propagandists kept verbally insisting on our differences against the tide of events. Russell Ward, usually seen as a

nationalist spokesman, understood this when he wrote in 1969, 10 years after his book *The Australian Legend*:

“Of course these two opposing concepts of nationality are not in practice mutually exclusive. There has probably never been an Australian who did not in varying degrees harbour both sentiments at one and the same time. Yet they are theoretically opposites and, in proportion as one or the other sentiment at different times resulted in action, they have caused our history to change direction.”

One problem is that the British Australian tradition has never been properly acknowledged. Sir Robert Menzies embodied it, but it has not been fully spelt out, with a few exceptions like the historian Paul De Serville's studies of Victorian gentry *Port Phillip Gentlemen and Pounds and Pedigrees*. It is equal in importance to the 'nationalist' one, but has always been derided as un-Australian. There have been plenty of studies on the *Bulletin* nationalist school, but no equivalent study of the British Australian strain in the writings of a line of authors from Catherine Spence, through Henry Kingsley, Rolf Boldrewood, Norman Lindsay, Mary Grant Bruce, Henry Handel Richardson to Martin Boyd. This puts things out of balance. Both Australian nationalism and the British Australian view are equally arguable, but equally incomplete, views of Australia — neither can ever constitute the whole picture.

Class Hatred Updated

It was therefore a regressive step for Prime Minister Keating to raise the anti-British spectre. His action was like a cosmetic surgeon causing incisions and wounds where there was none. On becoming Prime Minister he was trapped economically, so he deployed cultural nationalism as a political weapon (highlighting Gallipoli, Kokoda, the diversion of our returning troops to Burma in World War II, and the republic issue) to kick 'the Pommy can' and get the Labor heartland vote back at election time. This was a danger to our national cohesion, since our future depends on forgetting these antique and unimportant 'divisions', and facing the limitations of the Australian Dream, which diminish us all, together.

How hollow the catch-cry "One Nation" was revealed to be when Keating on election eve adapted a bitter, Manning Clark-style phrasing to rule the Liberals outside the Australian commonalty:

“We've got the Neanderthals, as I said a few times, 'the revenge of the narks'. The narks are trying to wreak their revenge upon us; [they are] the straighteners and the punishers.”

This is not normal rhetoric. Malcolm Turnbull has similarly said that the republican debate was a choice between “an intelligent and an unintelligent party.” Saying that you are life-affirming and your opponents life-denying is an updated version of the class hatred of the 1890s nationalists, who called

their opponents anti-Australian.

The rhetoric shows, moreover, that it is the republicans who are today's establishment. Like any privileged elite, they indulge in the luxury of not recognizing the status of their opponents. After years of having public opinion formers supporting them, it is false consciousness for them to adopt the posture of a disenfranchised victim group valiantly struggling against the old British-Australian establishment.

We have to accept what has been bequeathed to us. We can't change the past. There cannot be a pure nation — that is, one with only a single set of desired characteristics. Nations are layered strata containing residues of all that has gone before them. In the 19th century some Irish nationalists tried to erect a pure Ireland, with no British admixtures, which they called Irish Ireland. But this was impossible, since the British had been in Ireland for many centuries, and had changed things irredeemably. Irish Ireland no longer existed. Ireland was now a new entity, which included for ever some British strains. Similarly, and more so, with Australia. Moreover, the Irish in Australia were never victims of the British in anything like the way they were in Ireland; overall they have been one of the beneficiaries of the British settlement of Australia.

The behaviour patterns stamped on the national psyche by the nationalists are being mimicked by present-day groups. The basic nationalist fallacy was that an elite can determine by fiat who constitutes the Australian polity. They said their pure Australia was inevitable, but when it didn't arise spontaneously, they formed the ALP to bring it about. Today's republicans said the republic was inevitable, but now that it isn't, they call for the formation of a popularist movement to direct us towards it. The contradictory notion that genuinely popular movements can be formed from above fits the elitist pattern.

The nationalists' conflict model has legitimized the spokesmen for multiculturalism, a similarly unrepresentative group, who deny and delay the natural processes of blending by deriding Australia's old 'Anglo-Celtic' group as an establishment, just as the nationalists caused division by attacking the British as an establishment a century ago.

There is a unified cultural entity in Australia; it is an amalgam of its constituents, which changes over time. Originally it was a British Isles mix. The mix, not the exclusivist *Bulletin* school version, was the real Australia. Then since World War II, Northern and Southern European, Middle Eastern and different Asian groups have joined in, each becoming part of the amalgam and subtly changing it too. This is how things works in practice. The extent to which the Aborigines are part of the mix is a vexed and unresolved question which is central to the Mabo debate.

Cutting out the Union Jack from the flag is a throwback to the behaviour of the 19th century nationalists, who tried to deny the past. The past happened and we can't change it. We can cut the Union Jack out of the flag, but we can't change what it recognizes — that Britain, not France nor Ireland nor Portugal, founded European Australia. We have wasted a century on a pseudo-debate on the supposed antagonism between Britain and Australia, and with more pressing problems demanding our attention, we can't afford to fritter away another. ■



A capacity audience of 350 attended the Victorian Arts Centre on 12 October to hear Geoffrey Blainey and celebrate the IPA's 50th anniversary. Professor Blainey's speech begins opposite.



50 Years Back, 20 Years On

How has Australia changed since the War? What underlies our loss of economic vigour in the last 25 years? Australians today are better off than Australians of 50 years ago, but difficulties lie ahead. Widely regarded as Australia's finest historian, Geoffrey Blainey is Emeritus Professor of History at the University of Melbourne and the author of works including *The Tyranny of Distance*, *Triumph of the Nomads*, *The Causes of War*, and *The Great Seesaw*.

GEOFFREY BLAINEY

FIFTY YEARS AGO Australia was at war. The turning point of the war had been reached a year previously, with the Japanese advance halted largely through simultaneous sea and air battles, and the German advance halted deep inside the Soviet Union. But those Australians living in 1943 were far from as certain as we are of the result of that War.

Inside Australia, the Labor Party under John Curtin ruled from Canberra. Labor had returned after the best part of a quarter of a century in the political desert. The Coalition was in a daze, having just been trounced in the federal election. Many goods and services in Australia, ranging from meat to petrol and interstate travel, were rationed, and nearly every activity was regulated. But there was full employment of a kind not seen perhaps since the boom of the 1880s. It was in that unusual wartime Australia, full of uncertainties, that the Institute of Public Affairs was born.

What can one say, in a few sentences, about the following 50 years? They can be divided into roughly two periods, each of 25 years; and how different they were. The first period often astonished – as did the second – those who watched it unfold. In the last years of the War a post-war slump was widely feared as inevitable. It did not arrive. Instead full employment continued year after year until it was taken for granted. There was to be a political sensation in 1961 when Mr Menzies was lucky to win the federal election – he did not win until the very end of the counting of votes in Mr Killen's seat in Queensland. Menzies was almost flung from power, because people were shocked that unemployment had reached two per cent. Now they are not surprised when it reaches 12 per cent.

A decade of large-scale immigration and big national projects, the 1950s sometimes put heavy strain on the balance of payments. The strain – unlike a comparable strain in the 1980s – was tackled doggedly, indeed too doggedly. The heavy restrictions placed on imports injected a cosy inefficiency into many factories, thus handing a problem to Australians of later decades.

In this first post-war period the prosperity soared; we can measure how high it soared by glancing at life back in 1945. Then, at least half of the families in Australia did not own a refrigerator or a washing machine, though they did own an ice chest or coolgardie and a clothesline which every Monday morning flapped with the washing hung out to dry. The average family did not own a car and did not go away for a holiday longer than one day, unless they stayed with relatives. At least half of the families in Australia probably did not eat once in a restaurant in the space of five years – unless it was a wedding breakfast. At least half of the families in Australia did not have one relative who had reached the final year of secondary school. So much of that was changed by the surge of prosperity in the 1950s and 1960s: primarily the Menzies era.

Looking back at those 25 years (1943 to 1968) it is fair to offer this comment. The World War, its destructiveness and the scarcities it created, provided much of the impetus for economic vigour. Australia after the War was in a position to export scarce goods – foods, fibres, minerals – to a world clamouring for them.

At the same time Australia itself was rejuvenated in spirit. It is almost as if the twin shocks of the world depression of the early 1930s and the war crisis of the early 1940s gave the

AUSTRALIA THEN AND NOW

Population:

8,315,791 (1950)
17,528,982 (1992)

University students:

30,630 (1950) 
534,538 (1991 Higher Education)

Books published

745 (1950)
10,973 (1990)



nation new goals and a new determination. Everyone agreed that the population of seven million must be quickly increased so that Australia would be capable of defending itself when the next threat arose. The manufacturing base must be strengthened: self-sufficiency was the goal. Outside enemies — the chief was communism — must be carefully watched. A higher standard of living must be achieved. A reasonable level of fairness must be attained. The great majority of Australians shared all those goals, their own disagreement being how far the government should intervene and regulate and nationalize.

Of course there were failures and failings, but the period as a whole makes our era seem abject. A nation with a reasonable degree of shared goals, whether Japan or Singapore or Germany, is likely to do far better economically than a divided nation. In that period Australians for the most part had common goals.

Since 1968

In the second post-war period, the quarter-century since 1968 (and that is only a rough benchmark), we have not done so well. Economically we have declined, especially when compared to many of the nations with which we like to compare ourselves.

Some of the causes of our decline lie in economic policy. The cultural causes of decline are also powerful. The success of the first post-war period made us cocky. Success often carries the seeds of failure. It was increasingly believed that the economy was a jumbo jet that could carry a crowd of non-paying passengers and make costly joy rides. Mr McMahon was an early pilot, Mr Whitlam was a notable pilot; and we all know who now sits in the seat.

If I had to list the cultural causes of our decline I would include the complacency born of the prosperity of the Menzies era. It seemed so effortless, in retrospect. In the 1970s national goals became more varied and more contradictory, and at times prosperity was not a goal: it was taken for granted. There arose a cargo-cult attitude to mineral wealth, and even the best-informed circles began to accept that endlessly-chanted piece of nonsense that luck was more important than effort in mineral development. Mining was becoming probably the most efficient of the major industries in Australia but that escaped attention because mining employed so few people.

It was increasingly believed that job creation was more important than wealth creation. Mr Hawke won at least one federal election mainly by appealing to that myth. Anyone can create jobs, especially short-term jobs. Paying for them is the problem; and the nation is now paying. In some of the boardrooms of the private sector the entrepreneur was playing another version of the same spectator sport by becoming a towering figure of economic life while contributing nothing to the economy. From the mid-1980s the economy became a spectator sport.

Another cultural influence on Australia's poor

economic performance was the increasing isolation of the big cities from the remote countryside and the outback. In some ways the outback is still carrying the cities and the cities don't even know it. In addition there was the increasing isolation of Canberra from the problems of the nation as a whole.

Australia in recent decades has also suffered from the suspicion, in schools and certain departments of universities, towards new technology. Perhaps no nation in the world has owed more of its economic success to the application of new ideas, skills, machines — in short to the application of new technology — but in too many of the history books taught in schools, the busy legislator was mistakenly enthroned as the creator of jobs, while the technologist was the busy destroyer of jobs and the environment as well. Higher education is the home of some of these myths. Perhaps only a severe shock can dislodge some of these powerful enemies of prosperity from their high chairs in the nation's nursery. Alas, the shock is not yet strong enough.

Poor economic policies have hurt the nation. Perhaps cultural attitudes have been even more damaging; moreover they can't so easily be altered, because the heartland of some of these attitudes is grade three of primary school and day-long television.

The Next 20 Years

I take just three topics.

Global Unemployment

It is rash to predict. Who in 1970, for example, would have predicted that the decade ahead would experience Australia's highest inflation in two centuries? Let me, nevertheless, be rash.

It is widely predicted that the world is now in a long phase of unemployment that will go well into the 21st century and perhaps embrace much of the working life of those now leaving school or university. I am reluctant to accept this argument. New technology and the efficiency-hunters are widely seen as the destroyers of jobs. In part they are. But in the long term, new technology is much more the creator than the destroyer of jobs. We do not know where most of the new jobs will be. Those unemployed in 1900 did not know where the new jobs would be but somehow they were created. Most who are here tonight work in jobs which in 1900 formed a small proportion of the work-force or did not even exist.

Australia's Economy

On present indications we could well continue to decline. Put in another way, Australia might well continue to decline relative to other nations. On some of the economic fronts you see good news, and even great news, but it is not

AUSTRALIA THEN AND NOW

Bankruptcies:

414 (1949-50)

16,780 (1991-92)

Growth of GDP:

8.0% (1950)

3.3% (1993)

Infant mortality:

(per 1,000 live births)

24.47 (1950)

7.0 (1992)



enough. The short-term danger is that when the world economy recovers we will climb to the first stage of recovery but halt there because the foreign debt explodes again. The long-term danger is that we will just continue to decline ever so slowly, the decline disguised and made less painful by the natural advantages of Australia's way of life: the space, the freedoms, the climate, the endless chances for leisure. But those advantages are meagre if they can't be defended. The nation could eventually enter a dangerous period. In the long term, Canberra's prediction that Australia will become part of Asia might be all too true. Economic decline sometimes ends in political feebleness or collapse. But the economic decline can be halted, if we have the commonsense and the will-power.

Mabo

It may well be that the thorniest topic facing Australia in the next 20 years is Mabo. A pithy four-letter word, Mabo has become a form of shorthand for a topic that is very difficult to discuss. It should have been a key issue at the last federal election but Mr Keating labelled discussion of it, unless on his terms, as "racist"; and too many members of the Canberra media quietly took his side. Mr Keating raised Aboriginal expectations even higher, in speeches after the election, but they were already high. He of all people should welcome discussion, because this topic more than any other is likely to make or break him.

On present indications the sorting out of Mabo could well take 20 years. If so, it will do immense harm to Australia's economy and social fabric, and not least it will harm the standing of Aborigines. The other danger is that in the long term it will become an international issue in which Australia's sovereignty and even its territorial integrity are at stake. Some Aboriginal leaders have already made that threat. They have been aided by a succession of statements from our nation's leaders who are only too glad to appeal to world opinion for short-term political ends. Several justices of the High Court, in the Mabo judgment, also cast doubts on Australia's legitimacy as a nation, though clouding their meaning with double talk.

There is every reason under the sun why Australia should do as much as possible to improve the way of life and opportunities of Aborigines. But there is no excuse for Australians, black or white or brown, judges or ministers or human-rights officials, casting doubts on their own nation's legitimacy.

Aborigines' rights and the rights of the other 98 per cent of Australians are a matter for Australians to solve, as fairly as possible, in their own way; and those who doubt their nation's sovereignty or, when they seem like losing, call on international opinion to interfere, do harm to the nation's independence, and endanger its future.

Some people in high places say Australia will remain

illegitimate or be branded as guilty until a treaty is signed with Aborigines or until lands are given to them on a massive scale. I do not subscribe to this selective black-armband view of Australia's history. There have been many unjust episodes in our history, as in the history of every land, and even in the history of Aboriginal Australia, before 1788. It is time we realized that Australia's modern history has more fairness in it than has the history of a great majority of lands. Admittedly, Aborigines were treated harshly in some phases of Australian history but an enormous attempt has been made in the last 20 years to try to be fair to Aborigines. Few minorities in the history of the world have been so singled out for benefits in a 20-year period. Certainly no minority in South-East Asia has been so favoured by its home government — unless the home government happens to belong to the favoured minority.

This policy of affirmative goodwill towards Aborigines, or 'reparations' as some see them, has been in the nation's interest. But it is not in the nation's and Aborigines' interest, if this enormous effort is denigrated or dismissed. For some of these generous policies the nation is already paying a high price. The huge area of land already awarded to Aborigines, and the discriminatory terms on which that land was awarded, have actually done harm to large areas of the Northern Territory while giving pleasure to the small groups of Aborigines living there. Through federal policies, the Northern Territory is close to an economic disgrace. By locking up many potential export projects, this version of Aboriginal land rights has tended to aggravate the economic plight of all Australians.

Many Aborigines understandably believe that their lot should be far better: they resent money being wasted by a massive bureaucracy and the attribution of that sum to Aboriginal welfare. They are conscious of past slights and grievances. At the same time it would be salutary if the Senate, before it passed a Mabo bill, set up a select committee simply to assess what had been done in the name of Aborigines' well-being in the last 20 years: a committee to assess which policies had succeeded and which had failed, and to identify what was probably too costly for the nation and what was too costly for the Aborigines. We are rushing into new legislation without even seeing what the old has achieved, or failed to achieve.

Mabo, ineptly applied, will give much to 20,000 or 30,000 Aborigines but impose heavy burdens on all other Australians, including most Aborigines. It could even run the danger of permanently dividing the nation, if it is poorly handled or is the precursor of yet another log of claims.

* * *

So today, as Australians, we face difficulties; but we also have remarkable opportunities if only we seize them. We are so much better off than the Australians of 1943. We are better off partly because that generation, a mere seven million of them, climbed high mountains and pulled us up behind them. ■

AUSTRALIA THEN AND NOW

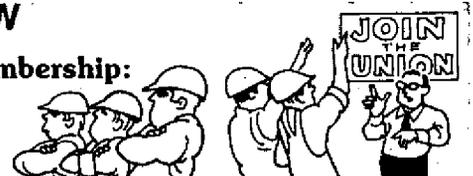
Unemployment:

0.8% (1950-51) ■
10.9% (1993)



Trade union membership:

63.0% (1950)
39.6% (1992)



Amidst Prosperity, the Poverty of Public Debate

In some ways the high expectations of Australians in the immediate post-war period have been exceeded by the fruits of progress. But, at the same time, the quality of democratic life has been eroded by the tyranny of political correctness and the trivializing of politics by television.

AUSTIN GOUGH

AUSTRALIANS entered the immediate post-war period with high expectations. The re-election of Chifley in 1946 had none of the excitement of the post-war British election, but there was, nevertheless, a powerful sense of optimism.

For the post-war generation the Depression had been at least as much of a formative experience as the War itself, and there was a very widespread hope that never again would Australia have to endure such a period of waste, disappointment and crisis. The War had drawn a line across the grim ledger of the 1930s. Young men who might otherwise have tramped the streets for year after year, looking for ill-paid jobs as clerks or shop assistants, had found themselves after 1939 commanding fighter squadrons and infantry companies and had seen extremes of good and evil which had expanded their intellectual and political horizons. For women, the War had created opportunities for playing unexpected roles and taking on new identities, and although most women of that generation went back without much regret to suburban domesticity afterwards, they had a keener sense of what was possible for their daughters; girls born after 1945 had much more chance of support from their mothers in choosing less traditional careers, and many of them were to find their parents surprisingly tolerant of their gestures of emancipation in

the 1960s. Australians began the post-war years with confidence in a future of expanding prosperity and expanding personal freedom, and confidence especially in the democratic parliamentary system which had emerged from the War in remarkably good shape, healthier and better organized than it had been in the 1930s.

In material terms Australia has been a success, although there is a paradox worth noting: while ordinary wage-earners have had access to houses, cars, household equipment, civic infrastructure and medical science of a quality hardly imaginable in 1946, they have had to work very hard to pay for them because of the burden imposed on taxpayers by big government. It was generally expected after 1945 that the high taxes levied to finance the War would be allowed to settle back gradually to peacetime levels, and that the vast bureaucracy assembled to manage the war effort would no longer be necessary. But the coming of peace made no difference. The great regulatory bureaucracies went on expanding like galaxies after the Big Bang, and had no difficulty finding fields in which to exercise their dismal talents. They have continued to grow steadily, if anything slightly out-running Northcote Parkinson's calculation that administration expands by at least five per cent per annum irrespective of its responsibilities; curiously, although Australians always express the most

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AUSTRALIA THEN AND NOW

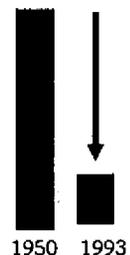
Divorces:
7,358 (1950)
45,630 (1991)

Suicides (per 100,000 population):
9.3 (1950)
14.0 (1991)

Australians who own or are purchasing their own home:
53% (1947)
72% (1990)



Inflation:
8.4% (1950)
1.9% (1993)



complete scepticism at the idea that big government can ever do anything efficiently or at a reasonable cost, they continue to urge their governments to do more, to be more active, to stimulate this and forbid that. As a result, government in Australia eats up between 35 and 40 per cent of GDP, and the inflated bureaucracy has to be supported by taxing average income-earners at rates originally levied on the wealthier classes in a wartime emergency.

The Reporting of Public Affairs

The nature of our engagement with government has changed in the past 50 years. There is no doubt that as citizens of a parliamentary democracy we are now much better informed. To read once again through the newspapers of the late '40s is a strange experience: by modern standards they carried very little news, especially foreign news, and they seem almost devoid of political comment. A typical issue of *The Sydney Morning Herald* or *The Age* in 1949 carried 40 columns of news, of which about 12 were devoted to overseas events. Apart from the editorials, there were none of the columnists and commentators who were to appear much later, in the '60s. Politicians were hardly subjected to scrutiny at all; even the Budget went virtually unreported in detail. Radio news bulletins were skimpy: the ABC had 15 minutes at 7:00, 15 minutes at 9:00, and a 20-minute bulletin at 11:00 pm, and there was a 10-minute news commentary once a day. Commercial radio news came in very brief bursts like telegrams. It was possible, certainly, to subscribe to overseas journals like *Time* or the *New Statesman*, but few people could afford the trouble and expense of doing this.

By contrast, each of the principal dailies now carries an average of 100 columns of news including 35 relating to foreign affairs; six or eight pages of financial and business news; features pages four times as big as anything appearing in the '40s; excellent letters pages; and at least 20 columns of serious discussion by well-informed commentators and specialists. The broadcast media, including talkback radio, produce a positive deluge of current affairs: with a little planning it would be possible to receive Australian and world news 24 hours a day. The leading newspapers, although they still lack the coverage of the best overseas press, have high standards of responsibility and represent a vast improvement over the level of knowledge available to the public 50 years ago.

Politics Trivialized

The majority of people, however, have come increasingly

to rely not on the printed word but on television, and television has developed in ways that could hardly have been predicted in the pre-television period. This is a massive commonplace, but massively important. As everyone agrees, television is potentially a superb medium for political education, and sometimes does this brilliantly; but at the same time it is an easy medium to manipulate. An ideologically bent producer can work miracles by the selective use of images and the suppression of inconvenient evidence, and by creating a subtle dislocation between questions and answers: we have learned to be sceptical about any television 'special' on an environmental issue, on organized crime, or, in particular, on anything to do with Australian history.

In our fourth decade of television, political life looks more and more like a branch of the entertainment industry.

But the real problem is that even at its best, television has been the main factor in a progressive distortion and trivialization of politics, because of the unsuitability of a visual medium for handling matters that have to be resolved by thought and discussion. The patient explanation of the arguments in a Treasury paper on indirect taxation, or the proceedings of a parliamentary sub-committee on foreign policy, fall hopelessly outside any possible definition of "good television." Television producers need an 'event', and they create the visual equivalent with clips of Prime Ministers striding along corridors surrounded by their minders, or with a 10-second vignette of a minister speaking half a sentence into a cluster of microphones: the effect is always that "something is happening."

Reality has to be edited and simplified to fit the extremely short attention span of television. Programs like *The 7:30 Report* work on the principle that it should be possible to dispose of any issue, no matter how convoluted, in a five-minute confrontation between two irreconcilable viewpoints: "I'm sorry, we'll have to leave it there" has become the quintessential phrase of modern current affairs. Even a more serious format like *Lateline* tries to deal in 15-minute segments with questions of immense complexity; the real comparison might be with 19th-century Britain, when any one of the issues taken up and discarded so brusquely by programs like *Lateline* would have produced 50-page articles full of statistics and

AUSTRALIA THEN AND NOW

Marginal tax rate on average income:

15.8% (1950)
38.0% (1993)



Cases of poliomyelitis notified:

2,206 (1950)
0 (1991)

Contribution of the rural sector to GDP:

26.1% (1950-51)
2.6% (1991-92)

Domestic airline passengers:

1,499,816 (1950)
18,014,000 (1992)



conceptual argument in all the leading quarterlies.

The corruption of political discourse is matched by the corruption of the electorate itself by the visual media. Fifty years ago, when we went to the movies once a week, who could have predicted a time when the average 20-year-old would have watched 50,000 hours of television, a fair proportion of it in the form of rock videos in which the obsessive jump-cutting encourages an effective attention span of one or two seconds? In our fourth decade of television, political life looks more and more like a branch of the entertainment industry, with politicians behaving like entertainers whose values are shaped by the demands of good television. A politician who

The coercive power of correct opinion in a democracy can be worse than the old-fashioned tyranny of kings.

insists on dealing with inherently non-visual matters is written off by every television producer in the country as boring and "unelectable." One cannot help looking back with enhanced respect at the austere politicians of the age of Chifley, who may not have been great statesmen — as Padraic McGuinness says, there was never a true golden age of Australian politics — but did their job seriously and with an almost cranky integrity.

Every development of televised current affairs in recent years has contributed towards a deeper public disillusionment with the institution of parliamentary government. The cameras concentrate on ministerial gestures, a prolific source of 'happenings', and ignore the day-to-day business of parliament except for Question Time which is pure theatre without real political content; and, increasingly, government policies and actions are conveyed to the viewers through interviews by media celebrities who are well-informed only in the sense of knowing a lot about what is being said in the Canberra press gallery.

The interviewers have come to regard themselves collectively as an ultimate house of review, but in reality they earn their reputations by their skill in making cabinet ministers and opposition leaders look foolish, evasive, incompetent and badly briefed. In a peculiarly Australian style (European and American interviewers are much better), each interview is a duel from which the losing party is not supposed to emerge with any credit; after watching a few hundred such programs

one can hardly avoid the uneasy impression that Australia is governed by buffoons and crooks.

Public cynicism about parliamentarians is becoming reminiscent of Germany under the Weimar Republic or France in the 1930s. Anecdotal evidence suggests that without compulsory voting there would be a calamitous fall in voter turnout. To a greater extent than at any previous time, excellent potential candidates are deterred from going into politics, and some of the most intelligent politicians I know would prefer to remain on the backbenches, with seats on one or two influential committees out of the public eye, rather than seek promotion to cabinet and have to face the strain of defending a policy decision in the bearpit of a television studio.

The Fate of Free Discussion

The parliamentary model of government rests on an assumption of free public debate, and representative democracy is not working properly if it has to accept forbidden areas, defined by some religious or political orthodoxy, where free debate is discouraged or even prohibited by law. Immediately after the War there was much impatience with the idea that a peacetime society needed any restrictions on the free exchange of opinions, however undesirable some of them may be. At a time when communism was desperately unpopular, the electorate was reluctant to vote to suppress it; and on its side the Communist Party itself lost a lot of members, especially around the universities, by trying to enforce a Stalinist clamp-down on free discussion.

It was generally expected that Australian society would become more relaxed about free speech as time went by — I have heard even officials of the book censorship division of Customs in the 1950s admitting, albeit grudgingly, that some such development was inevitable. People in the post-war years would have expressed incredulity if told that towards the end of the 20th century there would actually be more taboos to be observed, more areas where debate had to proceed tentatively for fear of infringing legislation and, compared to 1946, a much longer list of things regarded as simply unsayable, provocative or 'unhelpful'.

Distrust of free discussion has been one of the main legacies from the greatly admired decade of the '60s, a legacy cutting sharply across the flow of political development that might have been predicted in the post-war years. The current of toleration and compromise reversed itself suddenly in the mid-'60s when the younger generation in the Western world was swept by one of those waves of puritanism which periodically disrupt settled societies, in which all questions come

AUSTRALIA THEN AND NOW

Work-force participation of married women 35-44 years:

8.8% (1947)
71.3% (1991)



Total fertility rate (average number of children born to a woman during her lifetime):

3.1 (1947)
1.91 (1990)



Weeks of earnings on average wage to purchase a medium-class motor car:

81 (1952)
43 (1992)



to be seen as moral questions: in this mode, if you disagree with us you are not simply mistaken, but morally evil. Youth movements are inclined to see the world in terms of absolute good and evil, and to be exasperated by older generations who will persist in identifying distinctions, nuances and shades of grey. The intense moralism of "the Movement" came from a conjuncture of three factors: the unprecedented appearance of a youth culture with music and consumer goods aimed specifically at adolescents; the rather care-worn but optimistic permissiveness of the generation of parents whose own youth had been spent in depression and war; and the vast expansion of university education — at an age when previous generations had been in the work-force, a large number of young people in the '60s were held in a prolonged adolescence, especially in those university disciplines which encouraged a hostile analysis of 'bourgeois society'.

By the 1960s the familiar Australian wowerism and sectarianism were no longer tenable because of the widespread decline in religious belief, but the leaders of the youth movement replaced them with an unforgiving orthodoxy of another kind. Urging one another to "do your own thing", they all did the same thing. The zealots could not bear the thought of compromise or co-existence with regard to any of their main themes of anti-capitalism, anti-imperialism and Third World romanticism; like old-fashioned evangelists they could be satisfied only with total victories over Satan. It was an age of violent banners: "Smash Amerika!"; "Silence the slimy bourgeoisie!" I used to wish there were slogans for moderates to carry in demonstrations: "Deprecate imperialism!" or "Release IRA hunger strikers eventually!"

After a hiatus of 15 years or so, when it seemed that a lot of the black-and-white fanaticism had died away, we are now experiencing a revival of the fundamentalist zeal of the late '60s, often with the same personnel, who have carried out their long march through the institutions and are now in their mid-'40s. Once again, we have a wide range of topics where dissent from a politically correct position is not simply mistaken, but a clear sign of moral depravity. We are lectured and threatened by taxpayer-funded scolds and prophets: human rights and equal opportunity commissioners, anti-discrimination boards and sexual harassment monitors, land rights activists and spokespersons for deep-green environmentalism. Zeal-of-the-Land Busy (BA La Trobe 1970) marches through the political landscape, dispensing unutterable shame in all directions. Fifty years after the Second World War, can anyone imagine the ABC in 1993 commissioning a set of Boyer Lectures or a series of television documentaries which proposed to take a critical line on land rights and the Aboriginal Affairs

budget, multicultural separatism, third-wave feminism, the tendentious rhetoric of the green movement, or the deficiencies of the criminal justice system? Merely to make a list of these things seems in itself morally deplorable.

At the end of the 20th century we can appreciate the cogency of Tocqueville's obsession about 19th-century America, that the coercive power of correct opinion in a democracy can be worse than the old-fashioned tyranny of kings. Tocqueville and other liberal theorists of his time placed great reliance in the concept of an independent class. In the Australian context, is it altogether utopian to envisage an independent force — not a body, a group, or a party; no more than a stratum — made up of people who are secure enough in their expectations to be able to defy the currents that are eroding the foundations of political life, to ignore political correctness, to discuss what needs to be discussed, and to keep up a critique of our political style that might encourage the politicians to emancipate themselves from the demands of television? Unless a force of this kind exerts itself, politics in Australia will drift increasingly into frivolity and irrelevance as we move towards the end of the century.

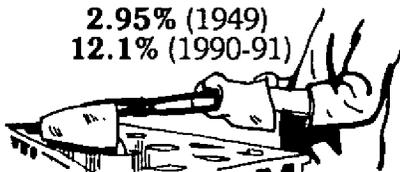
Fifty years ago one might have offered this independent role to university academics, especially those in Arts Faculties who are given security of tenure in order to think and write about history, philosophy and politics. In the late '40s there were many distinguished academics prepared to swim against the fashionable tide; but these days the academics are like a species of wildebeest, decorative and charming, but cursed with a genetic defect which makes them ill-adapted for survival — they can see trouble coming only from the right. Endlessly scanning the rightwards horizon, alert for the approach of educational conservatives or free-market heffalumps, they fail to notice the predators creeping through the long grass on the left. Having been pounced on so often with accusations of sexism, racism, elitism and Eurocentrism, they have no strength left to resist any politically correct outrage that Labor governments care to inflict on them.

The leading columnists in the print media (and the editors of the more substantial political journals like *IPA Review* and *Quadrant* and *The Independent Monthly*) are better placed, in spite of the constraints implied by the involvement of newspaper proprietors with television ownership. In the present climate our public intellectuals should be scratchier, more provocative, less tactful, ready to say what is not supposed to be said (there are healthy signs of exasperation just below the surface in some of the leading columns), and to harry the politicians out of the television studios and back to the parliamentary committees and the constituencies. ■

AUSTRALIA THEN AND NOW

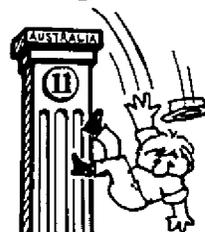
Proportion of world production of gold that is Australian:

2.95% (1949)
12.1% (1990-91)



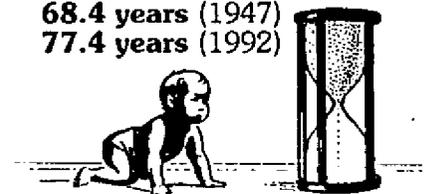
Australia's rank among world exporters:

11th (1956)
22nd (1990)



Life expectancy at birth

68.4 years (1947)
77.4 years (1992)





RON BRUNTON

Not Born Yesterday

Environmentalists tend to be rather one-sided and reticent about the past. While they delight in cataloguing the environmental sins of our forbears, they often write as though their own ideas sprang *de novo* out of the counterculture of the 1960s and 1970s, or else came from a noble lineage of engaging rebels whose political and social beliefs were perfectly in tune with contemporary fancies. It often comes as a surprise to supporters of the Australian Conservation Foundation, for instance, to learn that the people who founded the organization in the mid-1960s included Malcolm Fraser, Sir Garfield Barwick and Sidney Baillieu Myer.

I recently spent a couple of days looking through old newspapers and magazines to ascertain how attitudes to the environment had changed since 1950. I came away from my modest review with some interesting and salutary reminders of the way in which perceptions of the past can be distorted to suit the political requirements of the present.

My reading of copies of the Melbourne *Age* printed over a number of months in 1950 revealed the expected concern with post-war reconstruction and economic development, and many stories celebrating the Snowy Mountains scheme and other large infrastructure projects. Nevertheless, the public was periodically reminded of the importance of conservation and the baneful legacy of previous over-exploitation of natural

resources, although the space given over to these issues was certainly less than at present. And while the economic aspects of conservation were often stressed, aesthetic and moral considerations were not ignored.

Thus *The Age* was running a series of advertisements from Carlton and United Breweries titled 'Save Our Native Fauna', which included a substantial amount of information about individual species such as lyrebirds, discussing their behaviour and their habitats. Service groups organized conservation displays: in July 1950, for instance, a 'Conservation Week' was held in the Hamilton district of western Victoria, inaugurated by the local Rotary Club with the assistance of 30 local groups as well as the State Forests Commission, Soil Conservation Authority, Agriculture Department and Education Department.

In the same month, *The Age* editorialized under the heading 'Heritage in Lands, Forests and Rivers' about the obligations of the current generation to stop the destruction of Nature. It wrote that while "practical men and women who have a deep attachment to the state of Victoria, its mountains, forests, rivers and lands will endorse the plans of the new Minister for Lands and Forests to make better use of the Crown reservations ... there can be no lasting and beneficial policy of land settlement here, or anywhere else, without an accompanying forest and soil conservation consciousness."

This recognition of the importance of conservation is hardly surprising. It

cannot be denied that European settlement of Australia took a heavy toll on the environment, even though it brought other benefits. But pressure for bushland to be reserved for the protection of flora and fauna and for public recreation goes back to the 1860s in Australia, and the world's second National Park (after Yellowstone in the United States) was established by the NSW Government south of Sydney in 1879. Tasmania and Victoria introduced legislation to protect native species in the 1860s and '70s. By 1940 the southern mainland States had created soil conservation authorities, and projects to rehabilitate land after mining had been introduced. Interest in environmental issues continued to grow during the 1950s and early 1960s, and increased media coverage was given to stories about conservation and pollution. Voluntary conservation societies grew strongly during this period and branches of the National Trust were established in all States. Victoria passed a Clean Air Act in 1956, and other States soon followed.

Although a commitment to environmental causes is now one of the distinguishing characteristics of the political and cultural left, it was not always so. In the cultural watershed year of 1968, at the height of the worldwide campus unrest, *The Bulletin* published an article by Donald Horne titled 'Anarchism — what do the students want?'. They wanted lots of things, and they were reacting against the alienation caused by industrialism,

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consumerism and rationalism. But there was no mention of any belief that these evil forces might have damaging environmental consequences.

Lot's Wife, the student newspaper of Monash University — probably the nation's most radical campus in the 1960s and early 1970s — offered a reflection of the left's indifference, and even hostility, towards environmentalism. I looked at copies of the paper published from 1961 (when it was called *Chaos*) until 1971. From quite early on, virtually every issue carried stories from staff and students documenting all the real and imagined ills of the world, but environmental degradation was not one of them. Although a number of articles were published on the population explosion, they all focused on the consequences for the welfare of humans, not Nature, and some argued that the real problem was under-production or inequitable distribution. For the whole of the 1960s I was able to find only one story about conservation, written by a Zoology student in 1964.

I also found only a single reference to pollution in the 1960s' issues of *Lot's Wife*. The paper featured a regular science page in 1967, and in one item the author suggested that growing worries about air pollution would eventually lead to the widespread use of electric cars. He approved of this, stating that it was wasteful to burn up petroleum resources that were also needed by the chemical and food industries, particularly as nuclear reactors could produce energy just as economically.

At the very end of the decade, in October 1969, a small notice announced the formation of the Monash University Conservation Society. But for the next few months the only reminders of environmental problems in *Lot's Wife* were in the form of large advertisements for another newspaper. These ads invited students to buy the Melbourne *Herald* to "read about your inheritance" of "air not fit to breathe." It was not until late 1970 — long after the despised 'capitalist press' had introduced regular environmental columns and reporters — that environmental stories began to appear in *Lot's Wife*. They quickly became a torrent,

for the radicals had belatedly come to realize their potential as a marvellous stick with which to beat multinational capitalism. As an article on 'The Politics of Environment' noted in April 1971:

"The environmental crisis is giving social revolutionaries the most explosive ammunition there has ever been to trigger a rapid change in the structure and morals of the establishment."

The Far Right Connection

One of the reasons why it took the New Left so long to incorporate ecological issues into a broad-ranging critique of liberal capitalism may be that the extreme right, especially in Europe, had beaten them to it long before, although this is seldom admitted in histories sympathetic to environmentalism. In Australia the racist

The League of Rights, founded in 1946, promoted many of the causes that are now the preserve of contemporary greens ...

League of Rights, founded in 1946, promoted many of the causes that are now the preserve of contemporary greens, such as a concern with pollution, support for organic farming and organic communities, and a hostility towards capitalism and big business. A 1970 statement from the League warned:

"If present policies are continued, Australia will become a type of offshore island quarry for foreign interests ... We stand for conservation in all its aspects and oppose the rape of our environment and resources to feed an economic monster which progressively ceases to serve true human interests."

Similar, though often more restrained, views on race and Nature

were expressed by the *Australian International News Review*, a strongly anti-communist fortnightly news magazine published in the mid-1960s and directed at the far right. Amongst stories supporting White Australia, Rhodesia and South Africa, the *AINR* frequently presented articles on environmental issues, covering topics such as pollution of the land, air and water from pesticides, car exhausts and fluoridation; the conservation of flora, fauna and buildings; and animal rights. Some of these pieces would fit comfortably into contemporary environmental literature with very few, if any, changes. Thus a 1965 article titled 'If it's valuable, kill it?', said that it was remarkable that

"the koala, the platypus and the lyrebird are still in existence ... Aborigines, no doubt, had used them as food to some extent, but, being natural conservationists, they never practised slaughter on a large scale. That irresponsible technique was introduced by 'civilized' man."

An editorial in 1966 headed 'Silent Spring?' claimed that Australians had "systematically poisoned" their rivers, lakes and coasts, and denounced "the mad, indiscriminate use of dangerous chemicals in agriculture."

In the 1950s and the first half of the 1960s, the far right's anxieties about chemical and other forms of pollution were seen as a symptom of paranoia, an expression of its fear of threatening foreign influences and its desire for a return to an idealized, but non-existent, past. This perception was given a memorable representation in Stanley Kubrick's 1964 film *Dr Strangelove*, which captured the insanity of the general who starts World War III by his obsession that fluoridation was polluting his 'vital bodily fluids'. Why should we think that the contemporary prevalence of pollution anxieties and images of environmental apocalypse are different, or any more rationally based? Beliefs that were identified as manifestations of paranoia three or four decades ago, are no less so now. The problem is that they are no longer confined to marginal and easily mocked groups, but to intellectuals and other cultural élites. ■

Unnatural Science

ROGER SANDALL

WE must all hope that the light on the hill will some day shine down on a 'clever country' — a country where science flourishes alongside a busy economy. But the imbecilities of the educational swamps at the foot of the hill (imbecilities which now reach far up its lower slopes and seem at times in danger of putting out the light) do make one wonder.

What progress is likely when at ministerial levels in Canberra a National Statement on Science implies that "there are no facts," and that if a child's delusions conflict with science then they should be treated with reverent pedagogical concern. How is one to obtain a political leadership capable of informed decisions about the environment, or genetic engineering, or nuclear research, when the graduates of our Faculties of Arts (the usual background of politicians) so often display a deep ignorance of science along with a malevolent hostility to all it represents?

Yet this hostility is probably inevitable — as inevitable as the universal resentment of power, status, privilege and success. The very prestige and indispensability of modern science make it the target of three kinds of people. First there are those who admire it, but feel excluded, and long to join the club. Examples of this are the old-time Marxists for whom Marxism was "the science of society"; "scientologists" desperate to raise the standing of their cult; and promoters of "Aboriginal science" who claim, in effect, that anything you can do we did already. All of these people want the

BOOKS

IN REVIEW



Lewis Wolpert, The Unnatural Nature of Science

Penguin Books Australia

prestige of science without earning it.

Then there are those who envy science, and whose effort to denigrate its success and undermine its achievement derives from a resentful longing to destroy what they cannot match. Examples of this are the "there are no facts" school of radical sociology, the "all cultures are equal" school of

Science represents one of the last places on the campus where rationality, order and discipline still count.

relativistic anthropology, and the "sociology of knowledges" (sic) people who seek to explain away the whole marvellous edifice of the last 200 years in terms of the career needs of individuals, or class interest, or favourable cultural conditions — anything at all

excepting science itself.

Finally, there are those who genuinely hate science because it is the opposite of all they stand for. Here we find the romantic admirers of unspoiled nature and everything natural, a group including large numbers of bohemianized academics. However blind and ignorant they may be, one cannot say their instincts are wholly wrong. For as Lewis Wolpert points out in this sane, reasonable and good-humoured defence of science (he is Professor of Biology as Applied to Medicine at University College, London, and as well as being the author of the book here under discussion, *The Unnatural Nature of Science*, has written a number of other books) science is unnatural through and through.

Commonsense will not lead you to discover the chemical properties of DNA, and carving boomerangs will not help you design supersonic wings.

"Natural thinking," writes Wolpert, "ordinary day-to-day common sense, will never give an understanding about the nature of science. Scientific ideas are, with rare exceptions, counter-intuitive ... (Furthermore) common sense is prone to error when applied to problems requiring rigorous and quantitative thinking; lay theories are highly unreliable."

But there is really no reason to feel ashamed about this. Evolution developed our perceptions and our brains for more immediately sensible

things — for the sight of falling leaves, for the smell of smoke on the wind, for the sound of a footstep in the night. “Scientific understanding, however, is not only unnatural,” writes Wolpert. “For most of human evolution it was also unnecessary, since, as will be seen, technology was not dependent on science.”

Technology is not Science

Here the author is pointing to the common misunderstanding which equates science and technology — a misunderstanding found even in journals like *New Scientist*. Last May an article from the Northern Territory reported with pride the publication of “a magnificent booklet entitled *From Ochres to Eel Traps* which illustrates, through a number of simple experiments, how Aboriginal science can be transferred to a Western classroom.” It is good to know the experiments are simple. I am sure that children will discover useful things about Aboriginal crafts and have lots of fun. But what they are learning is how to make fish traps — technology — not science.

The ingenuity of palaeolithic hunters and gatherers in devising snares and traps and spears and harpoons (something all our ancestors did all over the world) is something we can sincerely admire. But science is something else. Science embodies coherent and universally applicable theories about matter, process and cause, not just a craftsman’s experience of what heating and bending will do. Moreover, in Wolpert’s Chapter 2, ‘Technology is not Science’, various civilizations are mentioned with technologies far in advance of anything the Aborigines achieved — Ancient Mesopotamia, China, the Incas of Peru — none of which had science.

“The technological achievement of the ancient cultures was enormous,” Wolpert writes. “But whatever process was involved it was not based on science. There is no evidence of any theorizing about the processes involved in the technology nor about the reasons why it worked.”

Despite the glories of both Romanesque and Gothic, the nearest the builders of those mighty cathedrals ever came to a scientific grasp of what they were doing was contained in ‘The Five Minutes Theorem’: if a structure was built and remained standing for five minutes after the supports had been removed, it was assumed it would stand forever.

In a refreshingly brisk manner, Wolpert declares that unnatural thinking began with Thales in Greece. It was he who first systematically “tried to explain the world not in terms of myths but in more concrete terms, terms that might be subject to verification.” Before Thales, typically, there was the

kind of Babylonian hodgepodge in which “Marduk split the primeval water goddess Tiamat to make the sky...” After Thales, in the West, that sort of thing steadily declined. Replacing it “came a critical appreciation of the nature of explanation itself, and the requirement for logical consistency.” The stage for science was set.

Now this is, of course, a dreadful heresy in the eyes of the “all cultures are equal” crowd, who fiercely resist the notion that there is “little chemistry and less calculus in Tikopia or Timbuctoo.” (Behold, ye doubters, the palaeolithic fish-trap!) According to them all knowledge is “socially constructed” and the whole body of modern science might have been quite otherwise if different historical and social conditions had prevailed. Or if affirmative action had given some other culture a chance. Much of this seems to me self-serving nonsense, a “debilitating befuddlement” not worth the paper it’s printed on. Is it seriously suggested, as Wolpert rightly asks, that “a biology not based on cells and DNA would have been possible? Would the periodic table or carbon chemistry never have emerged?” It is not enough for relativists to defiantly answer “Yes”. As the author says, major counter-examples must be provided if their argument is to be taken seriously.

Is science beleaguered today? Perhaps it is wrong to be too alarmed about the situation overall. If movies habitually portray scientists as “unstable, anti-social Professor Branestawms avidly pursuing their theories but ignorant or careless of the consequences,” there are also creditable television science and technology programs such as *Quantum*, *Beyond 2000*, and an Open Learning chemistry course is planned. If last June’s National Statement on Science represents the Higher Lunacy of the Left in Canberra, I hope I am not being unduly complacent in feeling that wiser counsels are bound to prevail.

The Attack from the Humanities

Yet the situation in the Arts faculties of the universities does give cause

Native Science



A recent item in *Sociological Abstracts* reports the following article: ‘Western Scientific Colonialism and the Re-Emergence of Native Science’:

“Native American science was inaccessible to other ethnic groups who approached Indian culture with nineteenth-century racism or through cultural anthropology. The four dynamics that drive Indian science are feelings, history as a tool, prayer as a medicine, and relations; its goal is reaching a state of balance ...”

for concern. The leftism which failed in its long assault on our political institutions has had much more success with the soft targets available on campus. And its anti-scientific stance is just as destructive as ever. What we have is a radicalism which no longer believes in progress, fears that it no longer has any reason to exist, and in the name of "post-modernism" is nihilistically destroying whole areas of study. In the course of this the humanities are being fatally weakened as a positive influence in our life.

In sharp contrast to this reactionary radicalism, science has no option but to interpret the past in terms of progress:

"It is precisely in this respect that science, once again, is special: for the history of science is one of progress, of increased understanding ... In the last 50 years the progress in, for example, understanding biology at the molecular level has been astonishing. Science is progressive in that the truth is being approached, closer

and closer, but perhaps never attained with certainty. But very close approximation can be a great achievement and is infinitely better than error or ignorance."

Moreover, in this situation science represents one of the last places on the campus where the distinction between truth and falsehood still matters, where rationality, order and discipline still count, and where personal conduct broadly conforms to a moral code which both liberals and conservatives can approve. Liberals have always been more or less at home with science's innovation and entrepreneurial inclinations. But this is a time when conservatives, too, must face up to the ruinous condition of many Arts Departments, and throw their weight behind the best bet for a civilized future we have. Science needs and deserves their support.

Perhaps Wolpert should be allowed the last word. He is here rebuking the sociologists for their activities, but there is a message for others too.

"By ignoring the achievements of science, by ignoring whether a theory is right or wrong, by denying progress, the sociologists have missed the core of the scientific enterprise. Science has been extraordinarily successful in describing the world and in understanding it. There is real need for sociologists to try to illuminate this unnatural process. What is required is an analysis of, for example, what institutional structures most favour scientific advance, what determines choice of science as a career, how science should best be funded, how interdisciplinary studies can be encouraged."

Perhaps the next National Statement on Science could explore these questions. When they are answered, and appropriate policies are adopted, we might move closer to that still undiscovered bourne — the "clever country" the politicians talk about. ■

An Excess of Econometrics?

From *Altruism, Conflict and the Migration Decision* by MoonJoong Tcha, published by the Department of Economics, University of Western Australia, February 1993.

PROPOSITION 5.2 (i) *The more altruistic is the father to his son, the less likely to migrate by himself is the son.*

(ii) *The more altruistic is the son to his father, the less likely to migrate by himself is the son.*

Proof (i) Differentiation of the right hand side of (26) with respect to α gives

$$\frac{1}{\sigma - 1} [1 + \Theta_S - \Lambda \Theta_S]^{2-\sigma/\sigma-1} \left[\frac{\partial \Theta_S}{\partial \alpha} (1 - \Lambda) - \frac{\partial \Lambda}{\partial \alpha} \Theta_S \right] (y_W - \pi)$$

where $\partial \Theta_S / \partial \alpha < 0$, $(1 - \Lambda) > 0$, and the numerator of $\partial \Lambda / \partial \alpha$ is
 $(\sigma - 1)/\sigma \hat{\alpha} \alpha^{-1-\sigma/\sigma} (1 + \alpha^{-1/\sigma})^{-\sigma} [(1 + \hat{\alpha} \alpha)^{\sigma-1/\sigma} - \hat{\alpha} \alpha (1 + \alpha^{-1/\sigma})]$
 $= (\sigma - 1)/\sigma \hat{\alpha} \alpha^{-1-\sigma/\sigma} (1 + \alpha^{-1/\sigma})^{-\sigma} [1 + (\hat{\alpha} \alpha)^{\sigma-1/\sigma} + \mathfrak{R} - \hat{\alpha} \alpha + \hat{\alpha} \alpha^{\sigma 1/\sigma}]$
 $= (\sigma - 1)/\sigma \hat{\alpha} \alpha^{-1-\sigma/\sigma} (1 + \alpha^{-1/\sigma})^{-\sigma} [1 - \hat{\alpha} \alpha + \hat{\alpha} \alpha^{\sigma-1/\sigma} (\hat{\alpha}^{-1/\sigma} - 1) + \mathfrak{R}]$
 > 0 because $1 > \hat{\alpha} \alpha$ and $\hat{\alpha}^{-1/\sigma} > 1$ (if $\hat{\alpha} < 1$) where \mathfrak{R} is the positive residuals after expansion of $(1 + \hat{\alpha} \alpha)^{\sigma-1/\sigma}$.

Therefore it is shown that the right hand side is a decreasing function of α , which means the son is less likely to move. ■

(ii) $\partial \Lambda / \partial \hat{\alpha} = [(1 + \alpha^{-1/\sigma})^{1-\sigma} / (1 + \hat{\alpha} \alpha^{\sigma-1/\sigma})]^2$.

By the same logic as was used in Proof (i), the right side of (26) is shown to be a decreasing function of $\hat{\alpha}$. ■

Not All Cultures Are Equal

Why do some societies succeed and others fail and by what criteria should we judge other cultures? These are questions which Robert Edgerton, Professor in the Department of Anthropology and Psychiatry at the University of California, Los Angeles, explores in his recent book *Sick Societies: Challenging the Myth of Primitive Harmony* (Macmillan). In doing so, he challenges the doctrine, widely held in his profession, of cultural relativism. During a visit to Australia in July, he spoke to *IPA Review*.

Q Could you explain what cultural relativism means and the role that anthropologists have played in developing and promoting the idea.

ROBERT EDGERTON: Essentially, cultural relativism is the view that societies cannot be compared and evaluated. Each one is unique and valuable and, no matter what it does, no matter how cruel or inhuman its practices, it deserves our respect. The sociologist William Grant Sumner, in 1906, was the first to actually use the term. "Mores," he said, "can make anything right, and prevent condemnation of anything." He was talking at the time about cannibalism. Franz Boas picked it up early in American anthropology. Mead, Benedict, Herskovits and a host of others followed, making it, I suppose, the most important element of faith of an anthropologist. When I was trained, any student who deviated from this notion was subject to the harshest of penalties. Now anthropologists have exported it to other disciplines, from political science to geography.

If you confront cultural relativists with examples from contemporary societies — Cambodia under the Khmer Rouge, Iraq's treatment of the Kurds, Hitler's Germany — then they try to dismiss the argument. These are not *real* communities, they say; not like the folk societies of the past. This, of course, is sentimental nonsense.

Q One could argue that cultural relativism is an aid to an anthropologist,



allowing him to describe accurately a community, undistorted by moral judgments. Would you see cultural relativism as necessary to anthropological enquiry in this regard?

When anthropologists go into the field it is true that they have to suspend their moral judgments, as difficult as it is. And it is important to remember that cultural relativism arose to counter-balance the zeal of missionaries and explorers who were insisting on changing

the people whom they encountered, before they understood them. Cultural relativism was an appropriate rein on those ethnocentric interventions, and to this extent has done some good.

Q That raises the question of what, if any, are the ethical imperatives that flow from recognizing that some behaviours are cruel or immoral or that some societies are sick. Does such

a recognition provide the justification for intervention to change those behaviours. Can you actually improve societies by intervention?

Yes, indeed it has been done quite often. British colonialism has done it again and again — to prevent feuding or human sacrifice. The British fought for about a hundred years against the Ashanti in West Africa to abolish human sacrifice, although with an interest in gold as well. The Australians intervened in Papua New Guinea to prevent inter-tribal warfare. Everyone predicted that if they did that, the culture would fall apart, but they were proved wrong. The New Guineans said "What took you so long?"

Q Initially the criticisms of cultural relativism came from people on the left because they believed it was an excuse for tolerating inequality and oppression in other societies. Marx was no cultural relativist. Now, though, the critics of cultural relativism are attacked by people who see themselves as radical. Why do you think that is? Can one tie this to the collapse of faith in Marxism? Has cultural relativism taken the place of Marxism as a doctrine with which to beat the West, or is it more complex than that?

The swing back towards cultural relativism as a radical doctrine predates the collapse of Marxism. It's all connected with post-modern nihilism. There seems to be a fear that agents of industry or sinister intelligence bureaux or war machines are going to use judgments made about the way indigenous people live to harm them and maybe start another Vietnam War. No-one, it is said, has the right to judge defenceless people. Thus, we can judge the French or the Japanese, but we cannot judge the Pokot [of East Africa] or the Australian Aborigines.

Q So cultural relativism is a doctrine partially applied — applied to

indigenous groups and minorities but never applied across the board?

And it's not just anthropologists who apply it in this way; it is educated Americans, and students ...

Q Is it linked to their disillusionment with their own society?

It is to a large degree.

Q What criteria do you employ to determine whether a society is sick or well?

There are three. First is a society's inability to do those things which need to be done to keep its members alive — to avoid starvation, to combat disease. On this criterion Western medicine is preferable to sorcery. The second criterion concerns those practices which so alienate or dispirit people that they become rebellious on the one hand or suicidal and depressed on the other. When that happens, culture begins to break down. The final criterion concerns those practices which lead to chronic internal feuding.

I know these are simple-minded criteria, but they are measurable and they avoid the charge of being unscientific moral judgments. There are things that people do which we all find morally abhorrent, but which, according to my criteria, I can find no reason to condemn. Circumcision of women, for example, is a stupid thing to do and it's done all over the Middle East. But it doesn't threaten the survival of the society; it's not maladaptive. My criteria are not meant to be ethical criteria.

Let's look at a society like the Tasmanian Aborigines who were in many ways maladaptive: their feuding was destructive and purposeless; their food supply was inadequate, and their women were exploited and discontented. They survived for thousands of years, but only because of their isolation. When the Europeans arrived, Tasmanian Aboriginal culture quickly collapsed.

Adaptive societies have to think

ahead. What are the challenges of tomorrow? A trader arrives bringing pottery and other wares. An assessment needs to be made. Who is this guy? Is he a threat to us? Does he want to steal our women or our cattle? Does he have an army of people following him who want our land? Societies that are poor at realistically assessing risk may well go under. A number of countries were poor at assessing future threats associated with Germany and Japan prior to World War II. They almost paid with their own extinction.

Q Your book indicates that you don't find the notion of human nature to be a nonsense as some anthropologists do. Once that is accepted are we then obliged to admit that there are certain limits which human nature imposes on us? And that if a society is to survive certain kinds of institutions and practices are far more preferable than others.

Absolutely. Some are self-evident. A society must have enough military muscle to deter its neighbours and it must have enough productive capacity to enable it to live at least at subsistence level.

One of the less obvious, but essential, institutions is the need for third party political control over feuding. Human males have a very clear genetic propensity to fight over women. Fights over women develop into feuds and feuds will destroy the society unless the society institutionalizes some way of controlling them.

In some societies male violence towards women creates such divisiveness that women live in a counterculture towards men and subvert male activities; the things women are supposed to do they don't do well and they end up bewitching and poisoning men. This is in contrast to, say, the Cheyenne Indians whose women were never abused and who loved their men, supported them, fought in battle with them, died for them. Between men and women there has to be created a common cause which produces a stronger society than one in which men and women are divided.

The same applies to generational conflict. Young men dislike authority, particularly in the form of their fathers, and to be viable a society must control this.

To some extent a blueprint for a well-adapted society must be environment specific. But I am trying to develop a list of fundamental propositions, things that all societies must do if they are to survive, that transcend particular environments.

Q North American developments in relation to native American land rights and autonomy are frequently invoked as models for Australian Aborigines and for the direction in which Australia should be going. Do you think that the handling of native American issues has been successful? Can it provide a model for us in Australia? Has the North American approach overcome the social, economic and health problems experienced by Native Americans? In particular, is the model of separate development, of a state within a state, desirable?

No, as a model it is a blueprint for disaster. We put Native Americans in a 'zoo' to enable them to maintain their traditional culture, but how were they to do this when there were no buffalo left to hunt? They were ghettoized and as a consequence their medical care and education were inferior. The fact that they were not attending mainstream schools and institutions and that their spoken English was poor reinforced racist attitudes among Americans. Mostly American Indians were given the worst land and allowed to drink themselves into insensibility. The violence rate among them is very high.

Q Is this a product of their traditional culture or are they rather caught in a no man's land unable either to return to their traditional roots or to integrate with mainstream American society?

It is definitely a no man's land. With

some exceptions, their traditional culture is destroyed and yet they haven't become participants in American society. I gather that there is a parallel here in Australia among groups of Aborigines who dwell in pathetic conditions on the fringes of society.

Q Some Aborigines are trying to retribalize in order to recapture their traditional culture. The argument put is that by providing land you create the basis for them to do this. Do you think that is viable?

I think it's the same as that which some black leaders are prescribing in America. It's a prescription for failure. A big issue in California is bilingualism. A child who is Spanish-speaking can be educated until the 10th grade without learning English, at which point his career options are extremely limited. He is going to wind up being a janitor. Allowing a black kid to speak only Black English will never get him a decent job. America is not a perfect melting pot, but if minority groups are not compelled to give their kids a chance by becoming American, they are doomed to a life of crime, poverty, single parenthood ...

Q You cite in your book as an instance of the persistence of irrationality the fact that 80 per cent of Americans still believe in the existence of miracles. What place has religion in your definition of a sane or viable society. Are there good and bad religions or is all religion irrational and therefore maladaptive?

I'm not sure that I would apply the term 'irrational' to any religion. 'Non-rational', perhaps. Human beings have to have meaning — this is basic to human nature. One of the things which humans have to have meaning for is death and a religion which gives them meaning for death and for life is an exceedingly important thing to have in a society. As long as it's producing that functional consequence, religions are a good thing.

Q What about the situation where religion gets in the way of science, as it has in our own past at those times when the Church has forbidden or discouraged certain types of scientific enquiry which have proved in the long run to be very productive? Has that been maladaptive?

Certainly.

Q From history we can see that what we call modernization seems to come as a package: capitalism, democracy, urbanization and secularization seem to belong together. If we encourage other societies to modernize for the sake of the material and social benefits it brings, are we not selling them a package which includes a decline of their religion and thus of the meaningfulness of life for them?

There is that danger. I think we are selling them a package, but they are well-equipped to cope with it. A good example of that can be seen in South-East Asia where Muslim women wear veils in one setting but not in another. The Japanese are managing to maintain Buddhism and Shintoism despite rapid economic progress. The danger is perhaps becoming less significant as time passes.

Returning for a minute to your earlier question about good and bad religions, one example of a maladaptive religion is Christian Science. Christian Scientists are forbidden from accepting medical care. Many States in America have passed laws enabling the State to enter the home and take a child as a life-saving measure; but in doing so, tearing apart the family and threatening the family's religious belief. There are tremendous disputes about this, whether the life of the child is more important than the well-being of the family. In America it is the life of the child that is considered more important. And I suppose I feel the same way. ■

Where the IPA Stands

The IPA promotes those ideas and policies which it believes will best advance the interests of the Australian people.

It is better placed than political parties to focus on the long-term interests of Australia and to confront issues that are important for the nation, but electorally unpopular. It has no party political affiliations.

The IPA shares the values and aspirations of the vast majority of the population:

- the rule of law;
- parliamentary democracy;
- a prosperous economy with full employment;
- high standards in education;
- stable family life;
- sound environmental management;
- security from the threat of crime and invasion;
- the freedom to associate, express opinions, own property and practise one's religion;
- care for the disadvantaged; and
- a tolerant, peaceful society.

While these values are widely shared, agreement on the best means of achieving them is not. The IPA's contribution is to identify the means that will enable Australians most effectively to realize their values and to argue publicly for those means against objections inspired by opposing ideologies or vested interests.

The IPA supports an efficient, competitive private sector because experience has shown that general prosperity and, in the long run, political freedom, depend upon it. A prosperous community, with a growing economy, is best equipped to assist the needy, to protect society from internal and external threats and to safeguard cultural, educational and environmental values. The IPA recognizes that markets are not perfect and therefore government must sometimes intervene to correct their failure. However, because government intervention also carries risks and costs, it must be justified by the overall public good and not be, as it so often is, the result of pressure from special interest groups.

The IPA supports parliamentary democracy not because such a system is perfect or incorruptible, but because democracy is more likely than its alternatives to demonstrate respect for human rights and peaceful processes for resolving conflict. It supports small but strong government because big government is wasteful, fosters corruption and is a drain on the economy: a drain which ultimately reduces the resourcefulness, creativity and independence of the Australian people.

The Way the IPA Operates

The Institute's main activities are in the fields of government, economics, education, Aboriginal issues, and the environment. It promotes its views and encourages public debate through its publications and seminars, through comment in the mass media and through discussion with policy-makers.

The independence of the IPA and the quality of its argument are maintained by the integrity of its staff and by the following procedures:

- All the research studies which the IPA undertakes, and which meet the required standards of quality, are published and thus are open to public scrutiny.
- The IPA does not accept commissions from political parties. It does, on occasion, accept tasks from Federal and State Government entities when these relate to specific areas of IPA expertise, when they have no direct party-political overtones, where publication is assured and when control is firmly in IPA hands.
- Many of the IPA's publications are subject to review by experts not associated with the Institute.

Funding

The IPA obtains its funds from more than 4,000 private individuals, corporations and foundations. No one source accounts for more than 6.5 per cent of the total and no one industry sector provides more than 16 per cent. No donations from political parties or grants from government are accepted.

C.D. Kemp and the IPA's Foundations

SHAUN PATRICK KENAELLY

CHARLES DENTON KEMP passed away on 23 June 1993 in the golden jubilee year of the Institute of Public Affairs, of which he was Founding Director and with which his name shall ever be associated for so long as it endures. He was 82 years old and died in his sleep, quite peacefully, following by three months his wife, Betty, whom he had nursed throughout her last illness. His was a long, active life and very fine. He was a truly great Australian, among the first rank of his generation and times being what they are, will greatly be missed. Far too few of his countrymen knew of him, but he was modest and did not seek fame. Certainly, he was esteemed amongst contemporaries and many in a younger generation came to revere him. His reputation will grow in the years to come.

C.D. Kemp made a commonplace book he entitled *Wisdom and Other Things, A Personal Anthology*. It tells a good deal about him. It offers, perhaps, a royal road into his life's work. He thought enough of it to circulate copies: there is one before me as I write. He gives an introductory note to the reader. The extracts are drawn from his reading over many years, but the arrangement is quite informal. "To get the maximum benefit from them," he counsels, "each one needs to be pondered upon; they should not be read hurriedly." There is already a philosophy in this.

Kemp's commonplace book draws from near and far. He quotes often from friends and contemporaries; there is the Bible and Shakespeare; much perennial philosophy: the kinds of things we would expect. But he also noticed a nice line from *Oklahoma*; passages from light novels; a particularly astute (if innocent) remark of his granddaughter's. He looked everywhere and saw deep. He returned to familiar authors, but they were always fresh to him.

Poetry and economics are put side by side: in the latter case, Kemp reflecting, as we might expect, on the books of his own discipline. There is a constant wrestling with Adam Smith. Marshall is here; Keynes, Hayek. He admired all, but was not a schoolman. The fundamental questions never ceased to concern him. Sharp axioms are copied out, meaning to govern him. His book reveals him as that rare kind of scholar, one who remains a student within the discipline, his many professional accomplishments notwithstanding. There is an understanding which declares that no basic question is ever fully settled, lest it harden into doctrine. He quotes Cowper, as a caution:

"... dropping buckets into empty wells.

And growing old in drawing nothing up."

Then Marshall: "Economics is concerned, on the one side, with the study of wealth and, on the other and more important side, with part of the study of man."

Kemp was naturally a moral philosopher, as his book discloses; but a practical, not abstract, thinker. His distinctive contribution was to bring a moral earnestness into virtually everything he wrote as an economist. His moral sensibilities were extraordinary, cloaking a deeply sensitive nature. More, many of his writings have a literary quality beyond their immediate purposes, which now

have faded with time. He could very easily turn an article on tax or tariffs into a small but telling reflection on the manners of the age or the mood of the country or the progress of the century — all done without the reader ever feeling that the point had somehow been mislaid.

A fine example dates from 1948, in the early years of *IPA Review*: 'Economics and Faith'. It begins boldly enough:

"The ultimate solutions for the human problem are



C.D. Kemp in 1990

not to be found in economics. If this is a truism it is one worth underlining. For as the economic and social analysts delve ever deeper in their investigations and as the post-war crisis continues obstinately to defy the treatment prescribed, it becomes increasingly clear that the root causes of our troubles are not economic at all, and that some vital force, some essential constituent, is missing from the remedies proposed."

There is a political context. This was an age of faith in planning. The Chifley Government had embarked upon its grand plan for bank nationalization — a measure that would destroy it. Wartime belief in the powers of central direction and the superior role of the expert or specialist had passed into peacetime. The IPA also offered plans; but what is important is that Kemp declares clear limits to the process. His concern is less with what the expert can do than with what he *cannot* do:

"The core of our discontent today does not lie in economics or in our inability to find economic solutions; it lies in the higher realms of the spirit and morals. The post-war crisis is in truth not fundamentally an economic crisis at all; it is something more profound and infinitely more serious. It is a spiritual crisis."

The prevailing curse of the century, argues Kemp, is cynicism: a collapse of confidence in Western civilization; a legacy of the Great War from which we have never quite recovered. Cynicism is corrosive, it undoes our best efforts. People increasingly seek salvation in material pursuits. A misplaced faith in planning is an aspect of this, as is a retreat from self-confidence and a turning toward the redemptive powers of the state. Full employment has been achieved — and the economists have played their part in that — "but having gained the goal of work for all, we seem no longer to possess any firm belief in the dignity of work itself." There are extensive guarantees of social security, but the ordinary everyday courtesies are vanishing:

"Men rush into trams and buses ahead of women, youths and girls retain their seats in crowded trains and leave old people standing; the least-cared for member of society is the housewife and mother."

He concludes by inviting a restoration of faith and his terms are rich: *moral courage and rectitude; with faith and optimism and constructive trust; high purpose and destiny.*

A Professional Ethic

To enjoy faith — this is one key to C.D. Kemp. A second is his concern with the moral standing of the professional economist himself. If virtues are to be sustained they must reside in classes of men holding to a professional ethic or moral code. There are moments in his writings when the general reader senses that Kemp is really addressing his own colleagues. An exceptionally powerful article of 1975 brings all that out: *A Mess of Things*. As the Whitlam Government

lurches to its sorry end, Kemp chose to set aside the part played by the politicians in the making of their own disaster, to concentrate his ire upon the record of the economists who had advised them:

"... it has been so bad that many economists, instead of continuing, as they do, to flaunt their wares by offering gratuitous advice, should be hiding their heads in shame. The blunders have been legion. There is the notable instance in Australia of the 130 academic economists who, sheep-like and with presumptuous arrogance, put their signatures to a letter advising the people to return the Labor Government in May, 1974 on the grounds that it was better capable of managing the economy. How are they feeling now? — Probably quite unrepentant."

Their curse is *vanity*. They own too little regard for the limits of their powers. A simple pass degree or diploma makes an instant expert, no matter if he has had little or no experience in real life. There is a gambler's faith in 'economic forecasting', the speculations themselves becoming, with mock-solemnity, the basis for policy recommendations. (An "unwise attempt to predict the unpredictable," as he puts it.) Then the fascination with *models, with theory, or textbook wisdom* — Kemp is scathing. He believed that common sense (a quality he much admired in the IPA's first Chairman, Sir George Coles) was undervalued.

A preoccupation with the ethics of his own profession surfaces in his later writing, but it was there from the start. Kemp truly saw his work as vocational: you chose it, but it also chose *you*, in the sense of a highly personal calling. The work shaped conscience; it formed character. His anger is that of a tradesman who finds that his apprentice has done a bad bit of work. It is not merely a bad job, the craft itself is disgraced. It is important that Kemp should ignore the politicians in his 1975 article; but he had not forgotten them.

Leadership

A third key is his attitude toward *leadership* and again it is a moral conception. Men who hold offices of power bear a responsibility to use them properly. Leadership itself was a quality of mind or spirit. In *Economics and Faith* he gave a definition:

"The task of leadership is not to instil greatness into the people, for greatness already resides there; the task of leadership is to bring that greatness forth."

He never wavered from this belief. In what was perhaps the last published article of his life, he sought to give advice to the parliamentary Liberal Party in the wake of the defeat of 13 March 1993. Unlike many, he avoided slick recrimination and sneers at the defeated. He had praise for *Fightback!*, and criticism. He did not believe the game was played out. Find the qualities of leadership, he argued, and the electorate will look to you. This is your duty, the high work the nation requires of you. First, the party must collect itself and find courage:

"I have been shocked by the way so many Liberals have been in such indecent haste to

distance themselves from ideas to which, only a few weeks ago, they seemed to have a passionate attachment. It is not a pleasant spectacle: it does them and their party no credit."

His immediate conception of politics was of an honourable enterprise, governed by conscience, undertaken for high motives: in which leadership itself is an ideal of service, unselfishly given, but with its own rewards. Next, leadership required an ability to read the true state of the nation. This required truth-telling:

"Despite all that has been said and written about it I remain convinced that the people still do not comprehend the dire nature of their country's predicament. Both politicians and the economists have failed to explain Australia's plight in terms understandable to the people and to tell them of the sacrifices which would be required on their part ..."

An Evangelizing Spirit

The ethic permeating C.D. Kemp's life-work is mid-Victorian. The poetry he likes is Victorian in the main — Tennyson, Browning, Christina Rossetti — and the potencies shaping his values owe directly to the great evangelizing current which passed through English letters in the mid-19th century. In his commonplace book, Kemp quotes from *Tom Brown's Schooldays*: "a gentleman and a Christian, that's all we want."

An evangelizing spirit moves *Tom Brown's Schooldays*. Consider the final chapter. Tom, now at Oxford, holidays with friends on a fishing tour in the Highlands. One idles and reads aloud from a newspaper: boring political news, cricket scores and racing results. Then:

"'Hello Brown! Here's something for you,' called out the reading man next moment. 'Why, your old master, Arnold of Rugby, is dead!'"

Tom freezes in the act of casting a fly, tangling his line. He must walk away. By nightfall he is far on the southward road. The allusion is to Christ's call to the fishermen. They must listen and must go.

Earlier, on the eve of departing Rugby, Tom Brown has already framed his own question:

"'If I can't be at Rugby, I want to be at work in the world, and not dawdling away three years at Oxford ... I mean real work: one's profession; whatever one will have really to do, and make one's living by. I want to be doing some real good, feeling that I am not only at play in the world,' answered Tom, rather puzzled to find out himself what he really did mean."

Then he returns to Rugby Chapel, the world of his own formation. He looks at the windows. They were plain in his day, stained glass now: filled, that is to say, with scenes from scripture. The school is closed for the summer and on the cricket field some boys from the town are playing. For a moment he wants to evict the interlopers, but sees he cannot.

Nor should he. Rugby has a mission in the town and in the world beyond it. This work is his now: *real work; one's profession ... doing some real good.*

The novel supplies a ready bench-mark. Either the contemporary reader is moved by it, or not. C.D. Kemp was, as was, for that matter, Manning Clark; who made allusion to it in a number of places. These were the values which shaped the civilization that took root in colonial Australia, as conveyed by the great national emigrations. The First Fleet is, in reality, as distant to us as is Versailles, presided over by the Sun-King. The Victorians stand immediately behind us. Australian civilization is formed by them: by Methodists, Presbyterians; Anglicans; the Roman Church in Ireland.

Charles Denton Kemp was born in 1912 into a family in which two of the streams had already converged. His father was of Scots descent, Presbyterian; his mother Roman Catholic — a Denton — but English, not Irish. The rest is middle-class and conventional: Scotch College, Commerce at Melbourne University (where he shared a tutorial with B.A. Santamaria), plenty of sport, particularly cricket. Kemp graduated at the end of the Great Depression and took a job with a wool-broker, "on the wrong side of the basic wage."

The Great Depression marked a generation of young people. The experience — or sight — of daily misery, despair and want, left them with a single clear conviction: that this should never happen again. Quite conventional young men and women were radicalized and Kemp was no exception. It was an ideological age. Communism and fascism were both possibilities and were alluring, in view of the record of the old political verities. J.A. Lyons withdrew from his party in protest at what he called visionary schemes and became the familiar figure who steadied the nation; but visions are not in short supply in times of hunger.

Manning Clark and B.A. Santamaria both acknowledged the great Melbourne University Union debate on Spain, 22 March 1937, as representing the pivotal intellectual encounter of their generation, a direct collision of opposed values: faith and materialism; Christianity and communism. The engagement granted all participants a militancy in their moral and political language (to the point of near fusion), still audible two generations on. Consider the passage from the concluding pages of Clark's *History*:

"Restraints on human behaviour were thrown aside. Nothing was sacred, nothing escaped examination. Men and women walked naked on the beaches, the stage and the screen and they were not ashamed."

B.A. Santamaria might very easily have written this, as might C.D. Kemp, except that the moral tone is skewed. Each man carried a fervour into his mature work born of his times. Each man produced a great life's work. But for Clark, an historian of considerable penetration, an inward conviction failed, reflected in the disharmonies of his crazy architecture. He could no longer bring his faith to active agencies. B.A. Santamaria, in his mid-20s, was virtually summoned by Archbishop Mannix to the tasks of Catholic Action. For C.D. Kemp the encounter with Sir Herbert Gepp proved the decisive one. Each arrived at different solutions, but the

radicalized language, the moral concerns are alike. Here is Kemp, from what was probably his first major published article, "Where Has Industrialism Failed?" (1940):

"Has there ever been a stranger period in the strange history of human life on this planet than at the present? Just as science, applied through modern industrialism, appears to have made possible for the first time the wholesale elimination of the greatest enemy with which man has ever had to contend — that of poverty — millions of people are engaging in a great battle of destruction of life and property on a scale never before approached. Many of us are asking: 'Is this the logical and inevitable outcome of the struggle for a fuller material existence? Does materialism contain within itself the seeds of its own destruction?' Some would go so far as to throw disbelief and doubt on the ultimate question of human progress.

"No wonder that the world is psychologically disturbed and sick! No wonder that faith weakens as cynicism and doubt become stronger. No wonder that old values and principles recede and disappear before the onrush of new outwardly fantastic philosophies and creeds."

Kemp's work was given to the defence and extension of the spirit of free enterprise. Here is the genesis of the IPA. He continues by outlining a philosophy of action for business, a philosophy "translated into a practical policy of industrial leadership" —

"...it necessitates the adoption of a broader motive than that which has hitherto dominated the industrial scene — namely, the profit motive. This motive must be supplanted by the motive of social and economic service ... A proposed course of action must be weighed and tested by the effects it will have on the welfare of the people at large, just as much by the monetary gain it may bring."



Sir Herbert Gepp

Here, sketched, are the progressive policies of the IPA, as soon found in *Looking Forward* and the string of pamphlets which followed it. Kemp begins to offer a new conception of the role of business; one which crossed the trenches which mark the fixed positions of class-war.

When he wrote this, Kemp was personal assistant to Sir Herbert Gepp, a remarkable industrialist and one of the most important men in the country at that time. C.D. Kemp in 1940 was 28; Sir Herbert Gepp, 63, Managing Director of

Australian Paper Manufacturers and at the height of his powers. He had a lifetime of experience in mining behind him and much service to government. Later, in *Big Businessmen*, Kemp said of him simply:

"A good part of Gepp's life was spent in the days when the foundations of modern industrialized Australia were being laid. There is no doubt that he was one of the greatest figures in these tremendous events."

In 1950 R.G. Menzies wrote to C.D. Kemp giving a remarkable personal tribute: "without being fulsome, I want to say that you and those associated with you are almost unique in my experience." The IPA was an innovative institution, belonging neither to commerce, nor politics, nor to the academic cloister; but immersed in the language of all of these.

Freedom and Enterprise

From its inception, the IPA was involved in something more than simply putting a good case for capitalism. In 1946 Arthur Calwell set out the challenge as lucidly as he was able:

"It is because we took control through the Treasury of the credit-making facilities of the nation by means of the banking legislation passed by this Parliament last year, that we shall be able to avoid the rigours of a depression should one ever hit this country. Our political opponents cannot offer anything new. We hear from them old platitudes, sophistries and nostrums, and a repetition of all the old thread-bare arguments against progress and democracy that have been advanced by their ancestors and prototypes ever since the Labour Party came into existence ..."

To which sophistry, Mr Rankin (the Country Party Member for Bendigo), as if right on cue, found a platitude to hurl across the floor:

"The Government of which the Minister is a member is 'robbing' children's money-boxes in order to obtain money for its next loan."

This was (as Calwell put it) puerile enough. But both are playing on fear, both look backwards, not forward. The IPA, in a statement of aims, May 1943, said the following:

"The public does not realize that extensive and permanent government control involves loss of personal freedom and the destruction of industrial democracy which must bring with it the end of the traditional democratic system."

The IPA committed itself to a substantial program of public education, seeking to make plain the connection between freedom, enterprise and democracy. Kemp was everywhere in those years, working first with Gepp and then, increasingly, for the IPA itself.

A great spirit was abroad in the IPA. The task was to transform it into tangible forms and to embark upon advocacy.

In October 1944, the IPA published its greatest single document: *Looking Forward*. Kemp wrote it. Fifty thousand copies were printed and it had a profound influence, not least on the philosophy and policies of the newly-formed Liberal Party. *The Bulletin* said of it:

"It is by far the most comprehensive and intelligent set of inquiries and recommendations concerning post-war problems that has yet been published by any similar body or Government Department in the Commonwealth."

In 70 pages, the IPA outlined a comprehensive brief for post-war reconstruction. *Looking Forward* makes the case for the independence of business; clears up confusion on the questions of prices and profit; argues strongly for individual responsibility and initiative and speaks directly of service as a managerial ideal. It warns of the dangers presented by monopolies, but points to the special advantages flowing from large-scale industrial aggregates. It does not neglect small business. It suggests that restrictive trade practices bring both bad and good; urging for close public scrutiny. But trade unions, it says, are also restrictive. It is not hostile to the state, but argues for very clear lines between what governments should attempt and where they are being intrusive. It advocates thoroughgoing consultation in industry — procedures that must involve the worker. Factory committees would be a good start. Indeed, one of the major political initiatives of the IPA during those years was to argue (unsuccessfully as it turned out) for the establishment of a National Council for Industry, representing all parties.

Looking Forward had radical aspects. It wanted high wages, a reduction in working hours, the fostering of profit-sharing schemes. It wished serious improvements in factory conditions; company medical and dental schemes. There were also conservative aspects. It was opposed to equal pay for women: man was the natural breadwinner; a woman's happiness lay in family life. Some points were shrewdly in step with the coming period. It wished to see the school leaving-age raised, acknowledging the importance of education in modern society. It urged a drafting of men with extensive experience in industry into the Commonwealth Public Service. It understood (referring to wartime lessons), the growing importance of the specialist. *Looking Forward* had authority. It was endorsed by a number of important names. Business stood behind it. The preface stated:



"Last night I read *Looking Forward* of which I understand you are one of the principal authors. It is in my opinion the finest statement of basic political and academic problems made in Australia for many years. I feel most enthusiastic about it and would like to see its substance conveyed to the people as widely as possible ..."

From a letter from R.G. Menzies to C.D. Kemp, 10 October 1944.

"It represents an earnest and sincere desire to find common ground on which the State, the investing public, management and labour can build in furtherance of their common interest in stable employment, industrial security, and greater production."

Post-war Australian society was made, and *Looking Forward* had a lot of it right. Steadily, the factories grew lighter, production and markets expanded and pluralism won out against socialism. The people, in many respects, accepted partnership and co-operation as working tenets, despite the many differences that arose in the workplace or political life over the years. Kemp had his doubts about the virtue of consumer-society, but *Looking Forward* showed a road towards peace and prosperity in terms that the labour movement, with its promise of austerity and social control, could not match, despite all the planned guarantees of fixed prices and the rest. Australians wished for home ownership, not rent controls.

On the other hand, profit-sharing schemes and factory committees (a nice syndicalist borrowing) did not become universal features of industrial life. Nor did the public take to the Catholic proposal for a family wage. But they did put the family first and many small plans were made on

the basis of child endowment. So the state did have a benign role to play in civil society, if not to the extent of expropriating the savings banks.

Independence

One thing was clear after *Looking Forward*. The IPA would continue and it would be independent. C.D. Kemp moved from economic adviser to director and so remained for close to 30 years. A series of pamphlets followed *Looking Forward*. *IPA Review* commenced in 1947. The IPA sought to bring it into schools, factories, libraries, the offices of parliamentarians, universities. Distribution was national. Chambers of Commerce and Trade Associations handled bulk copies (in that year the Footscray Chamber of Commerce took 21 copies), and it was to be found on newsstands. Into the 1950s, as the political climate settled, *Facts* was launched, and *Review* took on a familiar form, one that differed little until the 1980s. We are now accustomed as a reading public to a number of magazines which pursue a generally liberal direction: but in Kemp's day things were different. *Review* was quite alone in the field — it is 10 years older than *Quadrant*, for example.

The IPA, working from Carlow House in Flinders Lane, was a very small 'shop'. Kemp, an assistant or two (if he were lucky), and a secretary. He wrote virtually everything in *Review* that was not a signed, contributed article. He never added his own signature. Kemp wished for his small journal to wear the colour of the Institute, singular and distinct.

Much of his own voice went into editorials, where he would permit himself a more active part. These were really a leading article which could be on anything he chose (Sputnik inspired him to a glorious outburst in 1957); indeed, the reader could never be quite sure just what he would get from a journal ostensibly dealing with matters economic. The best of his writings are found in these pieces. The rest usually was economic analysis and comment; Kemp at work, not conversation.

An Unlikely Admirer

One of the more improbable early and continuing readers of IPA material was Australia's first (and only) Communist MP.

Fred Paterson was returned for more than a generation to the Queensland Parliament by the miners and railway workers of the Collinsville electorate, a gerrymandered dumb-bell which ran from the mine to the coast.

A mild and scholarly man, he had served in World War I. So had my father. Both won Forces scholarships to Oxford from the AIF after the Great Peace of 1918. In the impecunious and casual fashion of those days, they had taken a cycling holiday in southern Ireland in the 1920s — wearing Australian Army uniform and blithely pedalling through the areas of Black & Tan and Republican atrocities unscathed. Oxford accepted Fred Paterson as a theological student, but he left as a committed and public Communist.

Our family friendship continued during my youth, despite fundamental disagreements on politics. I have a clear memory of Fred's Marxist books being carried in one night (it must have been at the time of the Molotov-Ribbentrop pact) and placed in innocuous dust-jackets on my parents' bookshelves because of the imminent arrival of the Queensland Police's Special Branch at Paterson's rented home at Gaythorne.

In 1949 or 1950, an ageing Fred called in one night. As a newspaper cadet on *The Courier Mail*, I had brought home my pay packet containing (as it often did) a copy of *IPA Facts*. Said Fred, seeing it on the table, "Glad to see you are learning something about how the world really works" (as distinct, he meant, from my undergraduate university economics and political science.)

I replied to the effect that it was surely not his line of thought.

"Nonsense," he said. "I have kept every piece of IPA material that I can get my hands on. It is a model of how to put forward argument in the way ordinary workers will understand. If only I could get the Party people to do the same ..."

— James Byth

Each issue of *Review* would contain a signed contribution. Kemp would often try for important writers. Hayek was one, in 1951. Indeed, if the lists are tallied they become rather impressive: Latham, Hancock, Copland, Mawby, Crocker. John Stone's first contribution, in 1969, dealt with inflation, a question of increasing anxiety to Kemp. He kept politicians away. R.G. Casey (1958) was the one exception. Casey had been a great friend to the IPA, and Kemp once told me that he saw him as a figure somewhat above party politics. As Governor-General, Lord Casey contributed a warm message to *Review* in its 100th issue in 1969.

In his editorial to the 50th number, Kemp wrote:

"The battle between right ideas and wrong ideas in any community is a battle that is never finally won. Nor has any political party a monopoly of right and wrong. What has been gained can very easily be lost. The long-range work of a periodical such as *Review* is to contribute to a better public understanding of economic problems. For policy, in the final analysis, depends on what the people think ... As our readers know, *Review* has not hesitated to criticize Governments, no matter what their composition, where we felt criticism was called for ... It has been our hope that the criticisms we have made, whether right or wrong, would be accepted in the spirit in which they have been advanced, namely as a sincere desire to serve the best interests of Australia."

For Kemp, the independence of his Institute practically required a critical attitude. He took on Chifley in the 1940s, Menzies in the 1950s. He makes a few passing appearances in Peter Howson's voluminous political *Diary* of the 1960s, especially in the Gorton years, where he was again in opposition. At the very end of his life, in the 1990s, he tore apart the record of both parties as Australia's crisis worsened. I cannot find an equivalent to him, unless it is Burke, who also found comfort in opposition, because integrity was more important than place-hunting.

Kemp was never fooled by the glitter of post-war prosperity as an illusion that would last forever. He feared for a country that spent more than it earned. In the 1980s he wrote: "we are acting like a family borrowing to fill their home with splendid furniture while the house itself was falling around about it." He understood quite lucidly — probably on a packed train one morning — that if schoolboys would not give up their seats to ladies then their grandchildren would know nothing.

The middle class, traditionally, is a stubborn class, holding fast to family life, within the warmth of a good home. In social life it stood for decency; in business, integrity; in politics, the middle ground. This was the reader C.D. Kemp addressed so directly in *Review*, knowing him as well as he did himself. Where the middle class has abandoned its virtue it becomes prey to both indifference and to sudden redemptive excitements — greens, koories, and the rest. Institutions, like family homes, are shattered. Manning Clark was the prophet of this fallen world; gesticulating above the waterfall. Kemp kept his ground against dissolution, holding to a sensible middle. ■

Report Calls for Fewer Councils, Lower Rates

A report authored by Des Moore for Project Victoria proposes that the number of councils in Victoria be more than halved: from 204 to 97. This, the report argues, would result in savings of over \$400 million to ratepayers.

The report, entitled *Reforming Local Government in Victoria*, includes extensive data which allow comparisons of expenditure and rate revenue among all Victorian and NSW local governments. The disparities are large. Within the inner Melbourne area, for example, annual expenditure per head ranges from \$538 in Essendon to over three times that in Port Melbourne.

Victorians, Des Moore pointed out, finance one council for every 21,000 population whereas NSW residents finance one council for every 33,000 population. "With its greater density of population, Victoria should be able to

have significantly larger councils than NSW while still giving full recognition to local community interests."

The cost of Victoria's inefficiency is borne by ratepayers. Victorians pay over 20 per cent more per head in rates than any other State.

The council amalgamations proposed in the report would reduce rates from an average of \$692 per ratepayer (in 1991-92) to around \$460 per ratepayer.

The report was launched on 2 September by the Honourable Roger Hallam, MLC, Minister for Local Government in Victoria. Over 100 people attended.

The report is available for \$25 (including postage and handling) from IPA, 128-136 Jolimont Road, Jolimont, Vic, 3002. Or phone (03) 654 7499.

Right: *The Hon. Roger Hallam*



Teaching Virtue

A successful IPA conference on the teaching and learning of moral values was held on 7 September at the University of Sydney. 160 people attended, many of them school heads.

Dr John Carroll, Reader in Sociology at La Trobe University, opened the conference by drawing on the film *Dead Poets' Society* to introduce an analysis of the relationship of teachers to their disciplines and to moral law.

Robert Manne, Editor of *Quadrant*, discussed the emergence of political correctness in educational institutions. Dr Susan Moore, Research Editor of *Education Monitor*, spoke on the teaching of virtues, and Dame Leonie Kramer examined developments concerning the national curriculum.

In the final session two headmasters, Dr Ralph Townsend of Sydney

Grammar, and Bernard Shepherd of St Mary's Senior High School, looked at the teaching of ethics in practice.

The papers of the conference are currently being prepared for publication.



Inflexibility in the Workplace

Rigid descriptions of job duties written by personnel departments inhibit the efficiency of an organization by limiting the flexibility of individuals within it. This was one of the points made by Professor Richard Blandy speaking to the IPA Essington Lewis Group at the end of August.

Professor Blandy is Director of the Institute of Economic and Social Research at the University of Melbourne. He spoke on the topic "Work Practices for the Next Decade".

The Convenor of the Essington Lewis Group is Peter Johnson. Those wishing to attend should contact Helen Hyde on (03) 654 7499.

Left: *Dr Ralph Townsend*

Whither the US Alliance?

In August and September two experts briefed audiences at the IPA on trends in the Australian-American alliance.

In August, the Director of the Asian Studies Centre at the US Heritage Foundation, Seth Cropsey, spoke on trade and security in the Asia-Pacific region. Prior to joining the Heritage Foundation, Mr Cropsey served as Principal Deputy Assistant Secretary of Defense in the Bush Administration.

In September, Michael Cook talked about what Australia can expect of the USA. Mr Cook has just completed four-and-a-half years as Australian Ambassador to the United States. Prior to that he was Director-General of the Office of National Assessments for eight years.



Seth Cropsey

Budget Analyses

IPA economists John Stone, Des Moore and Mike Nahan have been active responding to Commonwealth and State Budgets. Each has made numerous appearances in the media and as guest speakers at functions.

For example, Mike Nahan addressed a WA Chamber of Commerce dinner, Des Moore spoke at an Institute of Directors dinner, and John Stone spoke to the Victorian chapter of the Society of Corporate Treasurers.

John Stone criticized the Budget for its bad economics. He said, for example, that it does insufficient to reduce the Commonwealth Government's debt:



John Stone

"Everyone can make their own assumptions/forecasts/projections as to what the Commonwealth's average borrowing cost may be by 1996-97, but if you put it (conservatively, on the outlook which this Budget now holds out to us) at around seven per cent, on those grounds alone you are looking at a cumulative addition of around \$5 billion a year to public debt interest payments."

Copies of press releases and speeches are available from Mrs Alison Connell at the IPA on (03) 654 7499.

New Appointment

The IPA has a new marketing manager. Michael Moloney was formerly Marketing Account Manager at the Melbourne Age. He will be investigating ways of boosting the circulation of IPA publications and the Institute's general revenue.

As one of Michael's initiatives, all subscription renewal notices will now be accompanied by a short questionnaire seeking subscribers' views of how we at the IPA can improve our product.



Mabo Response

Former Attorney-General Peter Durack, and the Head of the (newly-named) Environment and Aboriginal Affairs Unit, Ron Brunton, addressed a seminar at the IPA in August on the Mabo decision and its implications. A lively debate concerning the most efficacious response to Mabo ensued.

In Perth, the Honourable Fred Chaney spoke to the Friday Club, organized by the IPA, also on Mabo.

Peter Durack and Ron Brunton, co-authors of the IPA publication *Mabo and After*, have now published a response to the Federal Government's proposed legislation on native title. Issued as a *Backgrounder*, it is available to non-subscribers for \$5.00 (inc. p&h).



Fred Chaney

Liberalism in Australia

An examination of the influence of liberal thought on Australian culture was the subject of a 'Dialogue' led by Dr Gregory Melleuish in October. He used the examples of property ownership and Australians' concept of rights to explore his topic.

Dr Melleuish teaches Politics at the University of Wollongong. His published work is on the history of political thought in Australia. He wrote in the last *IPA Review* on the liberal-conservative alliance in Australia.

RECENT IPA BACKGROUNDEERS

Commonwealth Government Expenditure: The Need to Cut It and How by *Des Moore*

Since 1989-90 Commonwealth Government spending has increased substantially, and a large budget deficit is the result. Des Moore explains how the deficit must be wound back. He details cuts to Commonwealth spending totalling almost \$9 billion over the next two years, plus \$9 billion in additional asset sales over the next three years. (*May 1993*)

The Carnegie Challenge: Restructuring the Energy Supply Industry of WA by *Frank Harman*

This *Backgrounder* reviews the Carnegie Report, *The Energy Challenge for the 21st Century*, and confirms that only thorough-going reform will eliminate the institutional obstacles to an efficient energy supply system in WA. At the same time it warns that there are substantial obstacles to reform. (*June 1993*)

Some Thoughts About Abroad by *Des Moore*

Discusses the extent of structural change in Europe and the United States and its effect on Australia, including the growing importance of central banks; budget deficit blow-outs; the role of government; and unemployment. (*August 1993*)

Privatisation: the Australian and New Zealand Experience by *Des Moore*

This paper compares the slow pace of privatisation in Australia with that of New Zealand whose government asset sales to 1992 of NZ\$11 billion has been cited by both the World Bank and the IMF as a model for other countries. (*August 1993*)

An Agenda for Defence Policy Reform by *Peter Jennings*

Although the 1987 Defence White Paper provided a solid planning base for our Defence Force, the intervening years have eroded its relevance to the point that it no longer accurately reflects Australian defence policy and interests. In this *Backgrounder*, the author proposes 10 steps which must be taken to re-establish coherence and direction in defence policy. (*September 1993*)

Environmental Backgrounders

Oil in Troubled Waters: Facts and Fallacies about Marine Petroleum Exploration and Development by *Peter Purcell*

This *Backgrounder* discusses the nature of petroleum and the processes of exploration and production, and their impact on the environment. It shows that despite short-term damage in some instances, oil spills have minimal, if any, long-term impact. (*July 1993*)

A Native Titles Club? by *John Forbes*

While Mabo-style land claims would normally be decided by our Supreme Courts, this paper discusses the Federal Government's proposal to transfer them to a special Native Titles Tribunal. In an emotional and politically-charged area Tribunals are not as well-equipped as superior courts to cope with nebulous assertions and an 'expert evidence industry' which will require close scrutiny. (*September 1993*)

Implementing Native Title: The Govt's Response to Mabo by *Peter Durack and Ron Brunton*

Durack suggests that a definite time limit on native title claims be introduced; that the government be more forthright in allowing access to native title lands for development of natural resources; and that the legislation must attempt to codify the major elements of native title. Brunton offers strong arguments for complete divorce of native title and social justice issues, and recommends caution in assessing the evidence likely to be given in native title claims. (*October 1993*)

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

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